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# BEIJING REVIEW

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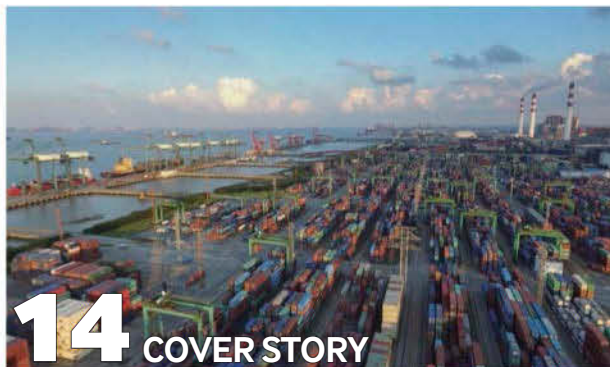
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# EDITOR'S DESK

## The Yangtze River's Development Swells

Coordinated regional development has long been a focus of the Chinese Government. For instance, over the past few decades, the government has rolled out the western region development plan as well as its strategy of revitalizing northeast China. It has also developed economic zones in regions such as the west coast of the Taiwan Straits and the Yangtze River Delta. At present, another such regional development zone, the Yangtze River Economic Belt, is being unfolded as a national strategy.

The economic zone spans nine provinces—Jiangsu, Zhejiang, Anhui, Jiangxi, Hubei, Hunan, Sichuan, Yunnan and Guizhou, and two municipalities—Shanghai and Chongqing. It covers an area of 2.05 million square km along the Yangtze River, with the combined population and GDP exceeding 40 percent of the national total. Meanwhile, the Yangtze River's freight traffic is among the busiest worldwide. As China restructures its economy under the "new normal" of slower growth, the construction of the economic zone represents an important strategic step in policymaking.

The Yangtze River Economic Belt will seek to link the 21st-Century Maritime Silk Road with China's hinterland. The economic zone will also connect transit along the Yangtze River to maritime transportation. That means that China's inland areas will

have an easier access to the sea in the future, and that inland cities such as Wuhan and Chongqing will be able to trade with other countries through river and maritime shipping, which has the advantage of being cheaper than land and air services. The zone is expected to become an open platform for international economic cooperation.

In addition to opening up the hinterland to the world, the Yangtze River Economic Belt will unleash the development potential of areas along the middle and upper reaches of the Yangtze River. As coastal regions in east China are in a critical period of economic restructuring, those cities can host the industries being transferred from the east while simultaneously providing resources for eastern regions. The Yangtze River Economic Belt will therefore promote cooperation between different regions along the river as well as narrow their gaps in development.

The establishment of the Yangtze River Economic Belt will also help realize the reasonable distribution of resources, in addition to the fostering of the balanced social and economic development of the region.

As the development strategy unfolds, the Yangtze River will not only be an iconic geological feature of China but it will also become associated with economic integration and growth. ■

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## RACING AGAINST TIME

Rescuers work at a collapsed building in the city of Tainan on February 9, three days after a 6.7-magnitude earthquake hit south Taiwan. As of February 12, a total of 93 people had been confirmed dead.





## Celebrating Spring Festival

People visit a Spring Festival temple fair at Longtan Park in Beijing on February 11. The Spring Festival, or the Chinese Lunar New Year, fell on February 8 this year.

The temple fair, originated in ancient times, is usually held in the open or near a temple for participants to buy products and watch entertainment performances.

## Military Reform

China regrouped its seven military area commands into five new battle zones—the eastern, western, southern, northern and central theater commands—in its push to reform the People's Liberation Army (PLA) on February 1.

Chinese President Xi Jinping conferred military flags to the five newly established theater commands at a ceremony.

"The move to establish the theater commands and form the joint battle command system is a strategic decision by the Communist Party of China (CPC) Central Committee and the Central Military Commission (CMC) to build a strong military. It is also a landmark step in implementing the

military reforms and building the PLA's joint battle system," Xi said.

China's military reform is aimed at establishing a three-tier command system, the "CMC—theater commands—troops," and an administration system that goes from the CMC through various services to the troops.

Before the reshuffle, China had seven military area commands headquartered in Shenyang, Beijing, Jinan, Nanjing, Guangzhou, Chengdu and Lanzhou.

## HK Riot

Some 300 rioters clashed with Hong Kong's police force following a clearance operation on illegal hawkers from late February 8 to the morning of February 9. At least 61

rioters were arrested and nearly 90 police officers injured.

The disturbance erupted after a handful of illegal street vendors refused to halt their business in Mong Kok, a busy commercial district, and confronted the law enforcement officials. Rioters then arrived and encountered police reinforcements.

The agitators attacked the police with bricks, stones and other makeshift weapons. The police were forced to fire two warning shots in a bid to rescue personnel.

Lo Wai-chung, Hong Kong's Commissioner of Police, told a press conference on February 9 that the police could not rule out the possibility that it was a prepared and organized riot. Investigations are underway, he said.

Hong Kong Chief Executive

Leung Chun-ying condemned the rioters' violent behavior and expressed his support for the police and their efforts to restore order.

## Population Control

Beijing vowed to reduce the permanent population in its six downtown districts by 3 percent from the previous year in 2016, local authorities said on February 2.

Data from the Beijing Statistics Bureau showed that the six downtown districts, namely Dongcheng, Xicheng, Chaoyang, Haidian, Fengtai and Shijingshan, had a permanent population of around 12.9 million by the end of 2015.

Lu Yan, Director of the Beijing Municipal Development and Reform Commission, the economic planning body, said that the permanent population growth in downtown areas should dip into negative territory this year as the city continues to move out "non-capital functions."

The permanent population—defined as people who have lived in the city for six months or more—of Beijing was 21.7 million by the end of 2015, close to the entire population of Australia.

The overpopulated city has sought to address "urban diseases" such as traffic congestion and air pollution by easing the demographic pressure on downtown regions and transferring some universities, hospitals, companies and wholesale markets to suburban areas or nearby cities.

In the next five years, the permanent population in the downtown areas will drop by a further 15 percent from 2014 figures, authorities said.

## Passenger Blacklist

Passengers who threaten or assault airport staff and cabin crew will be blacklisted, according to an industry regulation, which took effect on February 1.

The regulation issued by the China Air Transport Association

lists 10 forms of misconduct such as blocking and attacking check-in counters, security check passages and boarding gates.

They also include fighting inside the airport or on board the aircraft, attempts to force entry into the cockpit or to open the emergency exits without instruction as well as the spreading of false information about terrorist attacks.

The association will record the offending passengers' personal information and share it with other airline companies and the TravelSky Holding Co., a state-owned service provider of aviation information that operates China's national electronic travel distribution system.

The record will be kept for one to two years, according to the rules. Passengers who disagree with their treatment can appeal to the association.

## 4G Users

China saw 289 million new users join its 4G network in 2015, bringing the total to 386 million, according to the Ministry of Industry and Information Technology (MIIT).

Since the "Broadband China" strategy was floated in August 2013 by the State Council to get more people online, the broadband network has developed significantly.

China aims to make 4G available across the whole country by 2018, according to an action plan published by the MIIT in December

2015. The country now has 785 million mobile broadband users.

## Tibet's Healthcare

Southwest China's Tibet Autonomous Region is determined to expand medical services to its 1,700 monasteries, benefiting over 46,000 monks and nuns over the next five years.

The regional commission of health and family planning said at the annual meeting of the regional legislature, which opened on January 27, that health care clinics will be set up in monasteries across the region while monks and nuns with medical skills will also be sent there.

The region launched the project to construct clinics in monasteries and train monks and nuns' medical skills at the beginning of 2015.

Monks and nuns are encouraged to study medicine in Tibet. The commission has ordered hospitals, medical schools and institutions across the region to offer free basic medical training to all monks and nuns.

The regional government has also earmarked 13 million yuan (\$1.97 million) annually since 2011 to ensure all monks and nuns are included in the basic medical insurance system.

## Cancer Death

Cancer may have caused some 2.8 million deaths in China in 2015, which means more than 7,500



## Baby Panda Training

Staff members dress up in panda costumes conduct physical examination on baby giant panda Xinnier at Hetaoping field training base in Wolong, a major giant panda habitat in southwest China's Sichuan Province on January 27.

Three panda babies that were born in 2015 took part in a field training exercise recently.

people die of cancer every day, according to a study by Chinese scholars.

"With increasing rates of incidence and mortality, cancer is a leading cause of death in China and is a major public health problem," said the study published by the U.S. medical journal *CA: A Cancer Journal for Clinicians*.

It also estimated that nearly 4.3 million were diagnosed in 2015, with 12,000 daily new cases.

The figures marked a sharp rise

in new diagnoses. Figures released in 2013 estimated that there were 3.12 million new diagnoses and over 2 million deaths in 2012.

The figures in the study are not actual numbers, but are estimates based on data trends from 72 local, population-based cancer registries between 2009 and 2011.

It said lung, stomach, esophageal, liver and colorectal cancers were the most common types of cancer in men, accounting for about two thirds of all cases.

## Long Rescue

Four miners were rescued on January 29 after being trapped underground for 36 days due to a gypsum mine accident in Pingyi County, Shandong Province.

To extract the workers, the rescue team drilled two access shafts, one as a backup, using a large-diameter drill head. This is the first time that such a rescue process has been applied in China, and is the third time the technology has been used worldwide.





## QFII Rules Loosened

China has further loosened controls over the investment of Qualified Foreign Institutional Investors (QFII) to increase the opening up of the domestic capital market.

China relaxed investment quotas for single institutions under QFII programs and allowed for more convenient capital flows, according to a new policy released by the State Administration of Foreign Exchange (SAFE). The rules became effective on February 3.

The move aims to improve the convertibility of China's currency, the yuan, in the capital account and facilitate cross-border investment and financing, the SAFE said.

The yuan is convertible for

trade purposes under the current account, while the capital account, which covers portfolio investment and borrowing, is still largely controlled by the state over concerns of abrupt capital flows in and out of the country.

To gradually open the capital account, the government introduced the QFII and RMB-denominated Qualified Foreign Institutional Investors (RQFII) programs in 2003 and 2011 respectively.

## Declining PMI

China's manufacturing activity contracted for a sixth month straight in January, pointing to persistent weakness in the sector, data showed on February 1.

The purchasing managers' index (PMI) came in at 49.4, down from December's 49.7, according to data released by the National Bureau of Statistics (NBS) and the China Federation of Logistics and Purchasing.

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

NBS statistician Zhao Qinghe attributed the retreat to slowing factory activity ahead of the Spring Festival holiday (February 7-13), as well as China's ongoing campaign to resolve excessive capacity.

The economic slowdown both at home and abroad also affected aggregate demand and foreign trade growth, Zhao explained.

In addition, China's service

sector activity also slackened in January, according to NBS data.

The PMI for the non-manufacturing sector came in at 53.5 in January, down from 54.4 in December, but was still above the 50-point demarcation line.

## Less Down Payment

China announced on February 2 that it would lower the minimum deposit required for home purchases in most cities, to spur the real estate market.

The People's Bank of China (PBOC), the central bank, said that in cities where there was no home purchasing restrictions, down payments for first homes financed by loans from commercial banks will stay at a minimum of 25 percent "in principle," but they can go down as much as an additional 5 percentage points.

For those who want to buy a second home with commercial loans but have outstanding loans on their first property, the down payment requirement will be cut to no less than 30 percent from the current 40 percent.

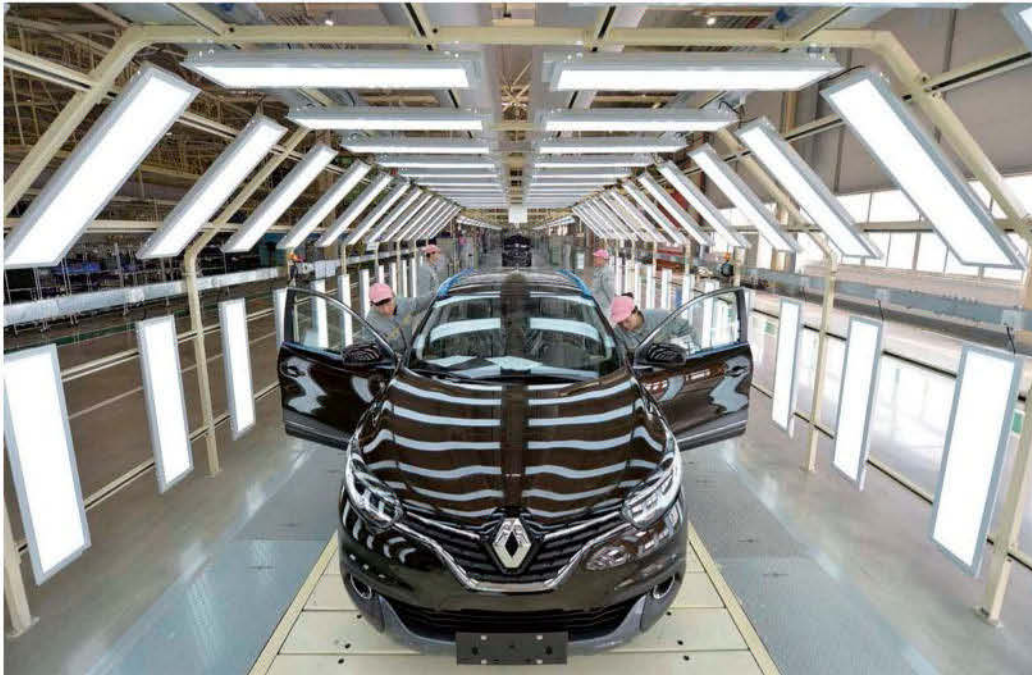
The PBOC said that those cities' local governments can decide on the exact deposit requirement according to their own conditions, under the guidance of the PBOC and the China Banking Regulatory Commission.

In cities where home purchasing restrictions still apply, old down payment rules will remain effective, the PBOC said.

Beijing, Shanghai, Guangzhou and Shenzhen in Guangdong Province, and Sanya in Hainan Province are the five remaining cities with restrictions on home purchases, which were introduced in 2010 to rein in house prices.

## Rare Earth Restructuring

China, the world's largest producer and exporter of rare earth elements, will complete a major restructuring move by mid-2016 to consolidate the industry.



## Brand New Line

Workers check unfinished cars at the assembly line in the factory of Dongfeng Renault Automotive Co. Ltd. based in Wuhan, capital of central China's Hubei Province.

French automaker Renault opened its first factory in China on February 1, in a joint venture with Dongfeng Motor Corp. that has an initial annual production capacity of 150,000 cars.





## Foreign Deliveryman

He Wenxu, a British man working for a magazine and known by his Chinese name, delivers express packages as a part-time courier in Beijing on February 1. Around the Chinese Lunar New Year (Spring Festival) on February 8, electronics retailer Suning E-commerce recruited foreigners into its team of deliverymen.

The work on forming mining blocs for the rare minerals will be finished by the end of June to restructure the country's rare-earth assets, said Xin Guobin, Vice Minister of Industry and Information Technology, at a symposium.

China's rare earth industry is beset by problems including illegal mining, smuggling and a lack of competitiveness due to weak research and development.

In a bid to consolidate and upgrade the industry, the government pledged in 2014 to encourage and support six industry leaders to carry out mergers and acquisitions separately to create large rare-earth producers.

Three firms have already formed rare-earth blocs separately and the other three are still working on it.

Xin said that this year will see a reduction of rare-earth smelting capacity, improved output control and increased competitiveness.

By the end of 2020, China should have enhanced its protection of rare earth resources and have

world-leading rare earth-related technology, Xin said.

Rare earth metals are vital for the manufacturing of hi-tech products ranging from smartphones and wind turbines to car batteries and missiles.

## New Sea Route

A new shipping route linking the Port of Qinzhou in the Beibu Gulf—in south China's Guangxi Zhuang Autonomous Region—with Iran has been launched, sources with the Guangxi Beibu Gulf International Port Group said February 1.

The Iranian container ship *Perarin*, which can carry 3,280 standard containers, arrived at the Port of Qinzhou on January 27 to deliver 978 containers from several countries along the 21st-Century Maritime Silk Road.

The arrival of the *Perarin* at the port marked the opening of the first shipping route linking the Middle East to the Beibu Gulf which comprises three ports in Guangxi—Qinzhou, Beihai and Fangchenggang.

The international shipping line connects some ports in south and southeast China to those in Singapore, Malaysia and the United Arab Emirates, before ending in the southern Iranian port of Bandar Abbas, according to the sources.

There are 22 ships departing from the Beibu Gulf each week for major ports in Southeast Asia. Guangxi is now looking to extend its shipping routes to more Middle East and European countries to boost foreign trade.

## Drone Export

The export volume of civilian drones in south China's Shenzhen, Guangdong Province, increased seven times in 2015 year on year to reach 3.09 billion yuan (\$472 million), customs data showed.

The city's civilian drones were mainly exported to Hong Kong, North America and Europe, according to Shenzhen Customs.

The monthly export jumped from 130 million yuan (\$19.76 million) in January to 450 million

yuan (\$68.4 million) in December.

Shenzhen produces 99 percent of China's civilian drones for export. The drone industry is one of the city's priority sectors.

Shenzhen-based DJI, a leading manufacturer of commercial and recreational drones for aerial photography and videography, holds almost 70 percent of the market share worldwide, with Europe and North America as its largest customers.

## Art Trade

A newly revised regulation on art dealing, issued by the Ministry of Culture on February 2, has eased restrictions on the import and export of works of art.

The ministry has delegated the management of the cross-border art trade to provincial governments.

Dealers now only need to obtain a standard business license. They must register with the cultural department, but no longer need to meet any extra departmental requirements.



## A High Score

Ships unload containers at the port of Lianyungang, Jiangsu Province, on February 2.

In January, cargo throughput at the port of Lianyungang reached 19.06 million tons, up 1.58 percent year on year.



## THE UNITED STATES

U.S. scientists announce on February 11 that they have detected the existence of gravitational waves through the Laser Interferometer Gravitational-Wave Observatory in Livingston, Louisiana (pictured above). The phenomenon was predicted by Albert Einstein's theory of general relativity 100 years ago



## PORTUGAL

Revelers participate in a carnival parade in Torres Vedras, about 50 km north of Lisbon, on February 9. The carnival attracted more than 350,000 visitors from home and abroad



## NORTH KOREA

Citizens gather to watch the news report related to the launch of the Kwangmyongsong-4 satellite in Pyongyang on February 7. The launch, suspected to be a test of North Korea's long-range ballistic missile capabilities, has triggered additional sanctions from the United States and Japan against the country







## MYANMAR

Lawmakers attend the first session of the newly elected House of Representatives in Nay Pyi Taw on February 1



## BELGIUM

NATO Secretary General Jens Stoltenberg speaks at a meeting of the alliance's defense ministers in Brussels on February 10, where participants agreed to enhance NATO's military presence in Eastern Europe



## GERMANY

Rescuers help survivors out of the wreckage of two trains that crashed head-on in Bad Aibling in the southern state of Bavaria on February 9. At least 11 people were killed in the accident



## ↓ NEWLY APPOINTED SOE SUPERVISOR

**Xiao Yaqing** was appointed head of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) on February 1. Before the appointment, he worked as deputy secretary general of the State Council.

Born in Beijing in 1959, Xiao has rich experience in the metallurgy industry. He served as chairman of the Aluminum Corp. of China, the state-owned aluminum giant and one of the companies SASAC oversees, from 2004 to 2009.

The SASAC is a ministerial-level department under the State Council. It is responsible for overseeing the state-owned assets of enterprises under the supervision of the Central Government and guiding and promoting the reform of state-owned enterprises (SOEs). Currently, it supervises about 100 companies ranging from the China National Nuclear Corp. to airline operator China Southern.



## Booming Rural E-Commerce

**Qianjiang Evening News**  
January 27

China has witnessed a surge of rural e-commerce with the number of villages whose annual online sales exceed 10 million yuan (\$1.5 million) reaching 780 in 2015, an increase of 268 percent year on year, according to a recent report released by AliResearch, the research arm of the e-commerce giant Alibaba Group. Jack Ma, founder of Alibaba, highlighted rural e-commerce as one of the group's top three development strategies since Alibaba was listed on the New York Stock Exchange in September 2014.

Rural e-commerce is a good way to lift

impoverished areas out of poverty. Its development depends on three factors including governmental support, infrastructure construction, and well-educated young people willing to pursue a career in rural areas. First of all, the joint efforts of the government and e-commerce enterprises are needed to improve infrastructure and solve problems such as the lack of financial services in rural areas.

Also, the recruitment of young entrepreneurs who are familiar with online business is instrumental to the development of rural e-commerce and the growth of the local economy. If every Chinese village is equipped with good infrastructure and a team of e-commerce entrepreneurs, there is no need for farmers to worry about the sale of their produce. In the following three to five years, Alibaba is planning to train more than 200,000 young e-commerce entrepreneurs.

## Emerging Feature Exhibitions

**Oriental Outlook**  
February 4

Different world-class art exhibitions organized by private curators with specific themes have made their debut one after another throughout China's big cities in recent years. The managers make basic profits through ticket sales and the sales of art replicas and derivative products, and funds from sponsors are supplementary sources of income.

Statistics showed that more than 4.3 million people in Shanghai—18 percent of the local population—visited special art exhibitions in 2014. That indicates that a mania for world-class art exhibitions has been emerging in Shanghai. The root cause for the craze is that Chinese demand and appreciation for art is surging.

But as an emerging business in China, feature exhibitions are still at a stage of developmental exploration. Exhibition curators, who are mostly from private enterprises, are inexperienced in their exhibitions' content and management. Some believe that profits

**“Only the Chinese people themselves are in the best position to comment on their human rights situation. We hope that the relevant sides can look at China’s social development in an objective, fair and rational manner.”**

Foreign Ministry spokeswoman **Hua Chunying**, at a regular press briefing on January 29, in response to criticism from the Human Rights Watch organization

**“Rather than hiding problems, we can highlight problems. That shows your confidence, and then you take control of the narrative. We can show people that we are aware of the problem, and that we are working on solving it.”**

**Robert Lawrence Kuhn**, host of *Closer to China*, a weekly English-language show on China Central Television, at a seminar marking the show's first anniversary on January 28





come first. Therefore, in the past two years some inferior exhibitions have appeared, not only cheating the audiences but also jeopardizing the business. Special art exhibitions in China, premature yet promising, are badly in need of the support and supervision of the government.

## More Cross-Cultural Talent Needed

**People's Daily**  
February 1

The Belt and Road Initiative, aiming to strengthen ties among countries along the Silk Road Economic Belt and the 21st-Century Maritime Silk Road, has gained positive responses from many countries since it was first proposed by Chinese President Xi Jinping in 2013. But there are challenges in pushing forward the initiative because of historical, linguistic, social and religious differences among the 50-odd countries along the routes. Eliminating cultural barriers and advancing mutual trust are critical in gaining cooperation among these countries.

Cross-cultural talents are crucial for communication with foreign cultures. China has trained and pooled a variety of cross-cultural professionals over the past few decades. But problems remain in the country's cross-cultural brain bank. First of all, the group is crowded with individuals familiar with the developed world, but lacks those with experience in small and medium-sized developing countries. Second, the pool is full of translators and interpreters proficient in foreign languages but has a deficit in experts with a thorough knowledge of the target countries' laws, policymaking procedures and public opinions.

Consequently, China has faced challenges in globalizing its enterprises and culture. Some foreign investments are running at a loss, and a number of international cultural projects have failed to achieve their expected effects. The good news is that China is planning to enlarge its international talent pool by training more professionals familiar with foreign countries involved in the Belt and Road Initiative.

### ↓ STATISTICS HEAD PROBED

**Wang Baoan** has been removed from his post as commissioner of the National Bureau of Statistics (NBS) and put under investigation for suspected severe disciplinary violations, which often refer to corruption. The Central Commission for Discipline Inspection (CCDI) of the Communist Party of China, the top anti-graft watchdog, announced the investigation on its website on January 26.

Wang, 53, had held a news briefing on the current economic situation in China on the afternoon of the day the CCDI's announcement was made. At the briefing, Wang showed confidence about the stock market, saying that the fluctuations in the stock market will have a limited effect on the economy.

Before heading the NBS, Wang pursued his public service career with the Ministry of Finance and the State Administration of Taxation, working his way from a secretary to vice minister of finance.



**"Over the next five years, we think that growth will be prioritized whenever it risks falling below 6.5 percent, while capacity reduction and deleveraging will be the focus when the growth target is secure."**

**Ding Shuang**, head of the Greater China Economic Research at Standard Chartered Bank (HK), in a recent interview with *China Daily*

**"Affluent female urbanites are often seen as China's most important demographic for retailers. Chinese women born in the 1970s are increasingly financially empowered, and are driving the explosive growth of e-commerce."**

**Kiki Fan**, Managing Director of Nielsen China, responding to a study by Nielsen claiming that Chinese consumers' willingness to spend in 2015 reached the highest level in the past four years on February 2

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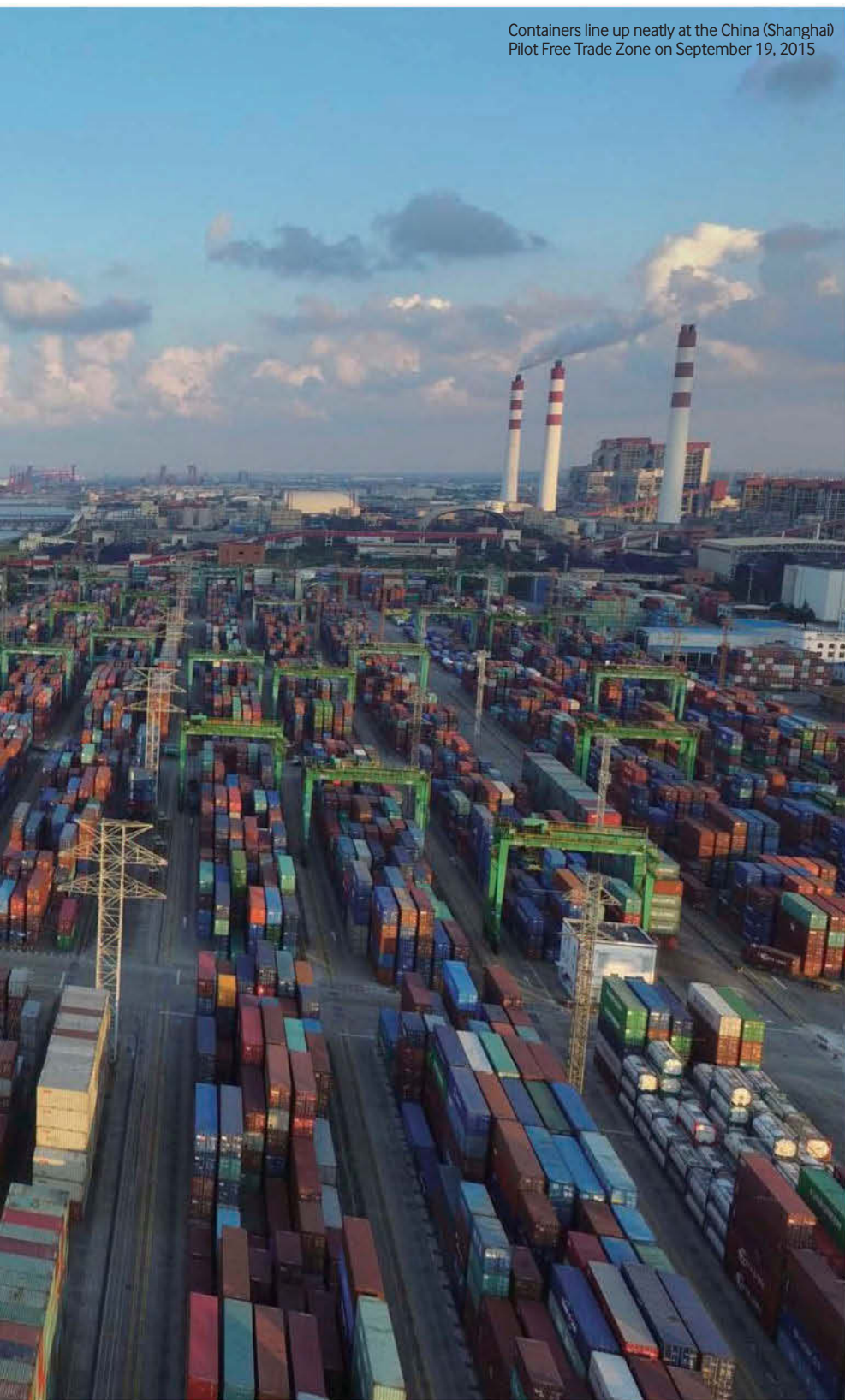
COVER STORY

# A FUTURE ECONOMIC BACKBONE

The Yangtze River provides fertile grounds for development By Deng Yaqing







Containers line up neatly at the China (Shanghai) Pilot Free Trade Zone on September 19, 2015

**R**eferred as the Chinese people's "Mother River," the Yangtze River's economic importance has swelled, giving way to the recent formation of the Yangtze River Economic Belt as a key component of the nation's regional economic strategy.

Being the longest river in Asia, the Yangtze traverses the west, central and east China. The Yangtze River Economic Belt runs through 11 provinces and municipalities that cover roughly one fifth of China's territory, encompasses a population of 600 million and generates more than 40 percent of the country's GDP.

"To stoke the development of the Yangtze River Economic Belt, a free flow of factors should be facilitated; comprehensive, coordinated and sustainable development reinforced; and the efficiency of the factor allocation enhanced," said Chinese President Xi Jinping at the 12th meeting of the Central Leading Group for Financial and Economic Affairs held on January 26. Xi also stressed the role of the Yangtze as a golden waterway and the importance of low-carbon, green growth in industrial development.

In fact, in as early as the 1980s, the concept of the Yangtze River Economic Belt was put forward as an axis of China's economic development. However, in the past three decades, development in the upper and middle reaches of the Yangtze has lagged behind that of its lower reaches, as well as other coastal regions such as the Pearl River Delta in south China and the Bohai Sea-rim economic circle in north China.

Coastal regions have the upper hand in absorbing cutting-edge techniques from overseas businesses. But although these regions have become quite developed, they are now confronting a slowdown. Wu Xinmu, a professor from the Economics and Management School of Wuhan University, told *Legal Weekly* that regions along the upper and middle reaches of the Yangtze are now emerging as an alternative source of growth.

The Yangtze River Economic Belt will not only fuel the comprehensive, sustainable development of the inland economy by allowing central and western regions in the upper and middle reaches of the river to emulate the achievements obtained by coastal regions, but it will also help wrench impoverished regions out of poverty. It may narrow the development gap between east China and the central and western regions, claimed Peng Minzhi, head of the Research Institute of Economy in Yangtze River, Hubei Academy of Social Sciences, in an article published in *Legal Weekly*.

"In the short term, it will contribute to the steady growth of the country's economy; in the long term, it will foster new growth engines," Ma Qingbin, an associate research fellow from

the China Center for International Economic Exchanges, told China Business Radio.

## Overall planning

As positioned in the Guidelines on Promoting the Development of the Yangtze River Economic Belt by Relying on the Golden Watercourse of the Yangtze River released in September 2014, the river will be built into a globally influential inland river economic belt. The belt is expected to advance interaction and cooperation among east, central and west China, and propel the regions neighboring the Yangtze, the South China Sea as well as the Chinese border to open up to both the outside world and the hinterland.

It is also seen to promote ecological lifestyles, provide an avenue for the exploration of the huge potential of domestic consumption in the upper and middle reaches of Yangtze, and it will also help regions along the river attain economic prosperity similar to that of China's coastal regions.

The guidelines suggested that progress should be made in terms of pushing forward new urbanization over the development course of the Yangtze River Economic Belt. In the future, efforts will be made to boost the competitiveness of the Yangtze River Delta city agglomeration, facilitate the development of the city cluster in the middle reaches of the river, spur the integration of Chongqing and

Sichuan's Chengdu, push the development of the two regional city clusters in central Guizhou and Yunnan, and lead the development of cities located alongside the Yangtze.

Xiao Jincheng, Director of the Institute of Spatial Planning and Regional Economy at the National Development and Reform Commission noted in an article that city clusters in the Yangtze River Delta and the middle reaches of the river and Chongqing-Chengdu urban agglomeration make up a major axis for development in China.

In addition, progress should also be made in blazing an international channel with Western countries, strengthening economic cooperation with countries in southeast, south and central Asia, building a platform for high-level opening up and formulating an institutional system compatible with international investment and trade.

"Linking west, central and east China, the Yangtze River Economic Belt paves the way for the transfer of prosperity to the inland and underpins an economic transformation and upgrading. Aside from that, by joining up with the Silk Road Economic Belt, it will help create greater avenues for opening up," said Wang Jun, Deputy Director of the Consultation and Research Department of the China Center for International Economic Exchanges.

"In fact, there are many coinciding points between the Belt and Road Initiative and the

Yangtze River Economic Belt. Given that, focus should be given to promoting their convergence when making plans on infrastructure construction, frontier economic zones and cross-border cooperation zones," said Ma.

## Transportation corridor

Compared with land and air transportation, water transportation is cheaper. Promoting the sound development of the shipping industry along the Yangtze is of significant importance to the optimization of the industrial structure and the urbanization layout in the region, said Yang Chuantang, Minister of Transport, at a meeting held by the ministry on November 17, 2015.

In 2015, the volume of freight traffic in the main line of the river reached 2.18 billion tons, up 45 percent from the end of the 11th Five-Year Plan (2006-10) period. In 2014, the figure was 2.06 billion tons, ranking first globally for 10 consecutive years, according to statistics from the Changjiang Waterway Bureau.

"A complete traffic network is integral to realize industrial transfer and quicken the development of central and west China," said Xu Fengxian, a research fellow from the Chinese Academy of Social Sciences who specializes in regional economics, in an interview with the *Shanghai Securities News*.

According to the Comprehensive Three-dimensional Transportation Corridor Plan for the Yangtze River Economic Belt (2014-20) published in September 2014, the integrated transportation corridor will be comprised of waterways, railways, roads, airlines and pipelines. By the end of 2020, the operating distance of the railway, highway, pipeline and urban railway system will reach 40,000 km, 2 million km, 70,000 km and 3,600 km, respectively, with 100 civil transport airports in service.

## Green development

The traditional method used to treat pollution has become unsustainable. The concept of green development should be a main characteristic of the Yangtze River Economic Belt and spark new productive forces, said Ma, who believes that a new development pattern that differs from what has been followed by eastern regions will unfold.

The Yangtze River Economic Belt should pursue sustainable, coordinated and innovative development, rather than focusing solely on the



A worker checks an industrial robot at an intelligent equipment manufacturing company in Chongqing on May 21, 2015





**Jiangsu**  
Population: 79.6 million  
GDP: 7.01 trillion yuan, up 8.5%

**Anhui**  
Population: 60.83 million  
GDP: 2.2 trillion yuan, up 8.7%

**Zhejiang**  
Population: 55.08 million  
GDP: 4.29 trillion yuan, up 8%

**Jiangxi**  
Population: 45.42 million  
GDP: 1.67 trillion yuan, up 9.1%

**Sichuan**  
Population: 81.4 million  
GDP: 3.01 trillion yuan, up 7.9%

**Chongqing**  
Population: 29.91 million  
GDP: 1.57 trillion yuan, up 11%

**Hubei**  
Population: 58.16 million  
GDP: 2.96 trillion yuan, up 8.9%

**Yunnan**  
Population: 47.14 million  
GDP: 1.37 trillion yuan, up 8.7%

**Hunan**  
Population: 67.37 million  
GDP: 2.9 trillion yuan, up 8.6%

**Guizhou**  
Population: 35.08 million  
GDP: 1.05 trillion yuan, up 10.7%

**Shanghai**  
Population: 24.26 million  
GDP: 2.5 trillion yuan, up 6.9 percent

\* Population numbers are as of the end of 2014 and GDP figures are for 2015, and growth rates are compared with the previous year.  
\* \$1=6.6 yuan

(Data Source: Statistics bureaus of these regions, designed by Pamela Tobey)

## The Establishment of the Yangtze River Economic Belt

**January 2016:** President Xi Jinping held a symposium on improving the development of the Yangtze River Economic Belt in southwest China's Chongqing Municipality, stressing ecological protection and green development in boosting the growth of the Yangtze River Economic Belt.

**December 2014:** At the 2014 Central Economic Work Conference, an emphasis was laid on the implementation of the Belt and Road Initiative, the coordinated development of Beijing, Tianjin and Hebei and the development of the Yangtze River Economic Belt.

**September 2014:** The State Council released the Guidelines on Promoting the Development of the Yangtze River Economic Belt by Relying on the Golden Watercourse of the Yangtze River (2014-20).

**June 2014:** At an executive meeting of the State Council, Premier Li Keqiang made arrangements for the construction of an integrated transport corridor for the development

of the Yangtze River Economic Belt.

**April 2014:** During his visit to Chongqing, Premier Li hosted a symposium on the Yangtze River Economic Belt attended by leaders from the 11 provinces and municipalities concerned, tackling issues on building the belt by relying on the golden waterway.

**March 2014:** In the 2014 government work report, Premier Li suggested fostering new regional economic belts as a strategic way to fuel economic growth and build the Yangtze River Economic Belt by taking advantage of the golden waterway.

**September 2013:** The National Development and Reform Commission and the Ministry of Transport jointly convened a mobilization meeting targeted at drawing up the guidelines on building a new economic belt by relying on the Yangtze. In December, the geographical scope of the Yangtze River Economic Belt was expanded to nine provinces and two municipalities.

**July 2013:** During his visit to central China's Hubei Province, President Xi Jinping urged regions along the Yangtze to strengthen co-operation, give play to the shipping function of inland rivers, and try their utmost to build the Yangtze into a golden waterway.

**March 2013:** During his visit to Shanghai, Premier Li encouraged the Port of Shanghai to play a leading role in developing the golden waterway on the Yangtze and driving the development of ports along the river and hinterlands in its upper and middle reaches.

**January 2013:** The State Council approved the comprehensive planning of the Yangtze River (2012-30), which was formulated by the Ministry of Water Resources.

**December 2012:** Premier Li visited Jiujiang, east China's Jiangxi Province, and stressed the importance of developing the Yangtze River region.

(Compiled by Beijing Review)

speed and scale of its economic growth, said Chen Wenling, chief economist at the China Center of International Economic Exchanges, at a forum held in Yangzhong, Jiangsu Province on January 9-10.

Chen also noted that entrepreneurs and governments in regions along the Yangtze now need to make a strategic choice regarding the

shift in growth drivers.

"Extensive development methods featuring high energy consumption, pollution and emission should be replaced with high-end, intelligent and innovative ones," said Chen.

Xu Heping, former Director of the Research Office of the Ministry of Science and Technology agreed, stating that, "the trans-

formation of the methods used for economic development is integral to the promotion of the Yangtze River Economic Belt, with clean energy and intelligent manufacturing as supportive forces." ■

Copiedited by Bryan Michael Galvan  
Comments to dengyaoqing@bjreview.com

## COVER STORY

# A CLEAN MOTHER RIVER

The Yangtze's environmental protection is paramount regardless of its economic development By Wang Hairong

**T**he Yangtze River, flowing more than 6,300 km across China, has been witness to many epic events, inspired numerous idyllic poems, and nurtured a large number of booming towns during the country's long history.

While boosting the growth of the Yangtze River Economic Belt has become a major regional development strategy, President Xi Jinping recently called for reformative and innovative methods to protect the unique ecological system of the Yangtze.

Speaking at a high-profile meeting in Chongqing on the upper reaches of the Yangtze in early January, Xi said that for quite a long time into the future, restoring the river's ecological environment will be an overwhelming task that requires large-scale protection, and no large-scale development will be allowed.

The Yangtze River Basin holds 40 percent of China's available fresh water resources, and serves as a source of drinking water for 400 million people, according to official statistics. The basin has abundant fishery resources, whose freshwater catch accounts for about 60 percent of the country's total. It also contains one fifth of China's total wetland area, and is home to many rare wild animals and plants.

## Improving water quality

Nonetheless, China's rapid economic development in the past decades has paid a heavy toll on the Yangtze. The river has been polluted and aquatic creatures have suffered.

For example, the Yangtze River dolphin, a freshwater dolphin species endemic to the river, was declared "functionally extinct" in 2007. Also, the finless porpoise, known as the last surviving mammal in the Yangtze

that is rarer than the giant panda, has become increasingly harder to spot. Scientists estimate there are only about 1,000 finless porpoises alive today. Even the sturgeon, once abundant in the river, is also on the verge of extinction.

Measures to clean up the Yangtze have yielded significant results. "The quality of water in the Yangtze is improving year by year," said Xu Deyi, a spokesman for the Changjiang Water Resources Commission of the Ministry of Water Resources. The commission is responsible for water administration and other issues in the Yangtze River Basin.

More than 90 percent of the length of the main river, and 77.4 percent of the entire drainage basin had water quality at Grade III or better in 2014, Xu said at a press conference held in December 2015.

Water at or below Grade III can be used as a source of drinking water, according to the five-grade classification by China's Environmental Quality Standards. Grade IV water quality is safe for general industrial and recreational use involving no direct skin contact. Grade V is safe for agricultural use. Water given a higher rating than Grade V is unsafe for any use.

In 2000, only 67.4 percent of the main river had water quality at Grade III or better, and in 2006, the figure for the entire drainage basin dropped to 66.7 percent, he said.

However, Xu revealed that lakes along the Yangtze River remain quite heavily polluted. In 2014, only 23.1 percent of lake areas met national standards.

"The Yangtze River Basin is subject to a heavy discharge of pollutants because it is a densely populated area with a relatively rapidly growing economy," said Yang Yongde, Deputy Director of the Yangtze River Water Resources Protection Bureau under the Changjiang Water

Resources Commission.

According to him, monitoring data in 2014 showed wastewater discharge in the Yangtze River Basin totaling 33.88 billion tons, an increase of 210 million tons from 2013.

"Encouragingly, the growth rate has begun to decline since 2008," Yang said. "Due to continuous improvement in wastewater treatment, the concentration of pollutants in the discharged wastewater has also been reduced, so the river's water quality has improved."

In 2014, 12.7 billion tons of wastewater—including 3.68 billion tons of industrial wastewater and 9.02 billion tons of municipal sewage—was poured into the middle and lower reaches of the Yangtze, according to the 2014 annual report released on January 20 by the Ministry of Environmental Protection (MEP).

The report revealed that chemical oxygen demand (COD) discharge to the river in 2014 totaled 3.66 million tons, of which 38.5 percent was from agricultural production and 48.2 percent was from municipal sewage. Agricultural production and municipal sewage were also the dominant sources of ammonia nitrogen discharge.

Other major pollutants dumped into the river included 38.5 million tons of petroleum, 60.7 tons volatile phenol, 31.1 tons of cyanide, and 127 tons of six heavy metals, including lead, cadmium, mercury, chromium and arsenic.

Compared with 2011, wastewater, COD and ammonia nitrogen from industrial and agricultural sources had all dropped, according to the report.

## Tighter supervision

The Yangtze River Basin is home to a huge number of industrial enterprises as well as livestock and poultry farms. Many sewage outlets



are located along the riverbanks.

In recent years, Internet-based technologies have been increasingly used in pollution monitoring. Environmental authorities in Hubei Province on the middle reaches of the Yangtze have monitored pollution sources online. The *Changjiang Times*, a daily newspaper published in Wuhan, capital of Hubei, reported on October 13, 2015, that environmental authorities in the province had, since 2014, imposed penalties on 106 enterprises that were found discharging more pollutants than permitted.

In November 2014, the Wuhan Municipal Environmental Protection Bureau detected a printing and dyeing company trying to dodge online monitoring by diverting wastewater away from the automatic monitoring devices. An examination of the historical data showed the automatically recorded pollution data was far below the normal levels for the printing and dyeing industry. An inspection revealed that untreated wastewater was being diverted through a hidden pipe to escape monitoring. A heavy fine was subsequently imposed on the company.

The water quality of key sections of the Yangtze and some wastewater discharge outlets are monitored online in real time, the *Changjiang Daily*, another newspaper in Hubei, reported in December 2015.

During the 13th Five-Year Plan (2016-20) period, the Changjiang Water Resources Commission will further strengthen supervision, set a higher standard for applications to set up sewage outlets along the river, and urge enterprises to save energy and reduce emissions, according to Xu, the commission's spokesman.

## Stronger policies

Although progress has been made in preventing and controlling pollution in the Yangtze, some problems still linger.

A drinking water crisis occurred in Jingjiang, Jiangsu Province, on the lower reaches of the Yangtze, on May 9, 2014, when a strange odor was detected in the drinking water. The city quickly shut down its water supply, which triggered the panicked buying of bottled water. The Yangtze provides 80 percent of Jiangsu's drinking water, according to official statistics.

In March 2013, thousands of pig carcasses were found floating on a tributary of the Yangtze River, the Huangpu River. The



A section of the Yangtze River in Zigui County, Hubei Province

XINHUA

Huangpu supplies 22 percent of Shanghai's drinking water.

Faced by these kinds of incidents, the government has stepped up its efforts to control water pollution. On April 16, 2015, the State Council, China's cabinet, published the Action Plan for Water Pollution Prevention and Control, a comprehensive strategy to reduce water pollution and promote water conservation.

The plan identifies specific measures in 10 areas, including economic restructuring and upgrading, boosting scientific and technological support, giving full play to the role of market mechanisms, clarifying the responsibility of various parties, and encouraging public participation and supervision.

It requires that more than 70 percent of the water in the drainage areas of the nation's seven major waterways, including the Yangtze, should meet the surface water standard of no worse than Grade III by 2020. The end of 2030 should see the percentage increasing to more than 75 percent and also the elimination of untreated sewage in urban areas.

By 2016, small factories in sectors such as paper, insecticides and tanning, which heavily pollute water, should be shut down, according to the document.

Meanwhile, clean production methods

should be adopted in 10 industrial sectors such as non-ferrous metals, papermaking, coking, agricultural products processing and electroplating.

The plan also requires clusters of industry to have wastewater treatment facilities completed and automatic online pollution monitoring devices installed by the end of 2017, while the deadline given to clusters situated in economically advanced regions such as the Yangtze River Delta was set at the end of 2016.

From 2016, the government will publish a blacklist of companies that have received warnings or been ordered to close down for discharging excessive pollutants.

The MEP is formulating detailed rules for implementing the plan, and designing methods for evaluating results, which will be released this year, according to a report by Beijing-based *Economic Information Daily*.

An unidentified MEP official said that the ministry will sign performance pledges with local governments, detailing their water pollution control targets and tasks. In case of any default, relevant departments and their leaders will be held accountable. ■

Copyedited by Calvin Palmer  
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## COVER STORY

# GREEN POWER, GREEN DEVELOPMENT

The Wudongde Hydropower Station aims to power economic growth By Gao Xin

**A** bright new era for hydropower stations was ushered in when Laurent Fabius, Chairman of the UN Climate Change Conference in Paris and also the French Foreign Minister, brought down his gavel, announcing the birth of the Paris Agreement on Climate Change on December 12, 2015.

Four days later, China's State Council, the highest administrative power in China, approved the construction of the Wudongde Hydropower Station on the upper reaches of the Yangtze River. The station will be the third largest in China, and the seventh largest in the world.

At the climate change conference in Paris, Chinese President Xi Jinping announced that by 2030, non-fossil fuel energy will account for about 20 percent of the country's primary energy consumption. The Wudongde Hydropower Station will inevitably contribute to that goal, as well as promote green development, a core concept in China's 13th Five-Year Plan (2016-20).

### A seamless dam

"The Wudongde Hydropower Station is a cornerstone in China's strategy to transmit electricity from the west to the eastern part of the country, and a key project in the national West Development Strategy," said Lu Chun, Chairman of China Three Gorges Corp. (CTGC). The organization is a leader in hydropower development and operation in both China and the world.

He added, "It will contribute significantly to promoting the country's energy structure and emission reduction, and to social and economic development in the western region."

"Two precipices cleave the sky, overlooking a river that looks like a well," wrote Li

Jing, a Yuan Dynasty (1271-1368) poet in his poem depicting the rugged terrain around the Jinsha River, a section of the upper reaches of the Yangtze River.

The Jinsha River is an abundant source of hydropower—an estimated reserve of 112.4 million kw makes the river China's largest hydropower base.

The CTGC has been authorized to construct a cascade comprised of four hydropower stations at the lower reaches of the Jinsha River, including Wudongde, Baihetan, Xiluodu and Xiangjiaba. Together, they will have installed capacity of 46.46 million kw, doubling that of the Three Gorges power plant.

The Wudongde Hydropower Station, the topmost in the cascade, is located between Luquan County of Kunming, southwest China's Yunnan Province, and Huidong County of the Liangshan Yi Autonomous Prefecture in the neighboring Sichuan Province.

"The construction of every hydropower station is a totally new challenge," said Wang Yifeng, Deputy Director of the Wudongde Project Construction Engineering Department of the CTGC, who has 33 years of experience in the hydropower industry.

Nonetheless, the hydropower station is expected to be completed faster than two other stations in the cascade, Xiluodu and Xiangjiaba, according to Yang Jun, a publicity officer from the CTGC.

The hydropower station is expected to be partly operational by August 2020 and completely functional by December 2021. It will also have an installed capacity of 10.2 million kw and an annual power-generating capacity of 38.91 billion kwh, said Yang Zongli, Director of the Wudongde Project Construction Engineering Department of the CTGC. The electricity will not only meet local demand but also be transmitted far and wide throughout



A three-dimensional rendering of the Wudongde Hydropower Station on the Jinsha River, the upper reaches of the Yangtze River



the country via major power grids.

"In addition to generating electricity, the Wudongde Hydropower Station will also yield other significant social and economic benefits, such as controlling floods and facilitating river navigation," Yang said.

## A better environment

Moreover, by providing green energy, the power station can save 12.2 million tons of standard coal consumption every year, cutting 30.5 million tons of carbon dioxide emissions and 104,000 tons of sulfur dioxide—equivalent to planting 1.07 billion trees, Yang claimed.

Such a huge public project like Wudongde creates huge social and economic value and immeasurable positive effects, said Hu Angang, Director of the Center for China Studies at Tsinghua University, after a visit to the power station's construction site.

At the construction site, water columns shooting up from the mountain creeks were bathed in sunlight, creating beautiful rainbows. "We are spraying water to reduce dust, so as to minimize pollution," said Gu Gongkai, Deputy Director of the Technology Management Office at the Wudongde Project Construction Engineering Department of the CTGC.

"Wudongde is located in a dry and hot valley, where moisture is consumed by heat and a large area of the valley slope is devoid of surface soil, so only sparse vegetation covers the mountains on both sides of the river. Here, both the trees and the soil are our treasure," Gu said.

The vegetation that once grew in the area to be occupied by the reservoir has all been properly transplanted, and some have been used to make the construction site

greener. The vegetation and soil are not the only things that were protected—fish were also high on their priority. Not far from the hydropower station is a fish-breeding and releasing station. Zhu Xin, head of the station, is an expert on rare fish.

The station, built in June 2013, was put into operation at the end of 2014. Zhu said that in March 2015, the station released nearly 25,000 rare species of fish into the Jinsha River.

"We expect to release 1.05 million fish into the river annually in the future," Zhu said.

An environmental impact evaluation was conducted before the project was launched. Wang said that the evaluation demonstrates that the Wudongde project will not lead to the deterioration of regional climates, and after the reservoir is filled with water, it will have little negative impacts on people's living environment.

## New life

Wudongde is the name of a small mountain town that is fewer than 200 km from Kunming, capital city of Yunnan Province. In the language of the local Yi ethnic group, Wudongde means "a place with good harvest," while in that of another local ethnic group, the Miao, it is "a mist-shrouded place."

In the past, due to a harsh natural environment and inadequate transportation, villagers could only make a living by farming crops resistant to the arid climate or by working in cities.

"The construction of the hydropower station has changed our life," said a villager working at the construction site. Infrastructure in the village has been greatly improved. Muddy roads have been paved, and water cellars built by constructors supply drinking water for people and livestock, as well as water for agricul-

tural irrigation. Hospitals, banks, supermarkets and express companies have also settled into Wudongde, turning the once quiet place into a bustling town.

"I used to work in Kunming, which is more than a seven-hour journey away from here, so I could not return home to help during the harvest season. Now I work at the hydropower station, making much more money than before, and I can go back home every day," said the villager.

Many migrant workers native to Wudongde and its vicinity have now found jobs at the hydropower station. It is estimated that, during the construction phase, the hydropower project will add about 70,000 local jobs every year, and will create 800,000 jobs in Sichuan and Yunnan provinces in total, as more than 8 billion yuan (\$1.2 billion) will be invested to improve roads in neighboring areas.

People who have relocated from the areas to be occupied by the reservoir are also looking to benefit from the project. A total of 31,000 people in 10 counties throughout Sichuan and Yunnan provinces need to be resettled as a result of the Wudongde Hydropower Station's construction.

"These areas along the Jinsha River were secluded and economically backward. So, from last century, many people there have been looking forward to the construction of the hydropower station," said Feng Guoyu, an official in charge of poverty alleviation and resettlement in Sichuan Province's Huidong County.

Resettlement plans have been made, said Wang Lin, the CTGC's General Manager. He said that hydropower development is expected to promote social and economic progress, move relocated people out of poverty, and improve their social welfare.

It has been estimated that the construction period of the Wudongde project will directly improve local economic growth by 2 percentage points, and contribute 2.2 billion yuan (\$333 million) to local fiscal revenue.

After completion, the hydropower station will generate about 13 billion yuan (\$1.98 billion) worth of power every year, creating industrial added value of about 11.9 billion yuan (\$1.8 billion) and bringing in about 13.5 billion yuan (\$2.1 billion) to local fiscal revenue.

Moreover, the project will benefit local poor people, and contribute to the realization of government's overall poverty alleviation goal. ■

China Three Gorges Corp. hosts a ceremony to launch construction of the Wudongde Hydropower Station on December 24, 2015



The author is a reporter with *China Report* magazine  
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# Reassessing U.S. Policy

Washington should be more constructive in Asia  
By Shi Yongming



The author is an associate researcher at the China Institute of International Studies

**T**he motives for U.S. Secretary of State John Kerry's Asian tour in January were as nebulous as his itinerary was odd. The top U.S. diplomat's first two stops were to countries that have had nothing to do with the South China Sea issue. Nonetheless, Kerry asked Laos and Cambodia to join the United States along with some other Southeast Asian countries that have territorial claims in the South China Sea to go against China on related disputes. Kerry subsequently flew to Beijing and asked the Chinese Government to accept the U.S. draft resolution submitted to the UN Security Council designed to impose tougher sanctions on North Korea. Yet the situation on the Korean Peninsula is so complex that a peaceful settlement cannot be reached through mere sanctions. The U.S. Government should properly assess its own role in the Korean Peninsula nuclear issue.

## Don't pass the buck

China is categorically opposed to Pyongyang's recent test of what it claims to be a hydrogen bomb. Both China and the United States stand on common grounds in that regard. Nevertheless, there are differences between Beijing and Washington's responses to

Pyongyang's nuclear development program.

While the United States-proposed sanctions seek for an immediate surrender by Pyongyang, such measures do not offer a constructive solution to the problem. Instead, tougher sanctions would undoubtedly force Pyongyang into a corner. Even so, Washington did not specify what it would do if Pyongyang ignores the sanctions and continues its development of nuclear weaponry. What if Pyongyang is bent on destroying the stability of the region—who would pay the price? If what has happened in Syria during the past few years is any indication, perhaps Washington doesn't care about risking the lives of thousands of people or the creation of millions of refugees on the Korean Peninsula. In any case, it is necessary for us to ask: What are the real motives for the United States' actions in the region?

The real divergence between China and the United States on the Korean Peninsula nuclear issue is in which approach should be adopted to solve the problem. China adheres to the principle of addressing the problem through peaceful overtures, inclusiveness, cooperation and the extension of mutual benefits in order to build a harmonious relationship. In contrast, the United States has stubbornly insisted on settling the matter through aggression, in an aim to create a global U.S. hegemony. The methods that Washington employs to achieve its goals form the foundation of the current global disorder.

Actually, no matter how much Washington insists on vilifying Pyongyang, it is undeniable that the root of the decades-long imbroglio on the peninsula is due to the political confronta-

tion between North Korea and the United States. The United States cannot deny that it once deployed nuclear weapons on the Korean Peninsula and that its strategic nuclear weapons are targeting North Korea even now. The United States is also unable to give a reasonable explanation as to why it is still unwilling to legally end its "state of war" with North Korea.

Reconciliation on the Korean Peninsula had been on the rise after the end of the Cold War, as characterized by the signing of the Joint Declaration on the Denuclearization of the Korean Peninsula between Pyongyang and Seoul in 1992. The situation started deteriorating after the United States refused to implement the Agreed Framework that it signed with North Korea in 1994, in which the latter agreed to freeze its nuclear program in exchange for economic and energy assistance as well as the United States' diplomatic recognition. In 2005, North Korea, the United States, South Korea, China, Japan and Russia made progress on an agreement for the suspension of Pyongyang's nuclear program. Even so, shortly after the six-party talks on the Korean Peninsula nuclear issue concluded with the September 19 Joint Statement, Washington decided to impose financial sanctions on Pyongyang—triggering North Korea's first nuclear test.

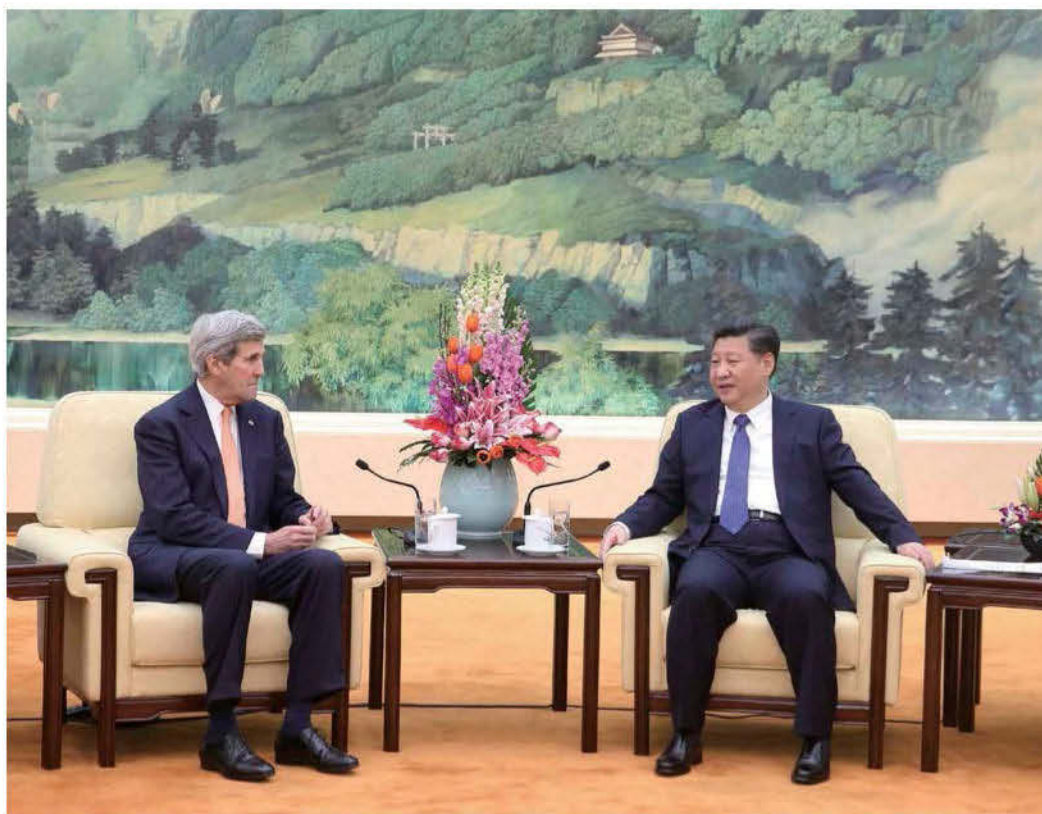
The United States, under President Barack Obama's administration, has adopted a more stony policy toward North Korea. Meanwhile, Pyongyang has maintained its effort to become a nuclear power. In February 2015, though, Pyongyang was the first to propose a cease in its nuclear testing in exchange for the termination of joint military exercises between the United States and South Korea. However, Washington flatly turned down the proposal, leaving no room for bilateral negotiations. Is it possible that the joint U.S.-South Korea military drills are more important than the denuclearization of the Korean Peninsula and the peace in the region?

The United States' real intentions are ambiguous as it continues to shirk its responsibilities and instead turns to China to put pressure on Pyongyang.

## Maritime issues

The dispute concerning the South China Sea was the core of Kerry's latest trip to Asia, and the message that Kerry delivered on the issue was also aggressive. First, Kerry aimed to demonstrate America's determination in safeguarding





Chinese President Xi Jinping meets with U.S. Secretary of State John Kerry in Beijing on January 27

the contested region's so-called freedom of navigation. Second, he asked member nations of the Association of Southeast Asian Nations (ASEAN) to take sides with the United States against China on the South China Sea issue. Therefore, it can be concluded that the main goal of Kerry's Asian trip was to carry out the Obama administration's pivot-to-Asia strategy. A principal proponent of the strategy would be the sowing of dissent amongst Asian countries in an attempt to consolidate the United States' position in the region.

It was only until the end of World War II (WWII) that an international law-based order began to take shape in East Asia. Before then, the United States and Japan were imperialistic and colonial countries. China has indisputable sovereignty over the South China Sea islands, but colonial powers infringed on China's sovereign right to the region. China, with the backing of the international law, took back its jurisdiction over the islands after WWII. In 1947, the

then Chinese government set the country's maritime delimitation line in the South China Sea and made the line officially public the following year. The international community didn't show any objection at the time. On that basis, the Treaty of Peace With Japan signed in San Francisco on September 8, 1951 required Japan to give up its rights and claims on China's Nansha and Xisha Islands in the South China Sea. The Philippines had also delineated its own territorial boundaries at that time, which do not match boundaries around the islands that it currently holds claim to in the South China Sea. Viet Nam also presented an official note to China in the 1950s, specifying its acknowledgment of China's sovereignty over the islands.

The real problem concerning the South China Sea is that the United States has disrupted the post-WWII regional order. In 1954, the United States created the Southeast Asia Collective Defense Treaty, putting the whole South China Sea under its military control. Since

China was trapped by a confrontation across the Taiwan Straits during that time, the Philippines and Viet Nam took the opportunity to grab some of the islands.

To safeguard its sovereignty, China was forced into two wars in the South China Sea, but the Chinese Government has always adhered to settling territorial disputes through peaceful negotiations. This proposition has been confirmed in a series of diplomatic documents between China and Viet Nam as well as the Philippines. In consideration of the complicated historical background and its traditional relationship with neighboring countries, China has proposed to solve the predicament on the principle of "putting aside disputes and seeking common development." To put the principle into practice, in 2005, China, the Philippines and Viet Nam signed a trilateral deal, agreeing to jointly prospect oil and gas resources in the South China Sea.

However, the United States firmly opposed the cooperative approach in settling the disputes through bilateral dialogue and insisted on resolving the problem within the framework of the ASEAN. It is obvious that the U.S. policy on the South China Sea is a way to maintain its hegemony over East Asia.

At present, the United States not only sends troops to the region itself but also encourages other countries such as Japan and Australia to be its accomplices, claiming to safeguard the so-called freedom of navigation through the use of naval and aerial power.

The foreign policy of the United States is based on hegemony. That is also why it is unable to settle problems in a productive manner. If the United States truly desires to become a world leader, it must first learn how to resolve problems constructively in order to provide mutual benefits to all parties involved. ■

Copiedited by Bryan Michael Galvan  
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# Outlook for Peace

Four-nation meetings advance the peace process in Afghanistan By Bai Shi

A meeting involving representatives from Afghanistan, Pakistan, China and the United States held on January 11 in Islamabad, Pakistan, established the Quadrilateral Coordination Group (QCG) to further the peace process in Afghanistan.

The group met a week later in Kabul, Afghanistan, where the delegates issued a joint statement calling on the Taliban to join the peace process and announced that progress had been made on a roadmap for peace talks between the Afghan Government and the Taliban.

Ma Xiaolin, a professor of international studies at the Beijing Foreign Studies University, told *Beijing Review* that the meetings signified new international efforts to restart the peace and reconciliation process in the war-torn country.

## Important consensus

Participants of the QCG have reached a consensus on key principles to promote peace talks between the Afghan Government and the Taliban, said Fu Xiaoqiang, Director of the Security and Arms Control Department under the China Institutes of Contemporary International Relations.

In an interview with China.org.cn, a Beijing-based Internet news portal, he said that the four-nation talks once again offered an endorsement of the Afghan Government led by President Ashraf Ghani. According to him, the countries have agreed to maintain and consolidate the Afghan Government and ensure its dominant role in the peace process.

The security situation in Afghanistan remains unstable, and the peace process has been stalled since 2004. The Afghan Government, though it is backed by the United States and NATO, struggles in the face of a sustained threat from the Taliban. Peace talks between the two sides have been full of twists and turns.



China's Special Envoy for Afghanistan Deng Xijun attends the second meeting of the Quadrilateral Coordination Group of Afghanistan, Pakistan, China and the United States in Kabul, Afghanistan, on January 18

The Afghan Government and international community have repeatedly called on the Taliban to participate in peace talks. In September 2010, the government set up the Afghanistan High Peace Council to seek negotiations with the Taliban.

But the Taliban refused to enter into peace talks, claiming that the withdrawal of foreign troops is a prerequisite for joining the negotiations. Moreover, Taliban militants have continued to attack military and civilian targets, including those working for the peace council. The peace efforts were frustrated once more when former Afghan President and Chairman of the High Peace Council, Burhanuddin Rabbani, was killed by the Taliban in a bomb attack in Kabul on September 20, 2011.

However, the Afghan Government and the Taliban have maintained unofficial contact, and the situation changed when Ghani as-

sumed office as Afghanistan's president in September 2014. Ghani extended the olive branch by conceding that the Taliban has the right to participate in the political process of peace and national reconciliation. Throughout 2015, the two sides enhanced their contact. On July 8, 2015, the Afghan Foreign Ministry announced that the government had held a formal meeting with delegates of the Taliban in Islamabad. The statement said that both sides expressed a willingness to create conditions to initiate a peace and reconciliation process. A second round of talks were planned but were suspended in late July when the death of Taliban leader Mullah Omar was confirmed.

Fu said that the peace roadmap drawn by the QCG represents an important step forward to realizing stability in Afghanistan. "With the Taliban split following the death of Omar, the international community must seize this chance to bring the Taliban into the peace talks. The talks need external support, but any help must adhere to an Afghan-led and -owned political process, which is the only path to fulfill lasting peace in the country," he noted.

Actually, the international community has offered Afghanistan considerable aid for its development, and 14 countries established the Istanbul Process on Afghanistan in 2011, which has become an important multilateral platform for promoting peace in the country. By the end of 2015, the Istanbul Process had convened five rounds of meetings.

## A hard nut to crack

However, the quadrilateral mechanism has some critical challenges to tackle.

"It is essential to persuade the Taliban to join the peace process, forming five-party talks," Ma said. "But it will be a hard task for the four governments. Although the Taliban has agreed to participate in negotiations with





Afghan security forces rush to a blast site near the Pakistani consulate in Jalalabad in east Afghanistan on January 13. At least seven people, including four police personnel, were killed in the attack

the government, its attitude toward peaceful solutions remains ambiguous.”

The Taliban has launched more attacks since Omar's deputy Mullah Akhtar Mansour took over as its leader. In the last six months, Mansour started a series of offensives against the Afghan Government. Particularly, the suicide bomb killing 20 people in Kabul on February 1 has cast a shadow over efforts for peace talks.

Ma believes that these deadly attacks by the Taliban were an attempt to strengthen Mansour's leadership and gain a stronger bargaining position in any possible talks with the government and international community.

“If the Taliban joins in the peace process, it will give rise to a complicated question as to how the radical Islamic group will participate in politics in future,” Ma said. “Most of the political thinking advocated by the Taliban does not conform to contemporary governance and law that the Afghan Government has adopted. Narrowing the wide gap between the two sides will be a tough job for all parties in the talks.”

In addition to peace, Afghanistan also needs to revive its economy. International observers have blamed widespread poverty for the prevalence of terrorism in the coun-

try. With considerable earnings from drug production and trafficking, many extremist groups have the means to recruit followers and purchase weapons.

The Afghan Government must enhance efforts to develop the economy and improve living standards of the people, in order to eradicate the conditions that allow terrorism to thrive, Ma said. He also suggested the international community provide more aid to help the country realize a sustainable development.

## China's role

From the Istanbul Process to the QCG, China has played an increasingly important role in mediating issues in Afghanistan.

With growing status in the world, China is willing to contribute more to solving regional and world problems. In the light of the schedule for U.S. troops' withdrawal, China is fully aware of the importance of maintaining peace and stability in Afghanistan. In October 2014, China hosted the fourth ministerial conference of the Istanbul Process. It also appointed a special envoy on the Afghan issue in the same year and has hosted a number of Afghanistan-focused bilateral and

multilateral consultations.

Chinese Foreign Minister Wang Yi has said on many occasions that China backs an Afghan-led and -owned peace process, which is also accepted by all sides in the four-nation talks.

It is appropriate for China to be a mediator in the Afghan issue, Ma said in an earlier interview with the *Beijing Youth Daily* newspaper.

Following the second meeting of the QCG, Afghan Foreign Minister Salahuddin Rabbani visited Beijing on January 26. During the meeting with Wang, Rabbani said that Afghanistan appreciates and thanks China for its important and constructive role in the peace, reconstruction and reconciliation process.

“China's support consolidated the determination and confidence of the Afghan Government and people in advancing the peace process,” Rabbani said in Beijing.

China offers a trustworthy guarantee for the peace process in Afghanistan and ensures that it could be implemented transparently and fairly, Ma said, adding that China's participation gives more impetus to the peace talks. ■

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People with masks walk on the streets of Beijing on December 1, 2015, when the city was blanketed with smog

# Red Alerts for Smog

Residents of China's capital deal with air pollution By Yuan Yuan

**T**he Chinese Government has set a stringent standard for the quality of the masks being sold to combat the effects of pollution in Beijing on January 18. The news comes against the backdrop of the unprecedented amount of heavy haze that had shrouded the Chinese capital for more than 20 days.

Beijing had activated the red alert—the highest warning level of a four-tier system against airborne pollution—twice since December 2015. The red alert is designed to be issued once the concentration of PM 2.5, or particles with less than 2.5 microns in diameter that are hazardous to health, is forecast to surpass a designated limit for three consecutive days.

## Two alerts

On December 8, Beijing issued its first ever red alert. Industrial production was subsequently

suspended, and vehicle usage was curbed by a system that alternated road access to odd and even license plates. Kindergartens, elementary schools and middle schools were all closed for the sake of their students' health.

"We finally have the first red alert," Qu Xueping, a 34-year-old resident in Beijing told *Beijing Review*. "In the past, when the pollution was very bad, I really didn't want to send my daughter to school."

The first alert lasted for three days and was lifted on December 10. Schools were suspended, but didn't require the students to make up for the missed classes.

"It was a headache for parents such as myself, as we had to go to work and couldn't look after the kids at home," Qu said.

The teachers assigned homework and made a self-study schedule for the students to complete at home, but Qu could only turn to

her daughter's grandparents for help. Just as Qu's life was getting back on track, a second alert came along on December 19. This time, it lasted for four days, throughout a weekend, until December 22.

"If this becomes the normal state of affairs in the future, we will have to find an adequate place to take care of our child, as both my husband and I need to work," Qu said.

What puzzled Qu the most was that the pollution was not so bad during the second red alert, but once the alert got lifted, the smog got worse.

"Why couldn't the alert be issued several days later?" Qu wondered. "Don't we have forecasts for pollution?"

Wang Bin, head of the Emergency Department of the Beijing Environmental Protection Bureau, told Xinhua News Agency that the threshold for red alerts in Beijing had



been lowered in March 2015, making them easier to issue the alerts.

"I didn't feel that much of a difference," said Zhu Qun, a 45-year-old Beijing resident working at a state-owned company, in an interview with *Beijing Review*. "If the threshold was lowered, why didn't we announce the third alert during days after December 22, which were even more polluted than the four days during the second alert?"

Yu Jianhua, General Engineer of Beijing Environmental Protection Bureau, answered that question while addressing netizens online on January 26.

"Since the accuracy rate of our forecast on pollution is still limited, it is hard to issue and lift the alert on the exact right dates," said Yu. "There were still some setbacks in issuing the two alerts. For example, the notice period for the two alerts was quite short."

"The first alarm could have been sounded earlier. If it had been issued faster, it would have been more effective in helping the residents," claimed the Ministry of Environmental Protection in a review of the two red alerts on January 7.

The Ministry told the Beijing Municipal Government that it could do better the next time it declared a smog alert.

## Smog consumption

A senior student from Peking University, sur-named Qiu, complained that the red alerts

didn't take college students into consideration.

"We are also students and we don't want to be exposed to the pollution," Qiu told *Beijing Review*. "But we were excluded from the list."

On December 24, Qiu received a box of masks as a Christmas gift from a classmate. "I thought it was a joke when I saw the box full of masks," Qiu said. "But my roommate had also received a dozen masks, sent to the dormitory by her mother. Masks have become necessities in our daily lives."

Qiu's roommate, Shi, used to be a sports fan and would run around the university campus every day, but during the days in which the pollution reached its peak, she could only stay indoors and pray for the wind to come to remove the smog.

Nonetheless, Shi claimed that, "staying indoors is not that effective, as the heavy and long-lingering smog permeates everything."

This is also a concern for the parents of primary and middle school students.

Chen Lili, who lives in Beijing and is the mother of a first-grader, has raised over 10,000 yuan (\$1,500) among the parents of her daughter's classmates to buy two air-purifiers to place in the students' classrooms, but states that the effect has not been ideal.

"Since the classroom door opens and closes frequently, the purifier can't work as well as it should," Chen told *Beijing Review*. "But if we keep the students indoors for a long time, the concentration of CO<sub>2</sub> will increase, which is also

not good for their health."

Xian Lianping, Director of the Beijing Municipal Education Commission and local political advisor, told Xinhua News Agency that special research committees had been set up to study the effect of the smog on schools.

"[The committees] are making specific plans to place air purifiers in existing school facilities and are setting up standards for future school air-purifying facilities," Xian said. "The period for winter and summer holidays will be adjusted to allow students to attend school on clear days, and stay at home on smoggy days."

According to a report on smog consumption published by Alibaba's online shopping platform on December 20, since Beijing issued its first-ever red alert in early December, searches on the shopping platform for masks and air purifiers have surged 148.4 percent and 56.5 percent month on month, resulting in many vendors running out of stock. The sales volume of masks on the online shopping platform was 9.3 times that of normal times.

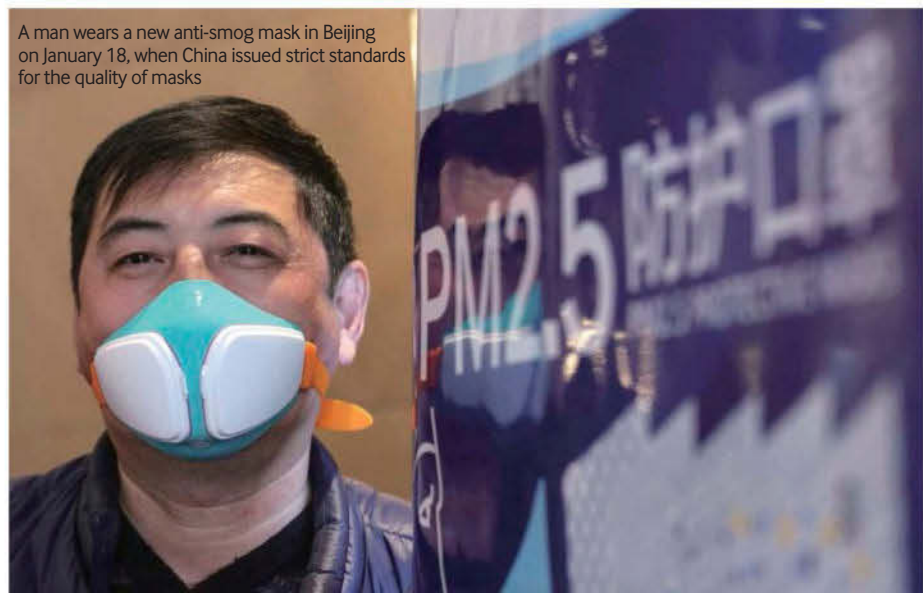
Zhong Xiaofei, a Beijing resident, told *Beijing Review* that she had bought an air purifier at the price of 6,500 yuan (\$985) on November 11, but saw the price rocket to 9,500 yuan (\$1,440) as the smog season kicked in. "The price of the air purifiers goes up and down all the time with the changes in the air condition," Zhong said.

The latest business confidence survey by the European Chamber of Commerce showed that staff turnover rates were relatively high for multinationals based in China, and that the air pollution has been cited as the top obstacle in luring and retaining talents among such companies.

International market research company J.D. Power has installed new clean air systems at its Beijing and Shanghai offices, an executive of the company told Xinhua. The auditing firm PricewaterhouseCoopers and British advertising firm WPP Plc are doing the same on their premises.

Shanghai resident Yao Hui decided to leave a Chinese furniture company where she had worked for four months after finding its office had the highest levels of pollutants on a measurement device she used.

"If a company is willing to reduce its indoor pollution, it shows that it is responsible, and therefore has good potential for growth," Yao told Xinhua News Agency. ■



A man wears a new anti-smog mask in Beijing on January 18, when China issued strict standards for the quality of masks

# Here Comes Disney Magic

After a decade of planning, Shanghai Disneyland will open in June By Corrie Dosh

Disney's Pinocchio promised us that when you wish upon a star, anything your heart desires will come to you. Now, millions in China are getting their wishes granted with the opening of Disney's newest theme park attraction in China—Shanghai Disneyland.

Opening on June 16, the 963-acre Shanghai Disneyland will feature two themed hotels; an expansive recreation area; a unique retail, dining and entertainment district; and a Disney theme park with six themed lands and never-before-seen attractions designed specifically for the people of China. Some familiar attractions will also open, including Tomorrowland and an iconic fairyland castle emblazoned with a golden peony on its tallest tower.

Victoria Lim, Managing Editor at Walt Disney World Public Relations, calls the new park “authentically Disney, distinctly Chinese”—echoing Disney Chairman and CEO Robert A. Iger who said that “the resort reflects Disney’s legendary storytelling along with China’s rich culture, and showcases some of the most creative and innovative experiences we’ve ever created. We’re looking forward to showing it to the world and sharing it with the people of China for generations to come.”

These unique Chinese touches include the first production of *The Lion King* in Mandarin, to be staged in a 1,200-seat performance theater and a reimagining of the Chinese zodiac with Disney characters. The park will also host special events for the Chinese holidays including the Lunar New Year. The two on-site hotels—the Art Nouveau-inspired Shanghai Disneyland Hotel and Pixar-themed Toy Story Hotel—offer guests tea kettles and premium teas, Chinese board games and activities such as the chance

to practice calligraphy. Even the opening date of the park was chosen for the lucky connotations the number six has in China.

Park developers also promised to feature the world’s longest parade, filled with music, acrobats, Disney characters and marching bands playing traditional Chinese instruments. The parade, called “Mickey’s Storybook Express,” will wind its way through the theme park as it does at other Disney properties.

“Shanghai Disney Resort celebrates China’s rich heritage and is the result of years of partnership and innovation with contributions from our talented cast members and Imagineers, as well as thousands of artists, designers, construction workers and suppliers from across China and around the world,” said Philippe Gas, General Manager of Shanghai Disney Resort.

## Changing the landscape

With a \$5.5-billion investment, Disney Shanghai is the company’s third theme park in Asia, following Tokyo and Hong Kong. It will also be the third largest park in Disney’s six-property portfolio, slightly smaller than Disneyland Paris. Disney partnered with the Shanghai Shendi Group, a state-owned investment holding company, for the park’s development.

The iconic spires of the fairyland castle rise up among the familiar skyline of Shanghai’s Pudong District, 12.5 miles from the city’s international airport. The park will have its own stop on the Shanghai Metro rail line, making it an easy stop for tourists.

“Shanghai is one of the most exciting and dynamic cities in the world and we’re delighted to be able to open a world-class tourism and entertainment destination befitting this incredi-

ble city and its people,” said Bill Ernest, President and Managing Director of Asia for Walt Disney Parks and Resorts. “We are taking everything we’ve learned from our six decades of exceeding expectations—along with our signature innovation and classic storytelling to create this truly magical place.”

Fan Xiping, Chairman of the Shanghai Shendi Group, said in a release that over the past five years, “the joint venture partners have worked closely with one another to ensure the smooth progress of the project and applied innovative and best practices for building the resort,” adding that the development is entering its “final sprint.”

The park was originally slated to open in December 2015, but was delayed when the partners invested an additional \$800 million to add more attractions. Major construction has now been completed and now park developers are tasked with training nearly 2,000 “cast members” to run the park and entertain guests. There are six themed lands within the park: Adventure Isle, Gardens of Imagination, Mickey Avenue, Tomorrowland, Treasure Cove and Fantasyland, as well as the Enchanted Storybook Castle. Disneytown, an international shopping, dining and entertainment district, will sit adjacent to the park and include the Broadway-style performance theater. Nearby will be the 40-hectare Wishing Star Park, filled with gardens and walking paths.

“The structures that we build in a theme park are extremely complex,” Disney CEO Iger said in an interview with Bloomberg News. “They’re not just buildings but they’re shows and they’re rides. And there aren’t that many examples of the Chinese construction industry building things that are as complex as what we’re building.”

Disney is a familiar and well-loved brand in China. The entertainment company released a number of box office hits in Chinese movie theaters in 2015, including *Avengers: Age of Ultron* which earned \$225 million in ticket sales; *Ant-Man*, which made \$103 million; and *Cinderella*, which earned \$68 million. The company recently released its blockbuster *Star Wars: The Force Awakens* across Chinese theaters, which earned \$53 million in its first weekend alone.

Disney is hopeful that the new park will be a resounding success, despite fears of a Chinese economic slowdown and slower consumer spending. The company’s Hong Kong Disneyland has been somewhat of a disappoint-





An aerial photo of the Shanghai Disneyland taken on February 3. The Shanghai Disney Resort announced on that day that the theme park tickets will start being sold on March 28

ment, with attendance lower than projected (though an estimated 20 percent of Chinese mainland tourists include a stop at Hong Kong Disneyland). The park has been adding new attractions to boost ticket sales.

The Hong Kong park didn't make its first profits until seven years into its operation and only following several expansions to counter criticisms that the park was too small, lacked attractions and was overcrowded.

Disney hopes to correct those missteps with Shanghai Disney, and Iger told investors in late 2015 that he is confident about the park's potential. Roughly 330 million people will live within a three-hour train or car ride to the attraction, and Shanghai is the Chinese mainland's wealthiest city with a solid tourism base. By 2018, the park should generate \$165 million in earnings on revenues of \$1.4 billion, according to projections.

"We feel great about what we're building, and we still feel great about the market," Iger said. "We continue to be impressed with the buzz that we see whenever we go to China."

## Disney's China strategy

Disney has been seeking a foothold in China for decades in an effort that goes far beyond theme parks. The company opened its first English-language center in Shanghai in 2008, which expanded to 44 English schools in 10

Chinese cities by 2012. The company uses its popular characters and its experience of making educational films and materials to make learning English enjoyable for Chinese children. The company now has 148 schools instructing 150,000 children a year with earnings of more than \$100 million annually.

The schools, like the new park, seek to combine Chinese culture with Disney's knack for storytelling and entertainment. The schools follow standards set by state education authorities and use materials based on local fables and songs. A Mickey Mouse statue stands at the entrance of each center and a Mickey logo is carved into every chair. The curriculum, aimed at children aged from 2 to 10 years old, is taught by native English-speakers. Annual tuition is as much as \$1,850.

Speaking at a Fortune Global Forum in Chengdu, southwest China's Sichuan Province, Iger said there is a "misconception" that because technology and development has created access to new markets, a "one-world culture" is gradually developing.

"I think that's absolutely not the case," he said. "I think you can really trip a company up if they start believing that, because the pride that geographies or countries, or markets have for their own culture, and the desire to own and control it still exists, whether it's for political reasons, economic reasons, or just nationalistic reasons."

Disney, as an "experience brand" rather than a consumable products company, touches culture in a way that a typical luxury brand may not, he added.

"You have to have a very deft hand, because the Disney brand and what it stands for is of interest to the culture and to the people in the culture," Iger said. "We're a brand that is viewed as good for me and good for my family. There are values to the Disney brand and what it stands for that have interested people all over the world. But, it's very, very important that while we bring Disney to a market, we make sure that in that it feels like, for instance, 'China's Disney.' It can't just be the Disney that exists in carbon copy form somewhere else in the world."

The Disney magic and China have to blend, Iger said. It's not just about bringing Mickey Mouse to China. Iger stated that while the new park won't be perfect on opening day, the Disney company will learn and adapt quickly.

"It's about looking at China today and seeing what's popular and figuring out a way that we can have a commercial relationship with that product, that intellectual property, so that we can offer it to the people who visit," he said. ■

The author is a contributing writer to *Beijing Review* living in New York City

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Held under the banner of the Forum on China-Africa Cooperation, the China-Africa Industrial Forum (CAIF) is committed to promoting development and cooperation between China and African countries. It aims to encourage rapid and sound economic development in China as well as African countries and boost exchanges and cooperation in politics, the economy, culture, science and technology, and tourism.



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Seminar on Legal Risk of Africa Investment & Establishment Ceremony of Africa Legal Affairs Center



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Cheng Zhigang, the General Secretary of CAIF, was invited to attend the interview of Xinhua News Agency.

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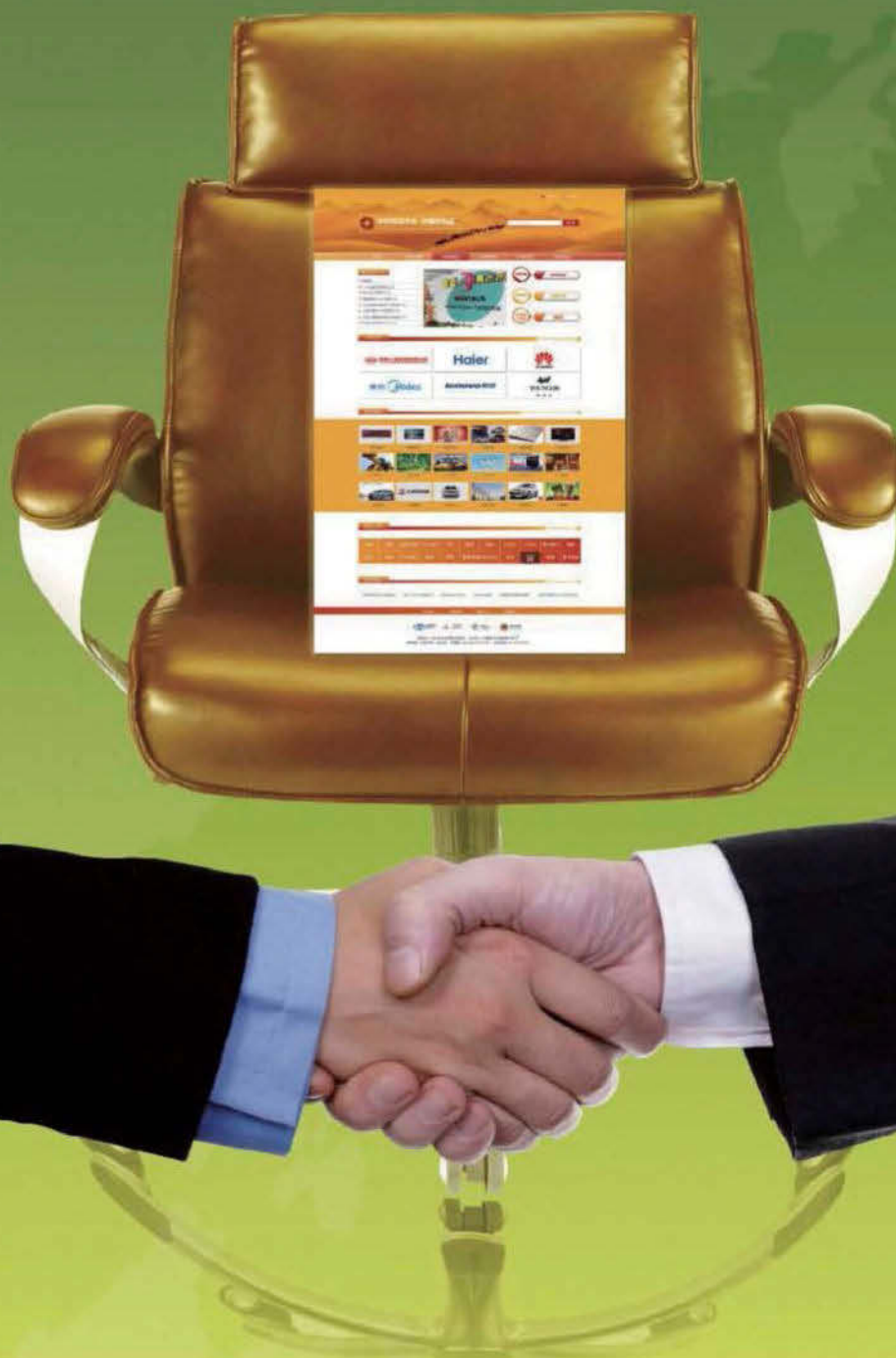
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# Export of Shopping Tourists

China becomes the world's largest market of outbound tourism By Wang Jun

Chinese tourists rank first in the world in terms of overseas trips taken and the amount of money they spend, according to the latest figures from the China National Tourism Administration (CNTA). In 2015, Chinese people made 120 million overseas trips and spent \$104.5 billion, up 12 percent and 16.7 percent, respectively, year on year.

"Among the world's top source markets, China, with double-digit growth in expenditure every year since 2004, continues to lead global outbound travel, benefitting Asian destinations such as Japan and Thailand, as well as the United States and various European destinations," said a report by the World Tourism Organization.

## A dynamic market

Data from the U.S. Travel Association showed that 3 million tourists from the Chinese mainland visited the United States in 2015, up 16 percent year on year. Chinese visitors spent an average of \$6,000-7,000 per trip, much higher than visitors from other regions. By 2021, Chinese tourists are expected to spend \$80 billion per year in the United States, according to the U.S. Department of Commerce.

China Central Television reported that the number of Chinese visitors to South Korea reached 6.11 million last year. These tourists spent \$2,200 on average, twice that of all foreign visitors, according to data from the Korea Tourism Organization. Chinese visitors generated \$22 billion of revenue in accommodation, transport, retail and other sectors, contributing 1.6 percent to South Korea's GDP in 2015.

More than 1 million Chinese tourists arrived in Australia during 2015, setting a record, according to the Australian Bureau

of Statistics (ABS). Visitors from China rose three times faster than the overall increase last year, and their spending grew by 43 percent, doubling the rate of the previous year. The ABS figures showed that Chinese visitors spent more than \$5.4 billion in 2015. The \$900 million they spent on shopping accounted for 37 percent of all spending on shopping by international visitors to Australia. Chinese visitors have helped Australia fulfill its 10-year tourism target in only five years.

Chinese tourists have even prompted a new word in Japan—*bakugai*, which means "explosive buying." *Bakugai* has been declared the joint winner of the U-Can New Words and Buzzwords Awards of 2015 by Tokyo-based Jiyukokuminsha Publishing House. According to the Japan Tourism Agency, 19.74 million foreign visitors came to Japan last year, of which 5 million were from the Chinese mainland, double the figure of 2014. The Chinese visitors spent 1.41 trillion yen (\$11.84 billion) in Japan, accounting for 41 percent of the spending by all foreign visitors to the country in the same period. Chinese tourists each spent on average about 283,800 yen (\$2,384) in 2015, which was 100,000 yen (\$840) higher than the average spending by all foreign visitors.

A report by the Global Business Travel Association forecasted that China will surpass the United States in business travel spending by 2016.

A recent survey by the China Tourism Academy (CTA) found that shopping accounts for 60 percent of the total spending by Chinese tourists. Chinese tourists used to spend mostly on luxury items but now spend more on

daily necessities at supermarkets, said Dai Bin, President of the academy.

Independent travel is becoming increasingly popular too. In 2015, Chinese independent travelers with self-booked itineraries made 80 million outbound trips, according to the Global Independent Travel Report 2015 jointly issued by the CTA and traveling user-generated website Mafengwo.cn. Each independent traveler spent on average 11,625 yuan (\$1,768), 24.1 percent more than in 2014.

Li Jinzao, Director of the CNTA, told Xinhua





**“Among the world’s top source markets, China, with double-digit growth in expenditure every year since 2004, continues to lead global outbound travel, benefitting Asian destinations such as Japan and Thailand, as well as the United States and various European destinations.”**

—World Tourism Organization

News Agency that Chinese tourists still have enormous potential. He explained that it is commonly known in the international tourism industry that when a country’s per-capita GDP reaches \$5,000, holiday-making will become popular, with the leisure demand and spending power both being remarkably increased. In 2015, China’s per-capita GDP stood at 52,000 yuan (\$7,910), but each Chinese person only made 2.98 trips per year on average, much lower than the average of eight trips made by people in developed countries.

“The per-capita GDP in China is likely to exceed \$10,000 by 2020, when the demand for tourism will show an explosive growth,” Li said. “It will better contribute to the development of tourism.”

## Lowered threshold

During the weeklong Chinese Lunar New Year (Spring Festival) holiday on February 7-13, a record number of 6 million Chinese were expected to travel abroad, Ctrip.com, the largest online travel agency in China, estimated in a report in January.

The report attributed the fast growth in outbound Chinese visitors to simplified visa processes, increased flights, more direct air routes, and a more friendly consuming environment. These favorable factors have stimulated the desire to travel among Chinese people, who have more time and money for leisure.

“Many countries have recently simplified the visa processes for Chinese visitors,” said Ma Yutao, head of the Data Research Center of Mafengwo.cn. For example, Nepal grants free visas to Chinese visitors; Italy, Spain, France and Germany have already started to offer express visa processing for Chinese applicants; the United Kingdom started a pilot program on January 11 issuing two-year multiple-entry visas for Chinese travelers and its mobile fingerprinting service has been extended to 50 Chinese cities.

The strong value of the Chinese currency yuan against certain currencies is also a stimulus for Chinese people to travel abroad.

A report released by the CTA said that when the effective exchange rate of the yuan rises 1 percent, the number of Chinese tourists travel-

ing abroad increases by 3 percent. Assuming no changes in other factors, the appreciation of the yuan since 2005 has pushed up the growth of Chinese outbound travelers by 110.61 percentage points, which is the most important reason for the sustained fast growth of overseas trips by Chinese people. In addition, factors such as low taxes, quality consumer products, good services and diversified sales strategies in foreign countries all stimulate spending by Chinese tourists.

“Though the yuan’s recent depreciation against the U.S. dollar and euro may increase the costs of traveling in the United States and Europe, it is still appreciating against currencies such as the Australian dollar, New Zealand dollar and Russian ruble,” Ma said.

Mafengwo.cn offered flight and hotel packages from Beijing to Japan and South Korea during this year’s Spring Festival holiday that were more competitive in price than packages to tourist destinations in China. It is natural that many Chinese tourists chose to go abroad, according to Ma.

The explosive growth of China’s outbound travel market may, however, subside in the face of the yuan’s depreciation against the U.S. dollar. BOC International (China) Ltd., the investment arm of Bank of China, released a report in January, which concluded that the market will reach a turning point in three to four years. When the number of outbound tourists reaches 180 million to 220 million, the market will enter a stage of stable growth, according to the report. ■



A Chinese tourist shops in Akihabara, an electric and anime district in Tokyo, Japan, on October 4, 2015



Farmers pick tea leaves at a plantation in Weng'an County, Qiannan Bouyei and Miao Ethnic Autonomous Prefecture in Guizhou Province, on May 26, 2015

# Right Time for Tea

**E-commerce is connecting the traditional tea industry in Guizhou to the Web**

By Yu Nan

**T**he first thing Cai Banghong does every morning is to look at the sales figures of various tea brands on his online store, Hmongling Tea Garden, before posting promotional information and collecting customers' feedback to help target his products. Cai spent two decades growing his tea company, from a small backroom operation to a modern enterprise integrating production, processing and sales, in Duyun, southwest China's Guizhou Province. As chairman of the Guizhou Du Yun Maojian Tea Co., Cai also assists local farmers by running a cooperative tea plantation of about 16,000 *mu* (1,067 hectares). In the process he has also raised the income of 448 farmers.

However, despite his success, Cai sought new challenges, which led to his online commercial venture. He wanted to introduce a wider consumer base to his tea brand with the advent of social media and online trading. His dream came true in less than six months. Cai's online store quickly gained popularity, and today his eponymous Cai Banghong black tea is his most popular tea product.

Jing Linbo shared Cai's dream to develop his own tea brand. Jing hails from the Hetaoba Village in Meitan County, another major tea-cultivation area in Guizhou, where 868 families are involved in the tea planting and processing sector. The per-capita net income of local farmers reached 14,200 yuan (\$2,158) in 2014, yet they were no longer content with making money simply through tea processing. Instead, they switched their attention to online trade. In 2015, the 30-something Jing registered his own trademark and started promoting local green tea on the Internet.

## Brand building

Jing's fellow villager Liu Shengyan was busy recruiting skilled personnel in e-commerce in hopes of opening more online stores ahead of the spring tea-producing season. Currently, dozens of tea companies in the village have increased their presence on China's leading online retail platforms such as Tmall and JD.com, seeing an increase in sales year by year. The ubiquity of hi-speed Internet is promoting in-depth integration

of information technology and traditional industries.

With its subtropical climate and clean air, Guizhou is ideal for growing high-quality tea. In recent years, the provincial government has vigorously supported the industry through attractive incentives. A three-year action plan for developing the tea industry in Guizhou, formally issued in 2014, promotes brand building.

According to the plan, by 2016, Guizhou is expected to build a tea plantation area of more than 7 million *mu* (467,000 hectares) and set up more than 3,000 processing enterprises with an annual production capacity of 270,000 tons. The tea industry's consolidated revenue is expected to exceed 50 billion yuan (\$7.6 billion).

The role of tea merchants on the online marketplace in achieving this goal should not be underestimated. Industry insiders projected that revenue of the tea business online will reach more than 100 billion yuan (\$15.2 billion) in five years from roughly 10 billion yuan (\$1.52 billion) at the end of 2014.



Cai believes the tea industry needs to make full use of information technology to provide expert services along with the rapid growth of the online-to-offline business. He said that the Internet community that is fair, open and transparent can make the consumer market much more transparent.

Apart from detailed photos and illustrations of tea products, Cai also displays each production process online, such as tea picking and processing. "How do you encourage customers to pay for commodities like tea when they can't taste it? So the more detailed information [included], the more confidence customers will have, which makes them believe your tea's quality is guaranteed," he told *ChinAfrica*, a monthly magazine published by *Beijing Review*.

## Precision marketing

The combination of the traditional tea industry, a visible and tangible entity, and e-commerce, an emerging and virtual information industry, sparked a fantastic "chemical reaction."

Zhang Guanghui, Director of the Luo Shi Ke Riverside Tea Farmer's Cooperative in Duyun, said that technology can allow consumers intuitively to see every link in the chain of the tea industry, from planting, processing to sales. It plays a big role in tea

marketing, according to him.

Zhang, along with more than 100 fellow farmers, not only established a standardized base for large-scale tea production, but also made use of the Internet to collect aftersales feedback and provide guidance for consumers through online communication—for example, how to brew tea and the best water temperature for each type of tea. Meanwhile, the feedback became a guide for tea farmers to cultivate products more appealing to consumers.

Compared with other counterparts across the country, Guizhou's tea e-commerce started late. Local online retailers were few while facing great competitive pressures. Yet, Ma Wenbo, General Manager of Guizhou Qian Cha E-commerce Co., thinks differently. He viewed the combination of the traditional tea industry and Internet Plus as a promising opportunity. "As the largest e-commerce platform for tea sales in Guizhou and a leading online business-to-consumer shopping mall of tea, we're working actively to promote premium tea," he said.

The company's high-quality tea has the taste of success. Based on Internet data analysis, Ma adjusted his marketing strategy and took the initiative to start pre-sales ahead of the spring tea-producing season so as to significantly improve efficiency. The company sold more than 1.2 million yuan (\$182,400)

online in March 2015 alone. It is estimated that sales will be higher this year.

## Cultivating consumers

In the first eight months of 2015, the tea export value of Guizhou totaled \$15.67 million, an increase of 50.2 percent year on year. But even so, President of the Tea Association of Qiannan Bouyei and Miao Ethnic Autonomous Prefecture in the province, Liu Shijie, said that it is important to increase brand awareness of Chinese tea and obtain a growing international recognition.

Traditional tea expos, always the barometer of the tea industry and trade, have started becoming aware of the Internet's advantages. In May 2015, the China International Tea Cultural Festival and Tea Industry Exposition, held in Zunyi, Guizhou, made use of the Internet to demonstrate tea fairs' process and tea products, as well as promote exhibiting companies. Not only could customers know more about preferential policies quickly through mobile apps and online stores, they were also able to directly order high-quality tea products online. It was part of Guizhou's efforts to promote its tea while attracting more tea merchants.

Four months later, during the Guizhou Tea Industry Development Conference in Duyun, the Duyun Maojian Tea Commodity City officially opened, attracting the first batch of more than 200 tea enterprises. Meanwhile, in order to improve brand awareness, it opened its own online platform on Alibaba, a leading online business-to-business marketplace in China. More than 40 tea-related enterprises have an online presence through the platform so far.

Chen Xiaoyun from one of the registered companies said that compared to scattered individual shops, the requirement for registered stores on the Alibaba Online Tea City is strict and demanding, requiring a series of certifications. In addition, it will implement spot checks for tea quality and safety.

The Internet can take Guizhou's tea trade to another level, but Cai believes traditional physical stores should be maintained and will be advertised by online shopping. "What we are selling is more than a commodity, it is a culture," Cai told *ChinAfrica*. "Physical stores are good places for popularizing tea culture, through face-to-face tea-tasting and appreciation between businesses and customers." ■



Tea leaves are roasted using traditional techniques at a processing workshop in Duyun, Guizhou Province

Copiedited by Francisco Little  
Comments to yushujun@bjreview.com

## OPINION

# Japan's Negative Interest Rate Strategy Stirs Up Global Market

**W**e are living in an era in which monetary policies are needed in order to drive away economic crises.

On January 29 the Bank of Japan (BOJ), the country's central bank, said that it would apply a 0.1-percent fee on new deposits held by commercial banks at the BOJ—in essence adopting a negative interest rate. This is the first time that the BOJ has changed its interest rate in five years.

This is a shocking development for the Japanese economy. The BOJ said in a statement that the “quantitative and qualitative monetary easing (QQE) with a negative interest rate” policies were taken in order to boost prices and achieve a 2-percent inflation rate as soon as possible. In addition, the bank claimed that it would cut the interest rate even further if that was judged necessary.

That means that “Abenomics”—Japanese Prime Minister Shinzo Abe's inflation-oriented policy—has failed to stimulate the stagnant Japanese economy. As the monetary policy is currently in quantitative easing (QE), Japan has no other option left than to cut the interest rate even further.

The aggressive policy that the BOJ is following was pioneered by the European Central Bank (ECB) in June 2014. Besides the euro zone and Japan, other countries that are also currently applying negative interest rates include Switzerland, Sweden and Denmark.

The policy is designed to encourage commercial banks who have stored their excess reserves at the BOJ to increase their lending to businesses. Or more accurately, it is only applicable to any new excess reserves that financial institutions park at the BOJ. It is also possible that the BOJ will later apply negative interest rates to all of its deposits.

Japan's new interest rate strategy as well as its maintained monetary base of 80 trillion yen (\$668.7 billion) will probably force other major economies to prolong their monetary easing policies. The year 2016 is therefore likely to follow this scenario: The U.S. Federal Reserve (Fed)

**QE once helped lift the United States out of economic crisis, giving hope to Japan and Europe, who are eying the policy as a panacea**

will slow down the pace of its interest rate hikes, while Japan, Europe, China and other major economies will maintain a flexible and accommodative monetary policy.

QE once helped lift the United States out of economic crisis, giving hope to Japan and Europe, who are eying the policy as a panacea. However, the QE policies in Japan and Europe are not as effective as they were in the United States. Increased QE in Japan and Europe indicates that they have no better choice but to stick to QE.

Although the Fed has kick-started its interest rate hikes, it will remain cautious. On the other hand, the BOJ and ECB are resolute in their endorsement of monetary easing. Since monetary policies are so different among the world's top three economies, one should never be overly optimistic about the future of the global monetary market. China does have several policy options in its toolkit, but considering the effects of its financial actions in 2015, China is still not powerful enough to invigorate global confidence.

The key point is whether or not Japan's negative interest rate strategy will lead to a stronger U.S. dollar in the long term, causing massive depreciation among global currencies. Some people think that the depreciation of the Japanese yen is not related to the appreciation of the U.S. dollar, but in

a global market environment full of risk and panic, Japan's new strategy has still pushed up the U.S. dollar abruptly.

Also, the possibility that Japan will adopt an even more extreme monetary policy in the future cannot be ruled out. The negative interest rate strategy this time was a preliminary step in efforts being taken by the Japanese Government to offset the increase of its consumption tax next year.

In the 1980s, the appreciation of the Japanese yen against the U.S. dollar as a result of the Plaza Accord contributed to the asset bubble as well as the subsequent recession in Japan. Changing from the passive appreciation three decades ago to the devaluation initiative now, Japan has set out to achieve economic recovery at any cost.

In a society with a rapidly aging population, it is not clear whether or not Japan's efforts to lift itself out of its decades-long economic quagmire will succeed. In any case, the world market's turbulent entrance into 2016 has probably dampened the Fed's plans to raise its interest rate, at least for the time being.

The devaluation of the Japanese yen will make it more likely for China's central bank to further cut its interest rate and the reserve requirement ratio. On the other hand, the yuan's exchange rate is more likely to be affected by another interest rate hike by the Fed. It is clear that the continued depreciation of the Japanese yen will increase expectations for the U.S. dollar to appreciate, in turn resulting in the Fed slowing down its rate hikes, which would consequently affect the exchange rate of the yuan.

Japan's negative interest rate strategy has nonetheless stirred up the global monetary market. ■

This is an edited excerpt of an article written by Zhang Jingwei, a researcher at the Charhar Institute, and published in *National Business Daily*

Copiedited by Bryan Michael Galvan  
Comments to yushujun@bjreview.com



## NUMBERS

(\$1=6.6 yuan)

### 936 bln yuan

Fiscal revenue of Guangdong Province in 2015, the highest among all provincial-level regions, a year-on-year rise of 16.2 percent

### 32.97 gigawatts

China's new wind power capacity in 2015, more than 60 percent higher than that of 2014

### 2.8 tln yuan

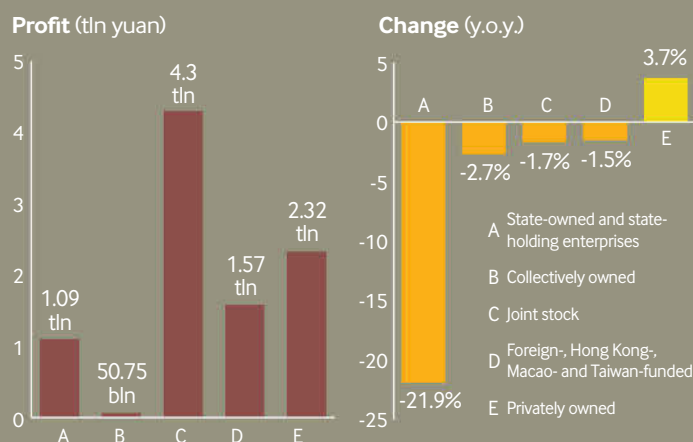
Shanghai's foreign trade in 2015, a year-on-year decrease of 2.1 percent, ranking the third among all provincial-level regions

### \$80.8 bln

Quotas received by overseas institutions under the Qualified Foreign Institutional Investors (QFII) program by the end of January

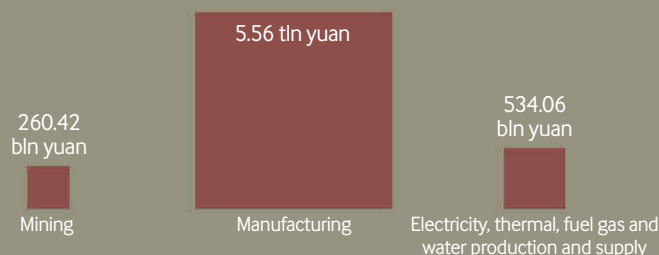
### Industrial Enterprises' Profits and Changes by Business Type

2015



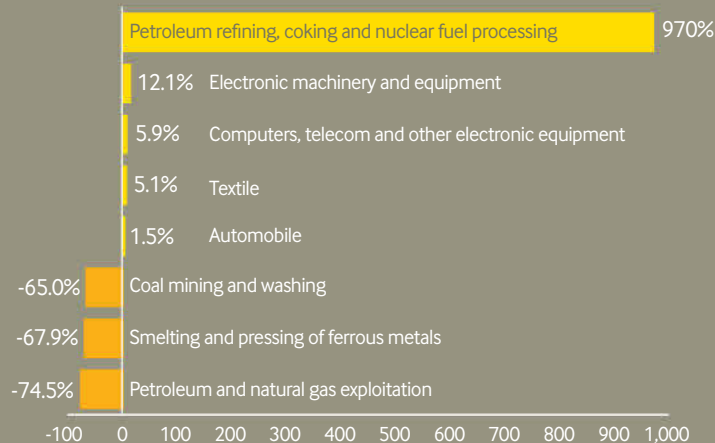
### Industrial Enterprises' Profits by Sector

2015



### Profit Changes for Major Industrial Sectors

2015 (y.o.y.)



(Source: National Bureau of Statistics)

### 780.34 bln yuan

Financial support provided by the Agricultural Development Bank of China to rural areas, agriculture and farmers in 2015, more than double that of 2014

### 1.03 tln yuan

Retail sales of consumer goods in Beijing in 2015, ranking first among all cities, up 7.3 percent year-on-year

### 770 bln yuan

Money made by Xinjiang Uygur Autonomous Region from foreign trade from 2011 to 2015, up 41.5 percent over the previous five years

### 60.6%

China's dependency on imported oil in 2015



#### A Review Of the 20 Years Development History of HNA Group

Since its successful maiden flight on May 2, 1993, HNA Group has been prospering into a giant conglomerate based on the core businesses of aviation, industry, finance, tourism and logistics. During this 20-plus years, the Group's business landscape has expanded from Hainan Island, the pearl of the South China Sea, to the whole nation and the rest of the world, with its total asset value reaching nearly 500 billion Yuan including 11 joint-stock and holding listed companies. In 2014, HNA Group had a revenue exceeding 150 billion Yuan, while providing more than 110 thousand opportunities of employment to the society. Now, the HNA Group ranks 99th in China's Top 500 enterprises, and lands on Fortune's Top 500 for the first time, ranking 464th with an operation revenue of 25,646.4 million dollars.



#### HNA's African operations

##### Civil aviation operation

In 2012, the HNA Group acquired a French company Aigle Azur, an airline mainly offers scheduled flights between France and North Africa, as the 2nd largest shareholder. HNA Group is also the co-founder of Africa World Airlines Limited (AWA) in Ghana, with China-Africa Development Fund (CADF). AWA is the first civil aviation business invested by Chinese enterprises in Africa, which not only marks a network of air passenger route that connects China, France and Africa has been preliminarily formed, but also shows the China's investment in Africa has been upgrading from traditional mineral exploitation and project contracting to service industry like aviation.



##### Logistics service

Cumulatively, the HNA Group has conducted the engineering logistics businesses in 10 African countries and regions by now, with the annual revenue in this business reaching approximately 10 million RMB and the transport volume grown to over 20 thousand revenue ton. In African countries like Equatorial Guinea, Congo, Cameroon, Gabon, Madagascar, Zambia and so on, the HNA Group are cooperating with some large Chinese state-owned enterprises, for instance the China Road and Bridge Corporation, the China National Machinery and Equipment Import & Export Corporation and the Sinohydro Ltd, and provides them excellent engineering logistics service in infrastructures construction projects. In addition, the HNA group also has a business to transport the bulk cargo of iron ore and coal exported from South Africa to China.





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Zijin Mansion	Christmas Eve Dinner RMB 788*/person New Year Eve Dinner RMB 788*/person
Peacock Alley	Christmas Day Afternoon Tea RMB 388*/person New Year Eve Party RMB 88*/glass

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# Top Six Archaeological Finds of 2015

The Chinese Academy of Social Sciences (CASS) released China's top six archaeological discoveries of 2015 in January. The results were chosen from dozens of candidates by judges from institutions including the State Administration of Cultural Heritage, the CASS Institute of Archaeology, Peking University and the National Museum.



## 1. Neolithic Age sites in Hainan

Three Neolithic era sites—Qiaoshan, Lianziwan and Yingdun—have been discovered through archaeological investigation and excavation carried out in the southeast coastal areas of Hainan Province since 2012.

The discovery has filled a void in pre-historical archaeological findings from the island province. The chronological order of the three sites was determined through geological studies. The human bones unearthed from the Qiaoshan ruins have provided materials for studying Hainan's ancestors. In addition, the animal remains from the two other sites have offered important materials for the study of the natural environment and people's way of living at that time.

Stone artifacts unearthed from the Neolithic Age sites in the southeast coastal areas of south China's Hainan Province



Jiangzhuang ruins in east China's Jiangsu Province



## 2. Jiangzhuang ruins in Jiangsu

Jiangzhuang is the first large Liangzhu culture site discovered north of the Yangtze River. The Liangzhu culture is from the Neolithic Age. It was located around the Taihu Lake in east China's Jiangsu and Zhejiang provinces and dates back 5,300-4,500 years. Previously, all of the ancient culture's ruins were found south of the Yangtze.

To date, 280 tombs have been excavated, eight house remains have been found and nearly 1,200 artifacts such as jade, stone, pottery and bone tools have been unearthed.

The discovery of the Jiangzhuang remains has provided valuable evidence for the study of the burial customs and social structure of the Liangzhu culture.





Bronze wares unearthed from the Zhouyuan site in Baoji, northwest China's Shaanxi Province

### 3. Zhouyuan ruins in Shaanxi

Zhouyuan was an important capital during the mid- and late Western Zhou Dynasty (1046-771 B.C.). Archaeologists have discovered the ruins of a number of Zhouyuan palaces and temples in Baoji, northwest China's Shaanxi Province, since 1976 and excavated tens of thousands of artifacts. Excavations undertaken in 2015 show that the ruins had complete water networks, which incorporated both natural and artificial water systems.



Ruins of the Taiji Palace in Luoyang, central China's Henan Province

### 5. Ruins of the Taiji Palace in Henan

The Taiji Palace in Luoyang, central China's Henan Province, was the main imperial palace from the Wei Kingdom (220-265) in the Three Kingdoms (220-280) to the Northern Wei Dynasty (386-534). A thorough inspection of the site has been carried out since 2012 by a team from the CASS Institute of Archaeology.

The palace complex consisted of a main palace in the middle and two smaller halls in the east and west. The three halls covered an area of 8,000 square meters and were located along an axis running in the east-west direction. There were corridors, walls and gates surrounding the three architectures, forming a well-organized massive cluster.

The layout of the complex had a profound influence on the imperial palaces of future dynasties, including the Forbidden City in Beijing, and had even spread to other countries in East Asia.



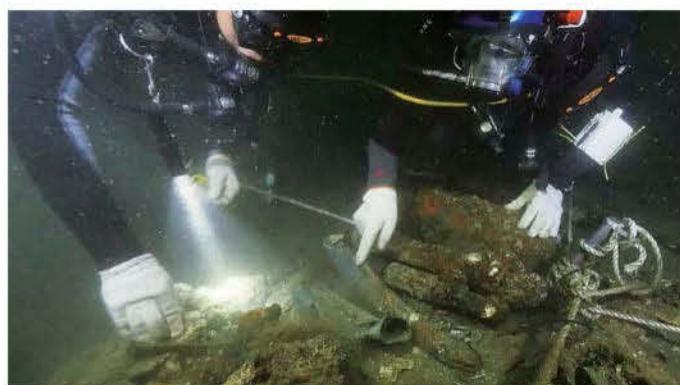
Gold unearthed from the cemetery of the Marquis of Haihun of the Western Han Dynasty in Nanchang, east China's Jiangxi Province

### 4. Cemetery of the Marquis of Haihun in Jiangxi

The cemetery, located in Nanchang, east China's Jiangxi Province, is considered the best-preserved cemetery for nobles of the Western Han Dynasty (206 B.C.-A.D. 25). It consisted of two main tombs, seven attendant tombs and one funerary pit.

Chinese archaeologists started excavating the cemetery in 2011. So far, more than 10,000 precious cultural relics have been unearthed, including gold items, bronze vessels, iron wares, jade articles and textiles.

Archaeologists suspected that the main tombs belonged to Liu He, grandson of Emperor Wu, who was the greatest ruler of the Western Han Dynasty reigning from 141-87 B.C., and his wife, Liu, who served as emperor for only 27 days, was given the title Marquis of Haihun after his dethronement.



Archaeologists work underwater inspecting the *Zhiyuan* cruiser on October 5, 2015

### 6. Ruins of the *Zhiyuan* cruiser in Liaoning

The warship, found in 2013 near waters off Dandong in northeast China's Liaoning Province, was confirmed last November to be the *Zhiyuan* cruiser, a Chinese naval vessel that sank on September 27, 1894, after being hit by the Japanese navy during the Sino-Japanese War of 1894-95.

After two years of archaeological investigation, the hull of the ship, which measures over 60 meters long and nearly 10 meters wide, was unveiled at the end of last year. The ship was seriously damaged and had signs of having been burned in certain parts. Artifacts such as ship components, weapons and personal items were brought to the surface, along with over 60 Qing Dynasty (1644-1911) bronze coins.

# Popularizing Science

Individuals, Internet companies and the government work together to promote science By Wei Yao

**‘K**nowledge is power” was one of Sir Francis Bacon’s most powerful sayings, one that is resonating even stronger today thanks to the advent of the Internet, and its ability to empower individuals. According to a report by the China Internet Information Center, there were about 688 million Internet users in China by the end of 2015, which amounts to 50.3 percent of the country’s total population.

The potential for a widening variety of services—including education—for these users has grown in tandem with China’s increasing connectivity to the Web.

One such example of the burgeoning market for science and education-oriented content comes from Guokr.com, a social networking platform aimed at popularizing science.

## Love of knowledge

Ji Shisan, 38 and founder of Guokr.com, started writing about science when he was a doctoral student majoring in neurobiology at the prestigious Fudan University in Shanghai. His articles were easy to understand and interesting to readers, particularly to laymen fond of science. Ji began his career as a professional writer after graduating in 2007. He established the Songshuhui Association of Science Communicators, a non-profit association of science bloggers, in April 2008. Most of the site’s contributors have a PhD degree in fields related

to science and strive to make scientific information easy to digest.

As the site’s popularity grew, Ji and his fellows began to organize offline activities by the end of 2009, which fostered a growing number of fans with an insatiable appetite for science.

Nonetheless, Ji’s team faced mounting pressure to restructure their operation due to a variety of problems in organizing offline communication. “We couldn’t launch commercial projects, as Songshuhui is a non-profit organization with unpaid employees who couldn’t guarantee a fixed working schedule,” Ji recalled in a recent interview.

Fortunately, Ji’s plan to start a new company coincided with venture capitalists who had seen the market potential of the Internet Plus Popularization of Science concept. Business models based on the Internet were just starting to boom in China at that time. Therefore, Ji was able to create Guokr.com in 2010 after attaining investment funding, while Songshuhui stayed in operation.

Unlike Songshuhui, Guokr.com is open to the general public and positions itself as a platform for an Internet community as well as new media. Anyone who wants to talk about science can post their voice there and participate in discussions.

As an entrepreneur, Ji had to make his business profitable. Although Guokr.com has a large



Ji Shisan, founder of Guokr.com

number of users based on its quality articles, Ji had not gone out of the box or found a good profit model until July 2013 when his team introduced massive open online courses (MOOCs), a program initiated by some top universities in the United States, to China.

“Some 1 million users registered on Mooc.





Gu Zhongyi, a dietician from Beijing Tiantan Hospital and a popular blogger on Guokr.com, talks about unhealthy habits during an event hosted by the website in Beijing on January 11

guokr.com within a year after the service was launched," Ji said. His company has also partnered up with Coursera, the largest MOOC platform in the world, and is involved in more than 20 international online education projects, which helped Guokr.com get \$20 million in venture capital.

## An era of learning

Guokr.com isn't the only representative of its field. Chinese netizens often compare it with another social website, Zhihu.com—founded in 2010 as well—in which science covers the majority of its content. Zhihu.com has stuck to its path as a social platform focused on questions and answers, as opposed to Guokr.com's shift toward online education.

Both Guokr.com and Zhihu.com owe their success to the popularity of science in this day and age. Everyday scientific knowledge such as explanations of food safety and air pollution are what people are interested in. The Internet has made general education more accessible to everyone.

Some Chinese people, for example, have recently shown a keen interest in natural history, which doesn't teach people how to get richer or healthier but does help them learn more about the world.

Zheng Yang, a former magazine editor, runs a travel company named Nature Travel, which

features natural history. Besides spreading knowledge online, the Beijing-based company's service includes guides on how to observe animals and plants while on a journey.

Zheng has had 10 years of experience in exploring natural history. He quit his job at a garden-related magazine in 2015 and started his own company.

"Most travelers are adults. They are interested in this new form of sightseeing," Zheng told *Beijing Review*.

As the market grows larger, Zheng's company faces higher competitive pressure. He found that there were several competitors arising in 2015. He now has to provide new services in order to attract more customers, but claimed that he will adhere to the basic business model of Internet Plus Popularization of Science. "That's what I know best and it's my favorite industry," Zheng said.

## Creating platforms

Large companies have also extended their business to this market. Tencent, China's Internet giant, has officially signed a framework agreement with the China Association for Science and Technology (CAST) to promote the popularization of science on mobile Internet platforms on April 30, 2015.

This project, initiated by CAST in 2014,

tops the list on the Chinese Government's plan to boost the Internet Plus Popularization of Science initiative as well as the country's online science education program. Internet Plus is a development strategy advocated by the Chinese Government to promote the application of the Internet technology in various sectors.

Tencent's communication tools QQ and WeChat are critical in the implementation of the project. Tencent will make full use of its social media platforms in order to involve science into an increasing amount of events.

"Intelligent terminals like smartphones are going to be the most important tools for the promotion of science. The channels to gain and spread knowledge have changed a lot. We can gain access to users and give them what they are interested in by means of cloud computing, big data and personalized analysis," Tencent's founder Pony Ma said.

"Internet companies' involvement enhances the promotion of scientific knowledge. The connection between the government, CAST and companies should be further strengthened as each part performs its own functions," said Yang Wenzhi, head of the science promotion department of CAST. ■

Copied by Bryan Michael Galvan  
Comments to weiyao@bjreview.com

# Should Online Forums Be Monetized?

**C**hinese search engine giant Baidu has recently come under fire for selling its health-related Tieba, an online community-based group discussion service, to unlicensed hospitals or quack doctors.

Web user Mayicai, a former administrator of a hemophilia forum at Tieba, said in an online post in early January that he was replaced by Liu Shanxi, a so-called "expert" on the disease, who was exposed by the media as a quack doctor in 2014. Later, Internet users found that at least 40 percent of Baidu's health-related forums had been sold.

Hemophilia is an inherited condition in which the blood of those afflicted doesn't clot normally, leading to excessive bleeding. Previously, the hemophilia forum had served as a platform for sharing experiences and treatment methods. However, selling such forums to third parties opened up the possibility for scams and the publishing of fake advertisements on the website.

Responding to criticisms, Baidu announced to halt the commercialization of its illness-related forums on January 12. The Cyberspace Administration of China said on January 15 that it had talked with Baidu's executives on the matter. The next day, Baidu admitted to its dereliction of duty in managing its online forums and promised to overhaul the company's regulation of the service. Excerpts of the views of some commentators are as follow:

## Commercialization is justified

**Han Xiaoqiao (Anhui Daily):** It is Baidu's responsibility to supervise advertisements on its online forums. However, this is not to say that advertisements should be banned on Tieba. Commercialization is necessary for a market economy. Nonetheless, commercial operations should follow basic moral rules. Violations of business ethics and the loose management of online platforms will create serious repercussions. Should certain Internet companies continue to prioritize corporate profits regardless of social responsibilities, they may not only

lose users' trust but also blemish their own reputation.

Internet companies should prioritize their users' interests and needs as well as bear in mind the market's regulations. They should also take steps to improve the quality of their services and close any loopholes in their internal management. Meanwhile, additional supervision should be put in place to prompt Internet companies to shoulder their responsibilities and regulate their business models adequately.

It is Baidu's social responsibility, rather than a legal obligation, to provide customers with platforms to exchange their experiences. Therefore, had the company informed users from the beginning that it provided paid services, and that customers had to pay in order to become administrators in its forums, it would have been less of a debacle when it introduced profit-driven doctors to run the sites. The problem is that Baidu sold its online forums to substandard medical institutions at a time when an online society of not-for-profit mutual assistance had already solidified. Users could not help but wonder whether Baidu was selling online services or the trust of its users. If trust and care between users become commodities, is there any limit to the application of market principles?

Leading Internet companies such as Baidu, Alibaba and Tencent have enabled China's Internet technology to catch up with the latest developments in the world. However, an increasing amount of problems are emerging in the industry, such as a lack of forward-looking strategies and original technologies. Therefore, these companies should shoulder more social responsibilities in order to promote the healthy development of China's Internet sector.

**Zhu Haijiu (Finance.ifeng.com):** Baidu's suspension of its online forum monetization and introduction of non-governmental organizations to run them may not be a step toward progress. Its move to commercialize its Tieba platform is a failed attempt to make profit rather than a moral issue. However, the public's

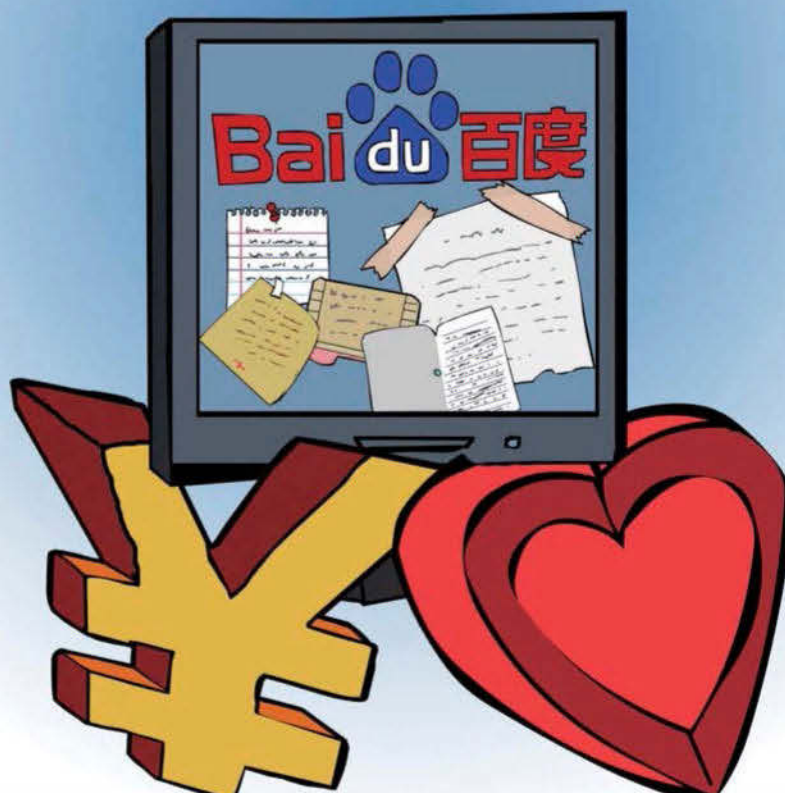
## Dear Readers,

**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).

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condemnation of the company is worrisome.

As a business, Baidu is justified in being profit-driven. It should make profit by using premium services to win over customers. It can certainly retain some non-profit qualities, but the company has the right to decide how it does business. Free information services are not sustainable without advertisements. There must be somebody to pay for the services. Customers should learn to accept the commercialization; otherwise, they can choose to quit their use of those forums.

There are those who hold that commercialization should be applied prudently when it comes to sensitive areas such as health, as it affects people's wellbeing. However, personal safety can also be assured through commercialization, since companies disregarding customers' safety will find it hard to survive in a competitive market.

Baidu's fault doesn't lie in the monetization of its online forums, but in allowing fake advertisements to exist—why can't Baidu improve its services and crack down on such malpractices? The answer is that Baidu almost has a monopoly over online search services in China. Without sufficient competition from strong op-

ponents, Baidu lacks the motivation to improve its services.

## Lessons learned

**Zou Chunxia (Cctime.com):** Take a glance at the Internet industry as a whole—Baidu is not alone in being embroiled in scandals. The e-commerce giant Alibaba, for instance, has been under scrutiny for its lack of supervision against vendors selling fake products. Legislation regulating the Internet industry often lags behind the industry's rapid development. As a result, relevant business models have to grow by trial and error. Baidu's attempts at commercialization have become a valuable lesson for everyone involved.

From a broader perspective, the ability of a company to innovate and create new avenues for profit is part of the economy's backbone. Therefore, commercialization experiments should not stop because of a few setbacks. Striking a balance between commercial benefits and social responsibilities should be the goal for sustainable economic development.

The Baidu incident has exposed problems in cyberspace governance. Legislation regard-

ing cyberspace should be improved, and the management of the virtual space needs to be strengthened to prevent similar incidents from occurring again.

**Shi Jing (Nanfang Daily):** As Tieba is classified according to the needs of its users, it can provide precise targets for advertisers. The popularity of the forums has drawn in a number of advertisers—should the forums' commercialization be unconstrained?

Previously, advertisements on Baidu's piano forum had also been met with resistance. However, as users on the forum had a demand for pianos, they gradually accepted the practice. Illness-related forums are substantially different, as illnesses can become matters of life and death. The hemophilia forum was popular because it had provided users with objective information regarding the illness, and didn't actively recommend users to any hospital or doctor for profit-making motives.

Inserting advertisements into online forums serving the greater good of society will inevitably harm the reputation of these platforms. ■

Copyedited by Bryan Michael Galvan

# A Lesson From The Qvod Case

By Zhang Zhiping



**F**our executives of Chinese video-sharing site Qvod Technology Co. Ltd. stood trial at the Haidian District People's Court in Beijing on January 7-8 on charges of profiting from spreading pornographic content online. The trial lasted 20 hours and was broadcast live on the Internet. The live broadcast of court trials has occurred previously in China but never with this degree of openness.

According to a report by national broadcaster China Central Television, Qvod had up to 500 million active users in the latter half of 2013 and was the largest service provider of its kind in China in terms of users and activity. In April 2014, the company shut down its service after it was fined 260 million yuan (\$39.52 million) for copyright violations.

The trial has triggered heated online debates. Many Internet users were impressed with Qvod CEO Wang Xin's self-defense and testimony. Wang argued that his company was not a content provider, and that its platform had been abused by its users. The court has not yet issued its ruling.

Two leading Chinese media organizations made divergent comments on the case. The *People's Daily*, one of the country's most widely circulated newspapers, published an article entitled "However Wonderful, Qvod's Argument Is Not Worth Applauding." Xinhua News Agency, however, published a commentary entitled "The Right of Defense Should Be Applauded No Matter If Qvod Is Guilty or Not."

The intense attention drawn to the case should be attributed to the website's large user base, the openness of court proceedings and the technology which has enabled the popular dissemination of live broadcasts online. The live broadcast of the trial turned it into a spectacle of legal action, in which online viewers could see the court system operate directly, and experience procedural justice. Internet users and judicial staff have also learned about the importance of respecting the right of defense and

The Qvod case has thrown light on how to avoid legal and moral risks brought about by technological innovation. While the technology is not to blame, Internet companies should be mindful to obey the law and follow moral decency

ensuring that the protocols of justice are followed.

As the Xinhua commentary said, the defendants' lawful right to defense should not be restricted or removed by any judicial department. Though the representatives of the law may not be swayed by the arguments of the defendant or the lawyers, they should respect and guarantee a person's right to defense. It is a necessary component of the rule of law.

The Internet is changing our lives profoundly. Similar Internet-related lawsuits are likely to increase in the future. The Qvod case has thrown light on how to avoid legal and moral risks brought about by technological innovation. While the technology is not to blame, Internet companies should be mindful to obey the law and follow moral decency.

In the Qvod case, Wang and his defense attorneys used a knife as a metaphor for their case. They argued that when a knife is used to kill someone, the person who sold the knife should not be blamed for the murder. Nonetheless, their argument is not irreproachable. Should the individual selling the knife have knowledge that it could be used for harm, it is logical that steps be taken to terminate the deal or mitigate the potential negative outcomes. It might not have been Qvod's intention to spread pornography, but it inadvertently provided channels for its users to gain illicit videos. If Internet technologies fail to be brought under adequate control, pornography will become increasingly prevalent online.

The case also highlights the inadequate laws and regulations governing the cyberspace, which urgently need to be improved in order to stave off potential online chaos.

It is expected that the Qvod case will serve as a warning to the users of the rapidly developing Internet technology, as well as lead to an improvement of the Internet's regulation. ■

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