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EDITOR'S DESK

A Legendary Purchase

The Dalian Wanda Group, a Chinese real estate and investment conglomerate, announced plans to acquire Legendary Entertainment, an American media company based in California, for \$3.5 billion in January. The U.S. Department of Commerce gave Wanda the green light to go ahead with the deal in February. The deal has won high acclaim domestically, with many regarding it as a sign of the increasing presence of Chinese capital in Hollywood.

As a matter of fact, Chinese companies have been investing in Hollywood for several years. Since 2010, a variety of enterprises, including the Shanghai Fosun International, China Media Capital, Huayi Brothers Media Corp., and Hunan TV's wholly owned subsidiary TIK Films, have collaborated with Hollywood through stock purchases, film co-productions and joint film promotions.

The acquisition of Legendary by Wanda this time around is a landmark event in Sino-U.S. film history. Wanda will have a larger say in Hollywood as a result of the new deal, given its \$2.6-billion acquisition of AMC Entertainment—North America's second largest cinema chain—in 2012. The deal will also make it possible for Wanda to participate in the production and release processes of Legendary, thereby increasing cooperation between the two countries' film industries.

China's huge domestic film market

demand and its lack of quality films are the basis for its investments in Hollywood.

In 2015, China's box office revenue reached nearly \$7 billion. It is predicted that China will surpass the United States to become the largest film market worldwide by 2017. Nevertheless, despite the booming domestic film market, China still has to catch up with Hollywood in terms of film production and distribution. This situation cannot be alleviated in the short term simply through the country's own efforts. China's cooperation with Hollywood opens a path to improve its production capabilities. It will also enable Chinese film companies to take part in the production of top-notch Hollywood films and therefore gain valuable filmmaking experience. In this way, Chinese companies will be able to produce films capable of meeting international standards in the future.

Hollywood's funds primarily come from Wall Street, Europe, Russia, Japan and India. Since the global financial crisis in 2008, Chinese capital has complemented Hollywood's funding shortfall.

Increased collaboration between the Chinese film industry and Hollywood highlights great potential. Hollywood has always attached great importance to the large Chinese film market. China's media enterprises should therefore learn from their Tinseltown counterparts in order to create better content for their burgeoning audience numbers. ■

WRITE TO US



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AEROBATIC SHOW

Visitors look at plane models of the Commercial Aircraft Corp. of China, developer of the country's first homegrown large passenger jet C919, during the Singapore Airshow on February 16.

The biennial event is the largest airshow in Asia and one of the most important aviation and defense shows worldwide. A number of Chinese companies took part in the event, during which Okay Airways, the first privately owned airline in China, signed a deal to acquire 12 Boeing 737 jets.



A Helping Hand

An excavator clears away ice at the Hukou Waterfall in the middle reaches of the Yellow River in Jixian County, Shanxi Province, on February 16. The move was part of efforts to ensure the safety of visitors to the famous natural spectacle.

Poverty Evaluation

Chinese authorities have published a set of criteria for assessing local poverty-relief work in its latest effort to deliver on the government's target of lifting all people out of poverty by 2020.

The evaluation criteria, released by the general offices of the Central Committee of the Communist Party of China and the State Council, will mainly check on local governments' efforts to identify, help and reduce the members of their impoverished population, as well as whether poverty relief funds are being used effectively.

The method will apply to 22 provincial-level regions in central and west China, wherein the most impoverished people are concentrated.

The evaluation, organized by the State Council Leading Group

Office of Poverty Alleviation and Development, will be conducted annually during the 2016-20 period.

Authorities that fail to deliver satisfying poverty reduction results will be held accountable, and the results will serve as major reference to assess the performance of government officials, according to the method.

In 2015, there were still 70 million people living below the poverty line of 2,300 yuan (\$352) in annual income by 2010 standards.

Child Care

The State Council, China's Cabinet, has released a set of guidelines on the protection of left-behind children—those under the age of 16 and whose parents work away from home—delineating the various responsibilities of parents,

the government and the society at large.

The document states that local governments and villagers committees should keep themselves well-informed of left-behind children within their jurisdiction, ensures that they are properly cared for, and also stresses parents' primary responsibilities.

Governments at the township level are required to set up a file for each left-behind child. Village officials and Party members must also visit the children on a regular basis, according to the document.

It also stipulates that migrant workers who can take their children with them should do so, or one parent should stay home. Parents who cannot meet this requirement must appoint a responsible guardian.

While away from home, parents

must keep in touch with their children regularly and visit them often, keeping track of their lives, studies and mental health.

The document comes as China reforms its household registration system, with some 100 million people expected to permanently relocate to towns and cities. It lays out measures to gradually decrease the number of left-behind children, by helping migrant workers find affordable housing and allowing their children to go to schools in urban areas.

More than 60 million children are considered left-behind across China.

Web Loopholes

More than 40 percent of Chinese websites are exposed to vulnerabilities that may lead to attacks and personal information leakages.

Over 1 million security loopholes on websites were detected in 2015 by Qihoo 360, a Chinese Internet security company. That accounted for 43.9 percent of total websites scanned, 13 percent of which had high-risk vulnerabilities, a report by Qihoo 360 showed.

Only 4.7 percent of security loopholes were fixed. Of those, 10.3 percent were addressed in 24 hours, while others took more than a week to complete.

The security flaws had led to hacker attacks, mainly directed at domestic IP addresses. Only 4.3 percent of total attacks were aimed at overseas IP addresses.

More than 5.53 billion items of personal information could have been leaked due to vulnerabilities on 1,282 websites, the report showed. The leakage rate in the healthcare industry was alarmingly high, with every loophole in their system leading to the potential loss of 9.6 million personal information.

National R&D Plan

China began a national key research and development (R&D) plan on February 16 to streamline numerous

state-funded scientific and technological programs.

The plan focuses on research in fields vital to the country's development and people's well-being, such as agriculture, energy, the environment and health, as well as strategic fields key to industrial competitiveness, innovation and national security, said Hou Jianguo, Vice Minister of Science and Technology.

It now covers 59 specific projects, Hou told a press conference.

The plan merges several prominent state sci-tech programs, including Program 863 and Program 973, which are focused on key fields such as biotechnology, space, information, automation, energy, new materials, telecommunications and marine technology.

Program 863's breakthroughs include the *Tianhe-1* supercomputer, *Jiaolong* manned deep-sea research submersible, and super hybrid rice.

To address low efficiency resulting from redundant programs, over 100 programs will be merged into five plans: natural science, major sci-tech projects, key R&D plans, technical innovation and the fostering of sci-tech professionals.

This is the first national key R&D plan to be put into operation.

Zika Cases

China confirmed a second imported Zika case on February 15, six days after the first was detected, the General Administration of Quality Supervision, Inspection and

Quarantine (AQSIQ) said.

The AQSIQ's Guangdong provincial branch found a passenger who had a fever at the Guangzhou Baiyun International Airport on February 12. The person was later confirmed by the Chinese Center for Disease Control and Prevention to be carrying the Zika virus.

The patient was exposed to an infected individual in Venezuela, days before returning to Guangzhou.

China's first patient with the virus was discharged from a hospital on February 14 after a full recovery.

Disease prevention experts said that the risk of any spread of the virus in China from this new case is low due to the timely quarantine, and the current low winter temperatures which curbs mosquito activity.

Symptoms of the Zika virus, which spreads among people through mosquito bites, include fever, joint pain, a rash, conjunctivitis, headaches and muscle pain.

Space Research

Tianqin, China's domestic gravitational wave research project initiated by the Sun Yat-sen University, south China's Guangdong Province, in July 2015, is awaiting governmental approval.

The U.S.-based Laser Interferometer Gravitational-Wave Observatory (LIGO) announced its discovery of gravitational waves on February 11.

According to Li Miao, Dean of the Institute of Astronomy and



Pink Spring

The Nanjing International Plum Blossom Festival kicks off in Nanjing, Jiangsu Province, on February 16.

The event also involves a series of activities on traditional culture, tourism and folk arts.

Space Science of the university in south China's Guangdong Province, Tianqin has already made progress on some key technologies and will be carried out in four stages over the next 15 to 20 years, including the last step of launching three high-orbit satellites to detect gravitational waves.

The university plans to build a 5,000-square-meter observatory and a new lab occupying more than 10,000 square meters on Fenghuang Mountain in Zhuhai, Guangdong.

Chen Yanbei, a scientist with LIGO, said Tianqin will study the gravitational waves in the space, which is different from research made by the U.S. ground-based observatory.

"Tianqin will likely collect more information about the phenomenon, as a larger black hole may be detected in space compared with one detected on the ground," Chen said.

Sun Yat-sen University is willing to cooperate with other institutions in China as well as around the globe to carry out its project, Li added.

Talent Competition

Candidates wait for their turn for interviews at the Beijing Film Academy (BFA) in Beijing on February 15.

The annual entrance exam of China's art colleges started simultaneously on the day.

The BFA's Performing Institute will admit only 45 students from more than 7,600 applicants.



Festival Consumption

Booming tourism, cinema and retail sales during the week-long Spring Festival holiday (February 7-13) showed that China's efforts to make its economy more reliant on the consumption power of its vast population are paying off.

Tourism revenue increased 16.3 percent during the seven-day holiday, to reach 365.1 billion yuan (\$55.7 billion), according to the National Tourism Administration. The number of tourists topped 302 million across the country, up 15.6 percent.

Shops and restaurants across the country brought in 754 billion yuan (\$115 billion), up 11.2 percent over last year's Spring Festival, the

Ministry of Commerce said.

On February 8, the first day of the Year of the Monkey according to the lunar calendar, box office revenues reached a record 660 million yuan (\$101.18 million).

Statistics from e-commerce giant Alibaba showed that around 14 percent of orders during its holiday promotion were delivered to different addresses, meaning that around 280 million orders were most likely holiday gifts.

Foreign Trade

China's foreign trade slumped in January, with both exports and imports slowing at a faster-than-expected rate due to weak global

demand, customs data showed on February 15.

In January, foreign trade value in yuan-denominated terms edged down 9.8 percent year on year to 1.88 trillion yuan (\$288.2 billion), according to the General Administration of Customs (GAC). Exports dropped 6.6 percent year on year to 1.14 trillion yuan (\$175 billion), slowing from the 2.3-percent growth last December, while imports declined 14.4 percent to 737.5 billion yuan (\$113.06 billion), worsening from a 4-percent slump last December.

The fundamental factor behind the disappointing foreign trade figures has more to do with the overall lack of external demand rather than changes in exchange rates, said

HSBC in a research note.

Trade with China's three biggest trade partners, the European Union, the United States and the Association of Southeast Asian Nations, all dropped around 10 percent.

In dollar-denominated terms, China's exports fell by 11.2 percent from one year earlier in January, worsening from December's 1.4 percent decline. The import decline also widened to 18.8 percent.

Foreign Investment

Foreign direct investment (FDI) into the Chinese mainland continued to grow steadily in January despite slowing overall growth in the world's second largest economy.

FDI, which excludes investment in the financial sector, rose 3.2 percent year-on-year to 88.25 billion yuan (\$13.55 billion) last month, the Ministry of Commerce said on February 15.

Investment in the country's burgeoning service sector accounted for 67.6 percent of total inflow during the period.

FDI in the hi-tech service industry more than doubled to 7.2 billion yuan (\$1.1 billion).

Investment from the United States, the European Union and Japan increased the most, up 463.6 percent, 30.9 percent and 22.8 percent, respectively.

Data also showed that China's non-financial outbound direct investment (ODI) in January was 18.2-percent higher than in January 2015.

Some 78.76 billion yuan (\$12.09 billion) of ODI came out from China last month.

The year-on-year increase accelerated from a 6.1-percent rise last December and was also faster than the annual growth of 14.7 percent in 2015.

The ministry attributed the growth largely to investment in the manufacturing sector, which soared nearly 90 percent year-on-year to 1.62 billion yuan (\$248.6 million) in January.



Sea Transportation

A ship berths alongside the bulk cargo terminal of the Huanghua Port in north China's Hebei Province.

To further elevate the shipping capacity of the Qinhuangdao Port, Tangshan Port and Huanghua Port, Hebei plans to invest 40 billion yuan (\$6.14 billion) in the next five years to build 67 berths, elevating the throughput capacity above 1.2 billion tons.



Blooming Valentine's Day

Flowers of different colors are packaged for sale at a flower market in Kunming, southwest China's Yunnan Province on February 14.

On Valentine's Day, large quantities of flowers flood into the national market from Yunnan.

Chinese local enterprises contributed 92.5 percent of the total ODI in January, up from a share of 66.4 percent in 2015, with their outbound investment surging 175 percent year-on-year.

Sound Trademark

A state-owned radio station's signature tune is about to be approved as China's first sound trademark.

The State Administration for Industry and Commerce (SAIC) said on February 14 that it had reviewed the application from China Radio International and plans to approve it.

A sound trademark is a sound that is used to perform the trademark function of uniquely identifying the commercial origin of products or services. Famous examples include the Nokia tune and McDonald's "I'm lovin' it" jingle.

China's top legislature revised

the Trademark Law to allow sound to be registered as a trademark in 2013.

The SAIC had received 450 applications for sound trademarks by the end of January since it began accepting such applications in May 2014.

Less Holdings

China, the top buyer of U.S. Treasury securities, cut its holdings in December 2015, the latest data from the Treasury Department showed on February 16.

China reduced its holdings of the Treasury securities by \$18.4 billion to \$1.2461 trillion in December 2015. In the previous month, it had increased its holdings by \$9.7 billion.

Japan, the second largest foreign holder of U.S. Treasury securities, cut its own figure by \$22.4 billion to \$1.1225 trillion in December.

In December, the overall foreign

holdings of U.S. Treasury securities rose to \$6.1658 trillion from November's \$6.1257 trillion.

Insurance Boom

China became the world's third largest insurance market in 2015, with insurance premiums surging in the past five years, according to the China Insurance Regulatory Commission (CIRC).

With an annual growth rate of 13.4 percent, insurance premiums increased from 1.3 trillion yuan (\$197.9 million) in 2010 to 2.4 trillion yuan (\$367.92 billion) in 2015, CIRC data showed.

With the expanding insurance market in the world's second largest economy, the total assets of the whole insurance industry in China more than doubled from 5 trillion

yuan (\$766.5 billion) in 2010 to 12 trillion yuan (\$1.84 trillion) in 2015.

Experts attributed the performance of the industry to China's growing economy and the people's improving living standards.

On the back of such a booming market, insurance companies have experienced bumper years in the country.

The profits of the whole insurance sector totaled 282.4 billion yuan (\$43.29 billion) in 2015, compared to 83.7 billion yuan (\$12.83 billion) in 2010 when China was home to the world's sixth largest insurance market, CIRC data showed.

In 2015, China contributed 26 percent of the growth of global insurance market.



Hunting for a Job

Job seekers submit their resumes at a recruitment fair in Yichang, central China's Hubei Province, on February 15.

After the Spring Festival holiday (February 7-13), job fairs are held in many regions to help people who come back to urban areas to find a job.



TURKEY

A firefighter puts out flames after a car bomb attack in Ankara on February 17 which killed at least 28 people and injured 61 others



LATVIA

The new Prime Minister Maris Kucinskis (third left front) and members of his government pose for the media in Riga on February 11



BOSNIA AND HERZEGOVINA

People walk in front of the flags of EU and Bosnia and Herzegovina (BiH) in Sarajevo on February 15, the day that the BiH formally submitted the application to join the EU



INDIA

A wild elephant stands still after it was tranquilized in Siliguri on February 10. The mammal had wandered in from the nearby Baikunthapur forest and had ran amok, trampling cars and motorbikes before being sedated



BRAZIL

Soldiers attend a graduation ceremony celebrating the end of their training in Rio de Janeiro on February 12. The undertaking is an attempt to prevent the spread of the Zika virus



MALAYSIA

A diver wearing a Monkey King costume performs at an aquarium in Kuala Lumpur on February 12, celebrating the Year of the Monkey

↓ FIRST CHINESE SINGER WINS GRAMMY AWARD

Pop singer **Sun Nan**—this year's winner of *China Star*, a pop music TV show in China—received the Recording Academy's President's Merit Award on February 16. Sun is the first Chinese pop singer to receive the title.

China Star was authorized by the Recording Academy, a U.S. organization of musicians, producers, recording engineers and other recording professionals known for putting on the annual Grammy Awards. The show was established in a bid to introduce the best Chinese musicians to the world and fostering Sino-U.S. musical and cultural exchanges.

Sun, 47, released his first album *The Moon* in 1990. He became popular for the song *The Red Flag* in 1996. He has performed at the widely watched China Central Television Spring Festival Gala multiple times and sung a main title song for the 1998 Chinese film *Be There or Be Square*.



Dilemma of Domestic Operating Systems

Oriental Outlook
February 18

Windows operating systems (OSs) accounted for 94.25 percent of China's OS market last year, while domestic OSs accounted for no more than 5 percent, according to Tongji Baidu.com, search engine giant Baidu's statistics service.

Microsoft's monopoly in the OS market in China started to change last year when American computer maker Dell Inc. announced in September 2015 that 40 percent of its commercial computers sold in China—including laptops, desktops and workstations—were pre-installed with the homegrown Linux NeoKylin system.

Moreover, concerns over information security have prompted the government to

ban the purchase of Windows systems for government departments and institutions. Additionally, domestically developed OSs are popular in key industries such as finance, electricity and oil refining, which have a high demand for OS stability and security.

However, despite lower prices and favorable policies, domestic OSs have just a tiny slice of the market share. One reason is that as domestic systems have few users, software companies are unwilling to develop products exclusively fit for such systems.

Another reason for the unpopularity of domestic OSs is that their producers are dispersed across the country, making it impossible for them to pool their strength to develop products together like other Internet companies.



Key Archaeological Zones

Outlook Weekly
February 8

New archaeological results concerning China's prehistoric time period will be unveiled in March by a state-funded archaeological team that is trying to discover the origins of the Chinese civilization.

The origins of the Chinese civilization have long been debated. In 1921, a Swedish archaeologist assumed it originated from the West because painted pottery remnants found in central China's Henan Province were similar to those excavated in Central Asia. Archaeological finds since the mid- and late 20th century, however, proved that the Chinese civilization was homegrown and dates back 5,000 years ago.

After decades of archaeological investigations, Chinese archaeologists found the origins of the Chinese civilization were diversified, and they mapped out six key archaeological zones. The top three are the northern zone along the Great Wall and Yanshan Mountains, featuring Hongshan Neolithic Age culture in north-east China's Liaoning Province; the central zone centered on Shaanxi, Shanxi and Henan provinces, featuring Shang Dynasty (1600-1046 B.C.) and Zhou Dynasty (1046-256 B.C.) culture; and the southeast zone

"We strongly recommend that publishers employ native speakers as translators, study the different tastes of different markets, and target books accordingly."

Wu Shangzhi, Vice Minister of the State Administration of Press, Publication, Radio, Film and Television, recently explaining Chinese books' surge in popularity overseas

"In a very unbalanced world, China is trying to be a calming force, even if it is itself very strong in fighting terrorism, a subject that concerns the whole world."

Former French Prime Minister **Jean-Pierre Raffarin**, highlighting China's global role in a recent interview with Xinhua News Agency



around the Taihu Lake in east China's Jiangsu Province, featuring Liangzhu Neolithic Age culture. The others are the east zone centered on Shandong Province, the southern zone spanning from the Poyang Lake in Jiangxi Province to the Pearl River Delta in Guangdong Province, and the southwest zone focused on areas around the Dongting Lake in Hunan Province and Sichuan Basin.

Donation Walls Spring Up

Nanjing Daily
February 16

"Walls of kindness," dotted with hooks for citizens to donate clean, used clothes, have sprung up throughout China. Anyone who needs used clothes can take them away freely.

First appearing in Iran, the donation walls aim to help others and protect the environment, and have gained popularity in China. One wall in Xiamen, a coastal city in southeast China's Fujian Province, had more than 1,000 used pieces of clothing hung on it on the first day it was built. Similar stories have been reported in central China's Hunan Province, in Guangdong Province in the south, and in Nanjing, capital city of east China's Jiangsu Province. The demand for reused clothes is huge in China.

There are two ways of reusing clothes: giving to those who need them and recycling. More than 26 million tons of used clothes are thrown away every year in China, according to the China Association of Resource Comprehensive Utilization. If all of them are recycled to produce fibers, the energy saved will be equal to 24 million tons of crude oil. But, unfortunately, most of them are buried or burned with other garbage, further burdening the environment.

Building donation walls is conducive to environmental protection. But more donating platforms are needed to receive used clothing. Special agencies should be set up to organize additional donation activities and second-hand clothing markets should be opened. Preferential tax policies should also be implemented to encourage enterprises to recycle old clothing.

↓ SCIENTIST CONTRIBUTING TO LANDMARK DISCOVERY

Cao Junwei, head of Laser Interferometer Gravitational-Wave Observatory (LIGO) Scientific Collaboration research group at Tsinghua University, has gained attention recently for contributing to the detection of gravitational waves. It was announced on February 11 that the U.S.-based LIGO successfully sensed the ripples in the fabric of space caused by the merger of two massive black holes 1.3 billion years ago.

The efforts of more than 1,000 scientists from the United States and 14 other countries led to the discovery. Cao's team was responsible for gravitational wave data analysis. The discovery fulfilled a prediction made in Albert Einstein's general theory of relativity and opened a new window of space exploration.

Cao, who holds a PhD from the University of Warwick of Britain, did research at several foreign institutions before returning to China to work with Tsinghua University in Beijing in 2006.



"The fundamentals of the Chinese economy and market remain sound, and there is no foundation for the yuan to keep depreciating, hence no drastic capital outflows."

Ministry of Commerce spokesman **Shen Danyang**, responding to claims of a capital flight from China at a press conference on February 17

"The issue of economic slowdown in China is more about perception than reality. The Chinese mainland is growing at an average of 6-7 percent, and the country's outbound investments in Africa and the rest of the world are still high."

Mark Smith, head of Infrastructure and Capital Projects, Deloitte East Africa, during the launch of the consulting firm's 2015 Africa Construction Trends Report in Nairobi on February 16

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每50元善款即可为一名孤儿提供一年期、保障额度为100,000元，全面覆盖12种少年儿童常发重大疾病的公益保险

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COVER STORY

RAINING CASH ON HOLLYWOOD

Private Chinese investors regard Hollywood as a new opportunity for growth By Wang Jun

14 BEIJING REVIEW FEBRUARY 25, 2016

Chinese companies have once again stepped into the limelight as they entered the stage of the U.S. entertainment industry colossus, Hollywood.

The latest deal between Chinese and Hollywood companies was made by the Dalian Wanda Group and Legendary Entertainment.

On January 12, Wanda Group announced the execution of a definitive merger agreement with Legendary Entertainment at a signing ceremony in Beijing. Wanda announced that it had acquired Legendary for no more than \$3.5 billion in cash, making history as China's largest cross-border cultural acquisition to date.

As a leading U.S. film production company, Legendary's influence is spread throughout the movie, television, digital and comics industry. It has produced a number of classic blockbusters including the *Batman* trilogy, *Inception*, *The Hangover*, *Jurassic World*, *300: Rise of an Empire*, *Pacific Rim*, *Man of Steel*, etc. The com-

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Kung Fu Panda's team passes a Hard Rock Café during the 84th annual Hollywood Christmas Parade on November 29, 2015

pany's movie productions have grossed more than \$12 billion box office revenues around the globe.

"There is an ever growing demand for quality entertainment content worldwide, particularly in China, and we will combine our respective strengths to bring an even better entertainment experience to the world's audiences," said Thomas Tull, Chairman and CEO of Legendary, in a statement.

"The acquisition of Legendary will make Wanda Film Holdings Co. the highest revenue-generating film company in the world, increasing Wanda's presence in China and the United States, the world's two largest markets," Wang Jianlin, Chairman of Wanda Group, commented on the deal.

According to a statement by Wanda, the acquisition will help Legendary increase its market opportunities, especially in the fast-growing Chinese market, enabling both companies to

joint productions and marketing.

The Legendary deal is actually Wanda's second move in the U.S. entertainment industry. In 2012 it acquired AMC Entertainment for \$2.6 billion. Due to the deal, the Wanda Group now owns the world's second largest theater chain, AMC Theatres, as well as the largest theater chain in China and Asia, Wanda Cinemas—making it the largest theater owner in the world.

Wang described his plan in the movie industry: "Wanda's businesses will encompass the full scope of movie production, exhibition and distribution, enhancing Wanda's core competitiveness and amplifying our voice in the global film market."

Commenting on the changes in the acquisition targets of Wanda, Zheng Jianhui, senior partner of Orient Securities Investment Co. Ltd., said that the distribution channels and content provided by the two companies complement each other. While Chinese companies have not established compelling advantages in the

accelerate growth.

The silver screen

Investors, such as the Wanda Group, Fosun International and investment fund China Media Capital, as well as movie producers such as the Huayi Brothers Media Corp., Hunan TV and Broadcast Intermediary Co. Ltd., are cooperating with Hollywood through acquisitions,

content of their movies, they can obtain higher benefits by focusing on improving their distribution channels. That explains why theater operators earn more than content providers, even when the Chinese movie market is in the primary stage, where theater costs are not high and the number of theaters is inadequate, though audience numbers are growing rapidly.

"But when Chinese companies become more adept at movie making; high-quality movies reach a larger number of people; there are enough theaters; and the costs of building new theaters grow, higher-quality movies will have a greater significance," said Zheng at an interview with *21st Century Business Herald*.

Fosun International is also one of the earliest Chinese investors in the U.S. entertainment industry. It announced that it had signed a unit purchase agreement with Studio 8 from the United States on June 6, 2014.

Jeff Robinov, founder of Studio 8, once served as president of the Warner Bros. Motion Pictures Group. Movies which Robinov helped oversee include the *Batman* trilogy, *The Hangover* films, *Inception*, *Argo* which won the Oscar for the best picture and *Gravity* which won seven Oscars.

"Both China and the United States possess the film markets with the most influence and potential and we are excited to unite the markets, teams, technologies and respective advantages and work together on building a number of top-level films including co-production films between China and other countries," Robinov said.

In a statement released on June 23, 2014, Fosun said that through this deal, it plans to bring Hollywood's advanced film-making expertise, movie concept and technology, as well as complete production and distribution workflows to the Chinese market. The measure is meant to boost China's movie industry and ►►



contribute to the growth of global movie industry. Studio 8 would therefore have more opportunities to share Chinese elements and stories in its co-productions.

The statement also revealed that besides bringing the best Hollywood movies to Chinese audiences, Fosun also planned to establish an investment, financing and business operation platform based on China's cultural industry, aimed at the global movie industry.

Recipe for success?

The box office in China, the world's second largest movie market, reached 44.07 billion yuan (\$6.77 billion) in 2015, according to figures from the State Administration of Press, Publication, Radio, Film and Television, China's film regulator. Only five years ago, the total annual box office in the country was only 10.17 billion yuan (\$1.56 billion).

Executives of the Motion Picture Association of America, including its head of Asia Pacific operations Mike Ellis, and Feng Wei, its chief representative in China, have predicted that China will overtake the United States in 2017 to become the world's largest movie market.

In 2015, 1.26 billion Chinese watched 54.33 million showings of movies, a total of 8,183 screens were newly installed and 1,420 movie theaters were added, said Entgroup, a big data analysis platform focusing on China's entertainment industry. Now China

has an aggregate of 32,487 screens.

The enormous market in the world's most populous nation is Hollywood's target, whose ultimate goal is to get more audiences and revenue through cooperation with their Chinese partners.

In contrast, in the United States, theater owners and studios should brace for a slide in box office sales in 2016, warned Morgan Stanley, the American multinational financial services giant.

As for why Chinese companies have chosen to invest overseas, Zheng listed three reasons. First of all, the upgrading of the consumption structure and the growth of entertainment spending in China have prompted the rapid growth of the entertainment industry as well as increased people's entertainment demand. Also, since movie production in China still falls behind that of some foreign countries, acquisitions will enable Chinese companies to rapidly improve the quality and quantity of their movie supplies. Finally, the valuation of China's entertainment companies is now excessively high compared with the reasonable prices of assets in overseas markets.

Mu Zhaoxi, founder of the U-SYS Marketing Academy, predicted in a commentary on Cnr.cn that Chinese companies will have more opportunities to invest in Hollywood in the future.

Chinese movies can be distributed better through the global market. While the domestic box office is currently experiencing explosive growth, the performance of Chinese-made movies in the overseas markets is not satisfactory. "The most significant aspect of Chinese investments into Hollywood is that they can bring Chinese movies to Hollywood," said Mu, citing the example that after acquiring AMC in 2012, Wanda brought the top-grossing movie of the year *Lost in Thailand* to the United States via the American company.

Through collaboration, Chinese companies can acquire more technology and better

Overseas Cultural Purchases by Chinese Capital			
Time	Case	Value	Stakes
January 2016	Wanda purchases Legendary Entertainment	\$3.5 billion	Over 50%
October 2015	Alibaba Pictures cooperates with Keyeast of South Korea	Undisclosed	Undisclosed
September 2015	China Media Capital and Warner Bros. form a joint venture, the Flagship Entertainment	Undisclosed	51%
April 2015	China Media Capital buys stakes of Hong Kong-based TVB	Undisclosed	26%
June 2014	Fosun International purchases Studio 8	Undisclosed	Undisclosed
December 2014	ID Leisure purchases Hoyts Group of Australia	Undisclosed	Undisclosed
April 2014	China Media Capital invests in IMAX China	Undisclosed	Undisclosed
October 2013	Fosun International invests in NASDAQ-listed Bona Film Group	\$20.8 million	6.4%
May 2012	Wanda purchases AMC Entertainment	\$ 2.6 billion	100%

(Compiled by Beijing Review)

professionals from Hollywood. Mu said that with exchanges and cooperation with excellent professionals, Chinese companies can try to produce movies of international quality standards. By participating in the production of Hollywood movies, Chinese companies can also improve their own production and distribution capabilities.

Nonetheless, Mu also warned about some possible challenges. Since the laws, supervision, and financial operations in foreign countries are all different from those in China, the success of acquisitions will depend on whether Chinese companies can reorganize their resources proficiently.

"It is not difficult for Chinese movies to be shown in foreign countries, but the export of Chinese culture will be difficult," said Mu, adding that China must learn more from Hollywood.

Actually not all attempts at collaboration are successful. In 2011, Huayi Brothers and Legendary Entertainment formed a Hong Kong joint venture, Legendary East, which soon split up. In the movie *The Great Wall* produced by Legendary East in 2015, Huayi Brothers is not seen as a partner. ■

Copiedited by Bryan Michael Galvan
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COVER STORY

CHINA'S HOLLYWOOD DEBUT

Chinese are contributing more than just money By Wang Jun

Domestic scenes and actors and actresses can be found in many movies, but the stories remain "Hollywood."

China-U.S. co-productions have been more frequent in recent years. Two movies in 2016 represent the budding iconoclastic relationship. The first is the animation *Kung Fu Panda 3*. The second is *The Great Wall*, which is the first Hollywood movie with a Chinese directing team and a Chinese story.

Achieving success through its first and second iterations, *Kung Fu Panda 3*, which was released in China and the United States on January 29, is an American-Chinese co-production, with Oriental DreamWorks representing the Chinese side of the partnership.

Oriental DreamWorks was established in 2012. It is a joint venture backed by investment fund China Media Capital, Shanghai Media Group, Shanghai Alliance Investment Ltd. and Hollywood's DreamWorks Animation SKG.

James Fong, CEO of the Asian animation studio, said that *Kung Fu Panda 3* is the company's first movie, and it is also the first animated movie to be co-produced by Americans and Chinese—the entire movie's team was based in China.

The movie was created in both English and Mandarin-language versions, but it did not adopt the usual approach, in which a voice cast of local stars would have been

recruited to record a dub over the English version.

In addition, the Chinese version is not a word-for-word translation of the English script. It not only modifies the mouth movements of the characters, but also adds puns tailored for Chinese audiences.

For example, when Po, the movie's protagonist asks his companion, Tigress, what kind of noodles she wants, in the Chinese version, Tigress responds "*biantai la*," which literally means abnormally hot. In the English version, though, it is just "noodles with sauce on the side," according to Teng Huatao, the movie's Chinese director.

China's film regulator requires that a co-production must be jointly invested by Chinese and foreign partners with the Chinese side providing at least 20 percent of the total investment. In addition, a Chinese actor or actress must take one of the leading roles, and most of the shooting must take place in China. If this standard is met, a co-production will be considered a domestic movie and will therefore be excluded from the country's import quotas for foreign movies.

A variety of movie productions have collaborated with China by using Chinese actors, actresses or Chinese elements in recent years, such as *Looper*, *X-Men: Days of Future Past*, *Skyfall*, *Transformers: Age of Extinction*, *Iron Man 3*, *The Expendables 2*, *Resident Evil: Retribution*, and *Cloud Atlas*. Even so, only *Transformers: Age of Extinction* has met China's official standards for co-production.

Set for global release in November 2016, *The Great Wall*, a \$150-million China-U.S. co-production, is one of the most expensive movies that the Chinese movie industry has worked on. Partners include Legendary Entertainment, Universal Pictures, the China Film Group and Le Vision Pictures.

To many Hollywood studios, the challenge lies in integrating Chinese elements into their movies in a natural way. Take Marvel Studios' *Iron Man 3* as an example. There were two versions of the movie released in 2013: One was the international version, and the other was the Chinese version, which had an extra four minutes of footage with Chinese actors. Even so,

To many Hollywood studios, the challenge lies in integrating Chinese elements into their movies in a natural way

Zhang Yimou, Director of *The Great Wall*, speaks at a press conference on July 2, 2015, in Beijing, with co-stars of the movie Matt Damon (left) and Jing Tian

Chinese locations and actors did not appear in the international version, which irritated some Chinese audiences.

For *The Great Wall*, however, the challenge is reversed. What the movie maker must determine is not how to add Chinese elements to the movie, but how to attract global moviegoers with a Chinese movie whose story and scenes took place in China hundreds of years ago.

Zhang Yimou, director of *The Great Wall*, noticed the uniqueness of his position when he referred to himself as a "Chinese director... who doesn't speak English but has directed an authentic Hollywood movie for the global market." Zhang was speaking at a press conference held in Beijing on July 2, 2015. "This is unprecedented, but is of great significance, because it may create more opportunities for cooperation between the movie industries in China and the United States."

This production is the director's first English-language movie.

The biggest challenge for Zhang is to "make sure that young people around the world—not just Chinese audiences—will understand the movie." He claimed that during the shooting of the movie, he made many changes to the script and the story, often asking his foreign actors how they would interpret the change of certain lines. ■

Copyedited by Bryan Michael Galvan
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Tensions Rise Again

The Korean Peninsula can only find peace through negotiations By Su Xiaohui



The author is the deputy director of the Department for International and Strategic Studies at the China Institute of International Studies

The Democratic People's Republic of Korea (DPRK) announced on February 7 the successful launch of *Kwangmyongsong-4*, an earth observation satellite, into space.

Two days later, the Ministry of National Defense of the Republic of Korea (ROK) confirmed the satellite launched by its northern neighbor had been put into orbit.

The satellite launch came a month after Pyongyang claimed its first successful hydrogen bomb test on January 6. It was the country's fourth nuclear test. These two acts by the DPRK, which are in violation of UN

Security Council resolutions, have astounded the international community.

Controversial launch

Under international law, every country has the right to explore and use outer space for peaceful purposes. In 2015, Russia completed 23 space launches and the United States 18. China conducted 19 space missions last year, sending 45 satellites into orbit, with a success rate of 100 percent.

Pyongyang insists its recent rocket launch be part of a peaceful space program. However, it has drawn strong criticism from neighboring countries and has continually given rise to concerns in the international community.

In a government statement, the ROK said that the DPRK's act was a long-range rocket launch. The U.S. Secretary of State John Kerry said in a statement that the

United States strongly condemns the "missile launch." Kerry stressed that the launch was "a flagrant violation of UN Security Council Resolutions related to North Korea's use of ballistic missile technology." The Japanese Government claimed that the rocket launch threatened Japan and its neighboring countries' national security. Meanwhile, Russia also expressed its protest against the DPRK's "missile launch."

UN Secretary General Ban Ki-moon denounced the launch in a statement issued by his spokesman Stephan Dujarric.

"The secretary general reiterates his call on the DPRK to halt its provocative actions and return to compliance with its international obligations," Dujarric said at the UN headquarters in New York City on February 6.

China has been relatively impartial. Foreign Ministry spokesman Hong Lei said at a regular media conference on February 15 that both the nuclear test and the satellite launch by the DPRK violate relevant resolutions of the UN Security Council.

"China proposes that the UN Security Council adopt a new resolution and take further steps to make the DPRK pay the necessary price and bear the consequences for its behavior," Hong said.

"On the other hand, sanctions are not the end. Our goal is to pull all parties back to the negotiating table, as negotiations are the only way to solve the issue," Hong said.

The use of long-range missile technology is the reason why the DPRK's satellite launch has been widely condemned. While the DPRK has stressed its peaceful purpose, the rocket used for the launch suggests that the DPRK have the capability to launch ballistic missiles.

The launch of *Kwangmyongsong-1*, 2 and 3 satellites in 1998, 2009 and 2012 respectively, prompted the UN Security Council to issue resolutions 1695 and 2087



Vehicles carrying workers from the Republic of Korea (ROK) from the Kaesong Industrial Zone (KIZ) pass the customs, immigration and quarantine office in Paju of the ROK on February 11, after the Democratic People's Republic of Korea announced to expel all ROK citizens from the KIZ and close the jointly-run complex

The satellite *Kwangmyongsong-4* is launched by a rocket in the Democratic People's Republic of Korea on February 7



condemning the launches and demanding the DPRK not to proceed with any further launches using ballistic missile technology. The UN Security Council also imposed sanctions in a bid to prevent the DPRK from obtaining technology and material for ballistic missile development.

Renewed tensions

The Korean Peninsula now faces a new round of elevated tensions. Historically, whenever the DPRK conducted a rocket launch or nuclear test, it would trigger a heated war of words with the ROK and action by the UN Security Council.

In 2012, in response to the launch of *Kwangmyongsong-3*, the Security Council promptly approved a resolution over the launch. The DPRK registered a strong protest. In February 2013, after the DPRK's third nuclear test, the Security Council adopted Resolution 2094 (2013) and imposed tougher-than-ever sanctions. As a result, tensions between the DPRK and the United States, and its allies—the ROK and Japan, were heightened. After two years of relative stability, the situation in the Korean Peninsula has taken a turn for the worse because of the hydrogen bomb test and satellite launch by the DPRK.

Furthermore, the tensions might spill beyond the peninsula. The United States has been seeking the deployment of the Terminal High Altitude Area Defense (THAAD) missile defense system in the ROK to protect U.S. troops and bases in the country against possible nuclear and missile attacks by the DPRK. The ROK has been reluctant to sanction the system's deployment. But the recent satellite launch and nuclear test have provided the United States with a strong case to implement such a plan.

China and Russia have repeatedly expressed their concerns over the possible deployment of THAAD. The THAAD missile

defense system, especially the monitoring scope of its X-Band radar, goes far beyond the defense requirements of the Korean Peninsula and poses a threat to the national security of other countries in the region. Following the renewed tensions, the ROK has declared its intention to resume talks with the United States on the deployment of THAAD. China's Foreign Ministry promptly called a meeting with the ROK's ambassador to China and clarified China's stance on the issue. China has also voiced its opposition to the possible U.S. deployment at international gatherings.

If the THAAD missile defense system is deployed in the ROK, it will affect stability in the region. "China firmly opposes any country utilizing the nuclear issue in the Korean Peninsula to jeopardize China's legitimate rights and interests," Chinese Foreign Minister Wang Yi said during the Munich Security Conference held on February 12-14.

China's peace efforts

China is fully aware of the risks posed by tensions in the Korean Peninsula. The six-party talks, in which China, ROK, DPRK, Russia, the United States and Japan participated, have been suspended since 2009, during which time the DPRK has made substantial progress in its nuclear and ballistic missile tests. The chances of resuming the talks remains slim. As a close neighbor to the Korean Peninsula, China never wishes to see conflict or war take place in the region.

In the West, many voices are criticizing China and demanding action by China to punish the DPRK. They believe that China should take full responsibility for resolving the conflicts.

China has reiterated that the key to solving the nuclear issue in the Korean Peninsula requires the help of other countries. The United States is not seen as being helpful by resorting to sanctions against the DPRK and its unwillingness to respond to appeals by the DPRK for talks has botched an opportunity to return to the negotiating table by reconvening the six-party talks.

Future stability in the peninsula depends on the course the United States and the DPRK wish to take. Only by taking actions that no longer inflame the situation will the region remain under control and offer hope of improvement.

China is committed to denuclearization and maintaining stability in the Korean Peninsula. China has been making efforts to resolve the nuclear issue under the framework of the six-party talks and seeks to address the concerns of all parties through negotiations. China views negotiations as the only right way to realize everlasting peace in the region. ■

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Active and Principled



EDITOR'S NOTE: On February 12, after attending the fourth foreign ministers' meeting of the International Syria Support Group (ISSG) in Munich, Germany, Chinese Foreign Minister **Wang Yi** gave an exclusive interview to Reuters, answering questions on the situation in Syria, the Korean Peninsula nuclear issue, China-U.S. relations and others. An edited transcript of the interview is as follows:

Reuters: The fourth foreign ministers' meeting of the ISSG held yesterday [February 11] had achieved some breakthroughs. However, in the situation that Russia is still carrying out military strikes against Syria, do you think the outcomes of this foreign ministers' meeting will bring about changes in the situation on the ground in Syria?

Wang Yi: After long discussions, the foreign ministers' meeting has made positive and meaningful progress, which is the result of a delicate balance of the interests of all parties. All parties agreed to create access to humanitarian relief within this week to deliver the relief supplies to Syrian refugees. This is a task of top priority as well as the most concerned issue in the international community at the moment. All parties also agreed to achieve a complete cessation of hostilities across Syria within the week and establish a task force led by the United States and Russia instructed by the ISSG to discuss concrete steps and execution details

on the cessation of fire and violence. If these two agreements progress smoothly, they will obviously create a positive environment for the Syria peace talk that will be revived in Geneva.

The above agreement on cessation of fire and violence does not include any military strike against terrorist activities. Yesterday all parties conducted an in-depth discussion on this issue, and it was difficult for all parties to reach a unanimous decision, which was because the screening of terrorist organizations led by Jordan has not finished yet. However, all countries reached a consensus in the end that any terrorist organization confirmed by the UN and included onto the UN list will be the target of joint combat efforts. We hope the hard-won consensus can really get specific implementation. The international community will pay close attention to it, and China, as a member of the ISSG, will also follow the course. The suffering of the Syrian people cannot be allowed to

continue, therefore the international community should form a union and the ISSG should make joint efforts to actually implement the UN Security Council Resolution 2254.

Regarding the definition of a terrorist force, while some people may consider a group as terrorists, others may hold that they are freedom fighters. Russia claimed that it is striking against terrorist groups, but sometimes that is not the case. Russia combats forces that advocate political reform in Syria in a legal way, and in line with international law. Do you think this situation can change in a week? Will Russia change its way of acting? Yesterday all other parties noted that the main problem in the future is Russia. Do you agree?

We cannot say that the problem mainly depends on Russia. Russia is indeed playing a key role in the evolution of the situation in Syria at the moment. Russia has repeatedly stated that Russia sends troops to attack terrorist forces in Syria at the invitation of the Syrian Government. China understands and supports all efforts devoting to combating international terrorist forces. Russia's terrorist-combating operation in Syria in fact increases the understanding of the importance and sense of urgency of solving the Syrian issue by political settlement of all parties and to some extent contributed to the achievement of the important consensus at the foreign ministers' meeting. Yesterday I had the vivid impression that although different parties still have different positions, all parties have come to realize that we should stop blaming each other, reduce unnecessary suspicion and



UN Special Envoy for Syria Staffan de Mistura (second left) holds a meeting with Syria's opposition delegation at Palais des Nations in Geneva, Switzerland, before the official beginning of the Intra-Syrian talks on February 1

define a common goal, which is to promote humanitarian relief as well as ceasefire and an end to violence until a comprehensive ceasefire is achieved.

All parties have agreed that the Syrian issue should be settled politically. Syria is a sovereign state. It is understandable that China insists on non-interference in others' internal affairs. But given that Bashar al-Assad has lost two thirds of the territory, 250,000 Syrians have been killed, and tens of thousands people have become destitute and homeless, do you think that in the political transition process of Syria, Bashar al-Assad should ultimately participate in the election? Or should he step down for national interests?

The UN Security Council Resolution 2254 clearly stipulates that the future of Syria should be decided by Syrian people indepen-

dently. The composition of state institutions of Syria, including the election of Syrian leaders, should be decided by the Syrian people.

Now there is a noteworthy phenomenon. At the beginning, all parties wanted to solve the most difficult problems first, resulting in two fruitless Geneva talks. Now all parties increasingly recognize that we should adhere to the principle of starting with easy things, set about from the issues that all parties have reached a consensus on and are willing to settle, and leave problems with big differences for later. As the mutual understanding and basic mutual trust among the parties increases, it is believed that the Syrian people have the wisdom and capability to solve all their problems on their own.

Other permanent members of the UN Security Council have taken military actions against the so-called Islamic State group,

but China hasn't yet. Will China participate in the counter-terrorism coalition led by Russia or other broader-scope international counter-terrorism coalitions in the future? Since the Islamic State group is a threat to China as well.

China opposes all forms of terrorism and supports international counter-terrorism efforts, hoping to promote international cooperation against terrorism under the auspices of the UN. There is a tradition in China's foreign policy. We do not join in state groups with a military nature, but that doesn't mean that China will not play its role in fighting terrorism internationally. Actually, China is participating in international counter-terrorism cooperation in its own way. For example, we have been helping Iraq and other frontline states with counter-terrorism capacity building, and working with some countries to exchange intelligence on counter-terrorism ►►

and cut channels of financial resources and movements of terrorists. China also holds that we should adopt an approach to address both the symptoms and root causes of terrorism. In some countries experiencing unrest, we should focus on resolving income margins, inadequate development and education deficiencies and therefore eradicate the soil and conditions that breed terrorism. China will continue participating in international counter-terrorism efforts in its own way and make its due contributions.

The DPRK [Democratic People's Republic of Korea] has conducted another nuclear missile test despite the opposition of the international community. China expressed concerns over it but China's response has been cautious so far. How do you think the international community should respond to the current situation?

The DPRK, in defiance of opposition by the international community, conducted another nuclear test and then launched a satellite with its ballistic missile technology. Both acts violate the UN Security Council resolutions. China's position on these is clear. China publicly stated its opposition from the very beginning. China proposes that the UN Security Council adopt a new resolution and take further steps to make the DPRK pay the necessary price and show there are consequences for its behavior.

The UN Security Council's new strong actions should have a definite direction with the objective of effectively curbing the DPRK's efforts to advance its nuclear missile program. On the other hand, imposing sanctions is not the end of the matter. Our purpose should be to make sure that the nuclear issue on the Korean Peninsula should be brought back to the channel of a negotiation-based resolution. It's the only correct approach. We have conducted close communication with all sides including the United States, Russia and the ROK [Republic

of Korea] and all have approved that sanctions are not the end and the issue should be returned to the channel of negotiation-based resolution. On the Korean Peninsula nuclear issue, the Chinese side follows an objective and just position and sticks to an attitude of being practical and realistic. The "cautious" attitude interpretation is not true. Our goal is to promote the denuclearization of the Korean Peninsula to achieve long-lasting stability on the Peninsula, which serves the common and long-term interests of all countries including the United States and the ROK.

You said that the objective of the UN Security Council Resolution is to deter the DPRK from further developing its nuclear missile program. However, we noticed that so far, sanctions don't work. Iran was forced to return to the negotiation table because of forceful sanctions. To be specific, China has agreed to let the UN Security Council adopt a new sanction resolution. Does it mean that the DPRK will get more strict financial sanctions?

It's just a way of solving the problem regardless of sanctions or pressure. Up to now, all problems including the Iranian nuclear issue could not be resolved only by sanctions. All parties had conducted negotiations with Iran for 10 years, especially in recent years negotiations have been very intensive. The issue was finally settled through negotiations. The Korean Peninsula nuclear issue should also be solved through negotiations. We not only need a new UN Security Council resolution to restrain the DPRK from further developing its nuclear missile capability to the greatest extent but also should be devoted to resuming negotiations. The six-party talks have been broken off for eight years. It can be imagined that if the six-party talks were not suspended, the situation would not be as bad as it is today. Any issue, if we can sit down and negotiate, can find a resolu-

tion. The conclusion of the comprehensive agreement on the Iranian nuclear issue precisely suggests the necessity of negotiation. Therefore, on the one hand, we support the UN Security Council to adopt a new sanction resolution, while on the other hand we should endeavor to resume the six-party talks as soon as possible. That is exactly a just and objective stance.

It is difficult for all parties to be completely just since they will consider their own interests. If the UN Security Council adopts a new resolution to impose stricter sanctions on the DPRK, what do you think the new resolution should include?

The UN Security Council's sanction resolution should have a definite direction, that is, to curb the DPRK's efforts to advance its nuclear missile program. To achieve this, there are various approaches and ways. At present, all parties are consulting on the draft resolution in the UN Security Council which is wide-ranging and involves many aspects.

The current situation in the region seems to be evolving in the direction of an arms race or increased tensions. The ROK and the United States are negotiating to deploy a missile defense system, which triggers China's concern. If the Korean Peninsula nuclear issue cannot be settled, the regional situation will become more intense in the future.

The problem mentioned is very important. We show grave concerns about the possible deployment of the Terminal High Altitude Area Defense (THAAD) missile defense system by the United States in the ROK. The coverage of the THAAD missile defense system, especially the monitoring range of its X-band radar, goes far beyond the defense need of the Korean Peninsula and will reach deep into the Asian hinterland. It will directly damage China's strategic security interests and also harm the security interests of other

countries in the region. There are two old Chinese sayings. The first is "Xiang Zhuang performed the sword dance as a cover for his attempt on Liu Bang's life." What are the United States' actual motives? It doesn't require an expert to make sense of the situation. Ordinary people can see it clearly. It strikes a chord with the other saying by ancient Chinese 2,000 years ago, which is, "Sima Zhao's trick is obvious to every man in the street—the villainous design is apparent." China's stance is clear enough that we firmly oppose any countries' attempt to infringe upon China's legitimate rights and interests with the excuse of the Korean Peninsula nuclear issue.

As a close neighbor of the Korean Peninsula and a country that shoulders significant responsibility for stability on the peninsula, China must stick to several points when dealing with affairs related to the peninsula. Firstly, the Korean Peninsula cannot be nuclearized, regardless of whether or not the nuclear weapons are self-made or imported and deployed. This applies to both the DPRK and the ROK. Secondly, there should be no military solution to this issue. Otherwise, there will be war and turbulence in the peninsula, which would not be acceptable to China. Thirdly, China's legitimate national security interests must be guarded and guaranteed effectively. We will continue our cooperation with the international community and unswervingly promote the process of denuclearization of the Korean Peninsula. Frankly speaking, the focus of the peninsula nuclear issue is on the United States and the DPRK. We are willing to urge both countries to be seated, talk and discuss how to address each other's reasonable concerns so as to finally achieve the goal we all hope.

In recent years, the U.S. foreign policy, especially its policy concerning the Middle East, has offended some allies. What's your

comment on the development trend of China-U.S. relations?

As two permanent members of the UN Security Council and the largest developing country and the largest developed one on Earth respectively, China and the United States should and must keep their relations developing in a healthy and stable manner. We hope that China and the United States will stride toward the direction of constructing a new type of major-country relationship featuring non-conflict, non-confrontation, mutual respect and win-win cooperation, which is in full conformity with the fundamental and long-term interests of China and the United States and their peoples. A strategic consensus has already been reached by the two sides.

We are now living in a global era totally different from the 19th and 20th centuries. The old mindset of you-lose-and-I-win zero-sum game has been obsolete for a long time. In fact, China and the United States have formed a pattern of interweaving interests. A great number of students from both sides have been studying in each other's country and almost all of the United States' big companies have business in China. More and more Chinese investment is pouring into the United States, and the annual bilateral trade volume exceeds \$500 billion. China-U.S. exchanges have penetrated into the daily life of all American people. There is a Chinese saying which claims that cooperation benefits the two countries while confrontation hurts both, which is winning awareness and recognition amongst more and more American people.

President Barack Obama has expressed publicly many times that the United States welcomes a strong, stable and prosperous China, welcomes China's peaceful rising, and is willing to see China's greater role in international affairs. President Xi Jinping also noted many times that cooperation between China and the United States will promote the success of enormous endeavors that ben-

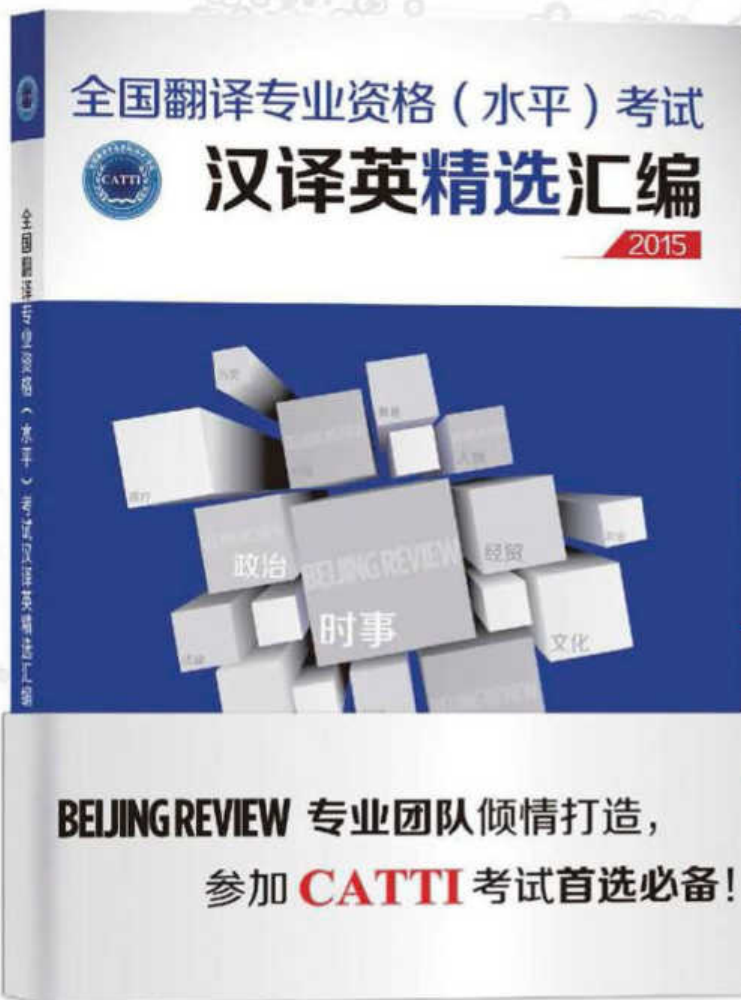
efit the world, which fully demonstrates the importance of China-U.S. relations. It is normal for the two sides to have some friction in building the new type of major-country relationship. What is important is that they continuously promote strategic mutual trust, reduce strategic misgivings and strengthen strategic coordination, so as to truly assume the responsibilities for the world peace and security as permanent members of the UN Security Council.

The international community should also harbor confidence in China-U.S. relations, for that leaders of the two countries have the exact wisdom and capabilities to well handle various problems existing in bilateral relations to continuously push the construction of the new relationship. For instance, formerly, cyberspace security was a point of contention between China and the United States, but at present the two sides are conducting intensive communication on this issue and have formed a mature mechanism, which in turn has transformed the issue into a new cooperation point for the two countries.

As for the issue of climate change, in the past the two countries experienced disagreement which was shown at the UN Climate Change Conference in Copenhagen. However, in last year's UN Climate Change Conference in Paris, China and the United States carried out close cooperation, playing important and critical roles in reaching the Paris Agreement on Climate Change.

That is also true regarding the nuclear issue on the Korean Peninsula. China and the United States share the same general direction in promoting the denuclearization of the Korean Peninsula and finally solving the issue through negotiations, without differences on major principles. China stands ready to maintain close communication and cooperation with parties concerned including the United States. ■

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Farewell, Beijing

Large wholesale markets are moving out of Beijing
By Yuan Yuan

For the 10th year in a row, Jiang Shaoxia made the 700 km journey back to Beijing from her hometown in central China's Henan Province on February 13, right after the annual Spring Festival. But 2016 could mark the last year she makes the trek.

Jiang owns a hat store at Beijing's largest accessories wholesale market—Tianyi wholesale market—located in the downtown area of the capital. She started her business in 2006, which later developed into a full-fledged store. Her main customers are wholesale dealers across the country.

Shoppers can buy everything from daily necessities to various gadgets, all on a budget. Built in the shape of building blocks, Tianyi looks like it would be better placed as a castle in a fairy tale cartoon than as a shopper's mecca in a major world city. Thousands come to the market every day and return fully loaded.

But buyers will soon need to find a new shopping paradise as Beijing's wholesale markets are forced out. "We thought we could do business here forever until we heard the news that wholesale markets will be moved out of Beijing," Jiang told *Beijing Review*.

Time to go

Beijing's supersized wholesale markets are moving to the neighboring Hebei Province and Tianjin Municipality, where some logistics zones and larger markets will be built. The agreement was signed in 2014 between Langfang, a city in Hebei and Xicheng District of Beijing, after President Xi Jinping called for more integrated development of the regions surrounding China's capital city in 2013.

Opened in 1992, the Tianyi market houses more than 2,000 vendors who run 1,550 stalls. But this is just a drop in the bucket compared to the size of the wholesale markets near the Beijing Zoo on the northwest side of the city.

The Zoo Market, which can be seen across the street from the zoo's entrance, was first formed in the late 1980s and has since developed to be north China's largest clothing market. It boasts 12 markets with 13,000 booths, more than 30,000 employees and over 100,000 customers which pass through its doors each day.

For years, locals have interpreted someone saying, "I am going to the zoo," to mean they are going shopping rather than to visit the animals nearby. The clothing market's popularity far surpasses that of the local pandas.

Early each morning, retailers from across Beijing and other regions in the country flock to the hub to fill their shelves. Located just a couple of subway stops away from the area where major universities are clustered in, the clothing market zone is also popular among college students for its low prices and variety.

"It has brought us a lot of fun memories," said Qiu Xiaoqi, a Renmin University graduate told *Beijing Review*. "Wholesalers get a much lower price than regular buyers, so we always tried to pretend to be a wholesaler."

Qiu once used this trick to buy a pair of jeans for just 10 yuan (\$1.50). "The pants are good quality and I still wear them," Qiu said. "Future students won't get these experiences, but the markets need to move because the traffic nearby is getting much worse and the environment around them is mostly dirty and messy as well."



Indeed, with buyers swarming the markets each day, traffic around the zoo has long been a headache for the local government.

The approximately 20,000 commercial tenants in the zoo wholesale zone contribute 60 million yuan (\$9.8 million) in annual revenue to Xicheng District, but it costs the government nearly 100 million yuan (\$15 million) to handle the associated transportation and environmental issues, according to Wang Ning, Party chief of the Xicheng District committee.

In 2014, 1,300 booths—about 10 percent of the stores in the zone—were shut down. In January 2015, the Tianhaocheng Clothing Mall was the first to close door.

Dai Yanxia, a 35-year-old shoe seller at Tianhaocheng, cleared out her merchandise by lowering the price for a pair of shoes from 100 yuan (\$15) to 40 (\$6).

"It is even lower than the amount we paid for them, but we had to do it," she told CCTV News in an interview. Two years ago, Dai was named one of Tianhaocheng's outstanding vendors for her high sales volume.

"We signed a 20-year contract with the mall and it still has eight years before it expires," Dai said. "The mall paid our deposit back, and I cleared the shoes out. I sold hundreds of shoes but lost 20,000 yuan (\$3,000) in the end."

She moved to Langfang, where some new wholesale markets have been built or are currently under construction for relocating vendors like her. Rent prices and the cost of living is far lower there, but so far sales are nowhere close



People carry bags of goods from a newly built large market in Langfang, Hebei Province, on January 14, 2015. Many retailers from wholesale markets in Beijing have moved here in the past year

in the capital are becoming too serious to ignore. It is time to slim the capital," Zhu Erjuan, a professor at the Capital University of Economic and Business told Xinhua News Agency.

Moreover, the move will help neighboring regions—Tianjin and Hebei Province—that have trailed behind the capital in public resources and services.

"If the planned integration for the region is to succeed, the gap between the outlining regions and Beijing needs to be filled," said Zhao Jimin, an associate researcher with the

Beijing Academy of Social Sciences.

"It is necessary to provide neighboring regions with talent so they can enjoy similar levels of education, healthcare and social security," Zhao said.

According to a report from *China Business Journal* in December 2015, the capital plans to renovate and relocate four downtown wholesale markets: the Beijing Zoo markets, the Xinfadi farm produce market, the Shilihe building materials market and the Dahongmen clothing market.

The Dahongmen market in the Fengtai District on the southwest side of the city began its relocation process in 2014.

"The storage facilities for the Dahongmen wholesale market hub will be moved to suburban areas or Hebei Province, while the delivery service department of the hub will remain in Beijing," Liu Yu, deputy chief of the Fengtai District Government, told China News Service.

Shi Ankai was among the first 600 vendors who chose to move to Baigou, a wholesale area in Hebei Province's Baoding. The move allowed him to expand his stall from 4 square meters to 24 square meters.

"The cost here is just one 10th of that in Beijing," Shi told Xinhua. "Even though it seems that the sales volume has gone down, calculating everything in, it is still a bargain."

Close to 2,000 retailers have followed suit. Lu Jiansheng, from east China's Zhejiang Province, has been doing business in Beijing since 2005 and has seen how Beijing's markets

have changed over the past decade.

In 2009, the Beijing Municipal Government announced a plan for the southern part of the city, aiming to upgrade the infrastructure and transportation of this less-developed part. The wholesale markets in Daxing and Fengtai districts, both included in the southern part, would unavoidably be affected.

As the Vice Director of Zhejiang Chamber of Commerce in Beijing, Lu decided to do something for his fellow businessmen from his home province.

After visiting several locations around Beijing, Lu finally chose Yongqing County in Langfang as the new location and named the new wholesale market the Yongqing International Clothing Market.

"After living in Beijing for decades, many business people's lives are integrated with the city and they don't want to go too far," Lu said in an interview with Sohu.com. "Yongqing is very close to Beijing, only half an hour away by car."

At the new market, vendors can own their own clothing factory as well as sell their clothes from a stall.

"The rapid development of e-commerce has impacted the traditional clothing and small commodity wholesale markets, which need to move to lower-tier cities outside Beijing, but the traditional business needs to seek breakthroughs as well," Lu said.

The original location of the Tianhaocheng market—the first market to close—will be renovated for technology incubators and "high-end" industries, such as e-commerce, financial services and clothing design.

Beijing's population increased to 21.70 million at the end of 2015. The Central Government has announced that it will control the city's size in a bid to ease pressure on urban resources.

"Relocating a single market will not solve all these problems but it is a practical attempt," said Sheng Guangyao, an associate research fellow with the Chinese Academy of Social Sciences. "The capital can benefit a lot from regional cooperation. It should not only slim down, but also shape up." ■

what vendors made in the capital.

Zheng Xiulin, a 29-year-old migrant from east China's Anhui Province, has been a shop owner at the Shiji Tianle market near the zoo since 2008. "Opening a shop here has been my dream since I graduated from high school," Zheng told *Beijing Review*.

Zheng pays about 15,000 yuan (\$2,300) a month in rent for the shop and on a good business day can make about 2,500 yuan (\$380). He is undecided if he'll relocate from Beijing or stay and switch to another business venture.

The Julong Clothing Mall, the zoo area's first underground clothing market, shut its doors on December 31, 2015. For days before its closing date, customers squeezed in to say farewell with one final purchase.

"I live nearby and coming here has almost become a monthly hobby," Beijing resident Lin Qing told *Beijing Review*. "It is different from on-line shopping. Here you can touch the clothes, try them on and the most interesting part is bargaining with the sellers."

The end of 2015 saw 60 percent of the stalls in the zoo wholesale zone shut down.

"It is like the end of an era, but we have to accept it," Lin said.

The new location

Shoppers are cringing after seeing their favorite markets being relocated, but economists say the move will ultimately benefit the surrounding regions and help alleviate problems in Beijing.

"Pollution, traffic and population pressures

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After the Blasts

The team investigating the Tianjin explosions releases its final report By Yin Pumin

Five months after the State Council began its investigation into the warehouse explosions that rocked Tianjin, the team has released its findings on February 5, concluding that the disaster was caused by an ignition of hazardous materials that were improperly and illegally stored at the site.

The warehouse owner—Tianjin Ruihai International Logistics—had illegally built a freight yard of hazardous materials, conducted illegal operations, stored hazardous materials illicitly and had inept safety management standards, according to the report.

Two explosions in a warehouse ripped through residences in Tianjin's Binhai New Area on August 12, 2015, killing 165 people, including 99 firefighters. Another eight people are still missing. The explosions damaged 3,014 buildings, 12,428 cars and 7,533 containers, resulting in 6.87 billion yuan (\$1.12 billion) in economic losses.

Severe punishment

Consisting of prosecutors from the Supreme People's Procuratorate (SPP) and the local procuratorate of Tianjin Municipality, the investigatory team found the accident exposed corruption, mismanagement and slack government supervision surrounding the warehouse where the explosions occurred.

The investigation into the explosions suggests that 74 officials will be subject to the Party disciplinary procedures and local discipline inspection commissions will admonish 48.

Twenty-five of them, include two departmental-level officials and seven at the vice departmental level, will face prosecution for their roles in the deadly explosions, the SPP announced on February 5.

They are suspected of dereliction of duty, abuse of power and bribery.

Public security departments and procuratorates previously put 49 people under coercive measures in line with the law. Indeed, in early

Part of the light rail from downtown Tianjin to the Binhai New Area that was suspended after the August 12 blasts restores to operation in the end of 2015



September last year, Premier Li Keqiang urged harsh punishment for those responsible for the deadly blasts during a meeting attended by officials in charge of the investigation.

Investigators found that Ruihai Logistics violated rules and regulations for storing and transporting dangerous chemical substances, including 800 tons of ammonium nitrate.

Du Lanping, head of the investigation team's technical group, said that storing such a large amount of chemicals is illegal because of the high risks involved. He believes that the ammonium nitrate was the culprit of the tragedy.

The investigators recommend that Ruihai Logistics' licenses be revoked and company executives be banned from any other executive posts in the sector.

In addition, investigators found Ruihai Logistics had operated for two years before getting a license from the government in June of last year.

Li Wanchun, head of the investigation team's management group, said that the port's supervisor, the Tianjin Transportation Commission, did not conduct safety checks in line with the law and had lapses in its inspections.

"We also found that some people in the city's Planning Bureau and Land Department allegedly helped the company to illegally get the planning permits and made fake certificates in safety and environmental assessments," Li told CCTV.

In wake of the incident, the Supreme People's Court (SPC) and the SPP issued a judicial interpreta-

tion in December last year, specifying criteria for conviction and scenarios where harsher or lighter punishments should apply.

If state employees illegally invest in or hold stocks in enterprises that endanger production safety, or if corruption or bribe-taking are found directly linked with safety accidents, they should be given harsh penalties, the interpretation said. They may also be subject to punishment for embezzlement or taking bribes, according to specific convictions.

Many devastating accidents have been linked to official corruption or dereliction of duty, Shen Liang with the SPC told Xinhua News Agency. Therefore, apart from punishing those directly responsible for accidents, judicial organs should dole out equally harsh punishments to any corrupt offenders involved.

Other cases where harsher penalties may apply include operating without viable safety permits or evading or blocking safety inspections, according to the interpretation.

It also clarified the criteria for conviction and punishment for the first time, saying that any accident involving one death or three severe injuries and above, or a direct economic loss of 1 million yuan (\$163,132) and higher, can be regarded as a crime of endangering production safety. Moreover, the judicial interpretation states that "hidden stock holders"—often state employees or enterprise managers who hold stock in other people's names—will also be held accountable.

If those responsible for the accidents obstruct rescue efforts, hide or abandon victims, they can be convicted of intentional homicide or intentional injury, the interpretation said.

Safety first

"The accident reflected loopholes in production safety in Tianjin. We must remember the lesson and try our best to improve efficiency in guaranteeing safety in our future work," Tianjin Mayor Huang Xingguo said during this year's local people's congress meeting on January 24.

The Tianjin tragedy is not an isolated accident. A fatal stampede at a crowded square in Shanghai's Bund area on New Year's Eve last year killed 36 revelers who were celebrating.

In December 2015, a large pile of construction waste collapsed in Shenzhen in south China's Guangdong Province, killing at least 58 people.

Investigations into the three incidents found that a lack of public security awareness and the neglect of safety oversight on the part of local officials were to blame.

In Shanghai, 11 officials were punished, with four removed from their posts. In Tianjin, 123 people, including five officials at a ministerial level, were identified responsible for the warehouse explosions.

In the aftermath of the tragedies, experts and leaders have called for an overhaul of loophole closures in city management to ensure people's safety.

"The tragedies compel us to ask: Why we did not recognize the safety hazards beforehand?" said Teng Wuxiao, an associate professor at the School of Social Development and Public Policy at Shanghai-based Fudan University.

"Compared with the ability to deal with the aftermath, we are still lacking risk assessment and disaster prevention," he told Xinhua.

Zhong Kaibin, an associate professor with the Emergency Management Training Center at the Beijing-based Chinese Academy of Governance, agreed, saying that Chinese cities should improve their safety pre-warning mechanisms and carry out systematic risk assessments.

In early January, President Xi Jinping called for measures to stem the frequent occurrence of accidents arising from production safety risks in the country at a meeting of the Political Bureau of the Communist Party of China (CPC) Central Committee.

"These blood lessons have warned us that public safety should never be taken lightly and responsibilities for production safety must be spelled out and fulfilled," Xi said.

He stressed that human factors are always behind production accidents, citing negligence, a lack of safety checks, inadequate laws and regulations, slack law enforcement, ineffective supervision and incompetent emergency responses.

The president said that industries prone to major accidents should adopt a classification-based risk management system and pay equal attention to risk prevention, correction and emergency rescues to reduce casualties and property losses.

Xi cited urban construction projects, outdated houses, glass walls, waste sites, mines, gas pipes, underground tunnels, dangerous chemi-

cals, firecrackers, traffic and mass celebration activities as key things to look out for.

Tianjin's response

Following the State Council's report into the Tianjin explosions, the Tianjin Municipal Government released a directive requiring companies producing, storing or using dangerous chemicals to complete a reclassification and safety assessment of their major sources of danger and report the information to local authorities by the end of March.

The directive also ordered the companies' own security systems be integrated into government platforms by the same deadline. The companies should have contingency plans and conduct at least two drills a year, according to the directive.

Meanwhile, 85 enterprises working with hazardous chemicals in Binhai New Area will be closed or relocated, according to the Work Safety Bureau of Binhai New Area.

Shan Yuhou, head of the bureau, told Xinhua in an interview on February 14 that his bureau has checked 583 chemical firms. Among the 85 enterprises found with safety problems, nine have been corrected, 10 have worked out relocation plans and the remaining 66 have signed a restructure deal with the government.

Following the blasts, Tianjin began moving chemical plants to the Nangang Industrial Zone, about 30 km from the explosion site and 10 km from the nearest residential area.

No chemical projects will be approved in Tianjin outside the Nangang Industrial Zone, Shan said.

With a designed area of 200 square km, the Nangang Industrial Zone in Binhai New Area aims to become a world-class multi-functional zone featuring a heavy chemical industrial base and port.

In addition, Shan's bureau is also drawing a geographic information map of the chemicals used in the area, in addition to integrating the Internet, data mining and cloud computing techniques into daily monitoring and emergency command.

A digital risk map surveys 309 enterprises and will be expanded to 379 by the end of this year, according to Shan. ■

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

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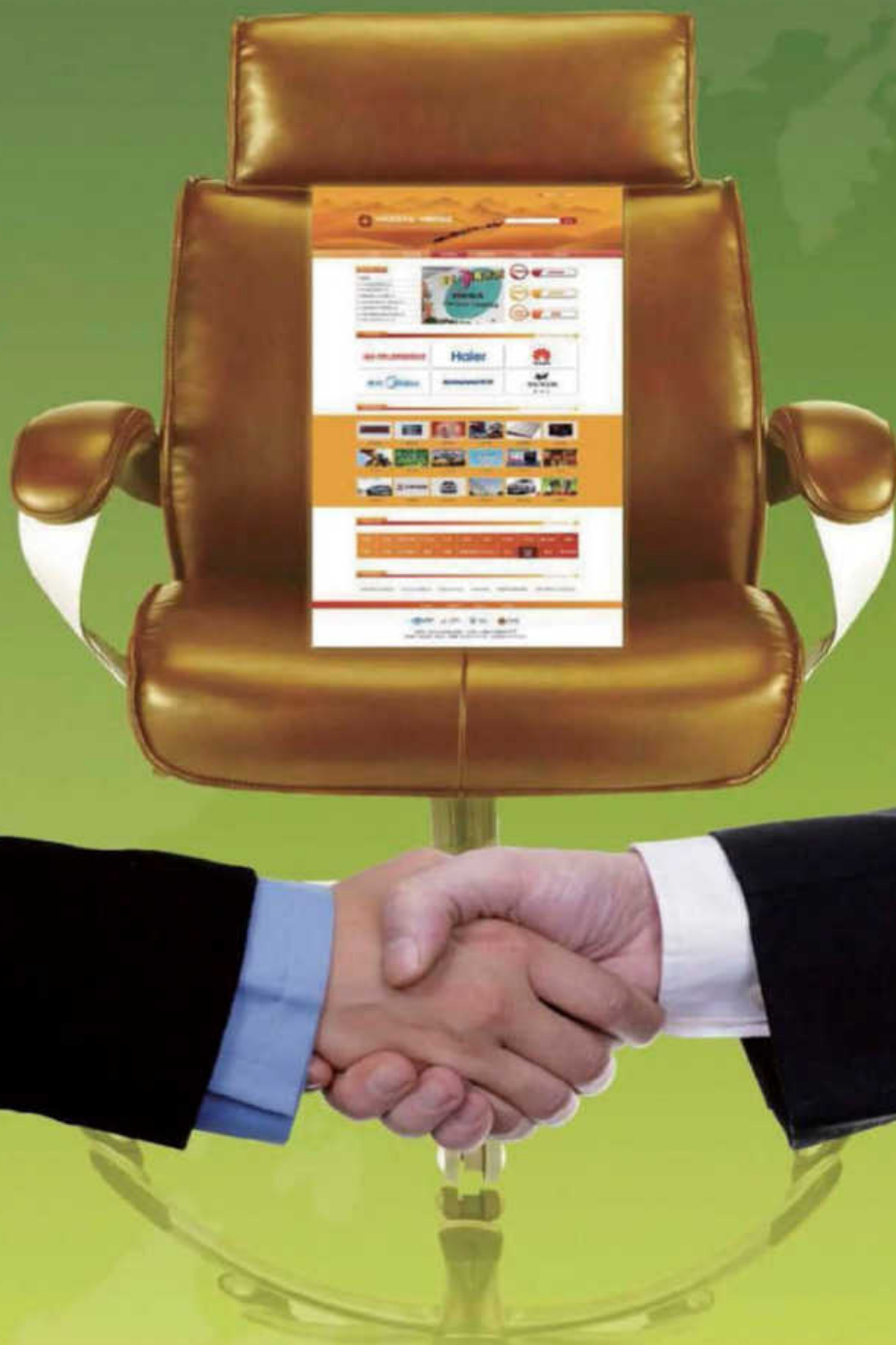


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Cultural Consumption Boom

Chinese people's demand for cultural products is increasing By Tang Yuankai

A love story was sparked when Chen Linxiao and Ning Chengfang first met 36 years ago in the dusty corridors of a Beijing bookstore.

The couple, born in the 1960s, had been searching for the same book throughout the city one day, but found more than what they had bargained for by the end of the day. Chen had just claimed the only copy of the book he was looking for at a store and was about to exit when he was confronted by the then-stranger, Ning. Although she pleaded to buy the book off his hands, Chen Linxiao refused, instead offering to lend it to her.

Thanks to that book, their relationship blossomed, eventually leading to marriage.

"Nowadays, many young people maybe wouldn't understand our feelings toward books at that time," Chen said. "In the early 1980s, books were rare. A significant number of people were hungry for books."

Now, as people's living standard increases, the demand for cultural products has also surged. Cultural consumption can improve people's quality of life and make people happier, claimed Chen.

The couple enjoys reading, watching movies, plays and other forms of creative arts. They have even formed the habit of going to cinema during the Chinese New Year holiday, contributing to the country's astronomical box-office records during that period.

New growth engine

Data from the National Bureau of Statistics shows that from 2011 to 2014, the per-capita average cultural and entertainment consumption of both rural and urban residents had increased by more than 12 percent annually.

In 2014, China's per-capita average GDP exceeded \$7,000, and residents were purchasing more cultural products.

In that year, Chinese residents' average spending per capita increased by 9.6 percent nominally whereas their average consumption per capita on culture and entertainment rose by 16.4 percent, as revealed through a sampling survey conducted by the National Bureau of Statistics on 160,000 residents in 31 provincial level administrative units across the country.

China has experienced four waves of surges in consumption. The first was in necessities, followed by household appliances such as color TVs and refrigerators, then by automobiles and housing, and most recently—cultural commodities. Tourism and education as well as entertainment are included in the scope of cultural products, according to Jin Yuanpu with the Cultural and Creative Industries Studies Center, Renmin University of China. Jin said that cultural consumption will become new growth point for the economy.

In fact, soaring demand for such products has in turn fueled the growth of the culture industry. Over the past 10 plus years, the industry has experienced rapid development and offered consumers diversified products.

Expanding cultural consumption is necessary and feasible, according to Liu Yuzhu, head of the State Administration of Cultural Heritage.

The Central Government has been committed to spurring the growth of such consumption.

Since October 2011, for example, the Central Committee of the Communist Party of China (CPC) listed the culture industry as a pillar industry.

In November 2012 and November 2013, the CPC Central Committee also made decisions to carry out reforms in the cultural market.

In addition, in October 2015, the CPC Central Committee approved a proposal formulating the 13th Five-Year Plan (2016-20)—China's development blueprint for the next five years—which includes the task of "expanding and guiding cultural consumption."

"It can be said that cultural consumption has never received as much attention as it has today," said Qi Yongfeng, a researcher at the Culture Development Institute, Communication University of China. He said that the industry has become an important force behind the current endeavor to push industrial upgrade and economic transformation.

In 2015, the Ministry of Culture and the Ministry of Finance jointly launched pilot programs to spur the industry. Beijing, Hubei Province's capital Wuhan, Anhui Province's capital Hefei and Guizhou Province's Zunyi have been chosen to be pilot zones.

Beijing's Haidian District, for example, plans to foster online to offline big data platforms, namely through the website Whtianxia.com, which gathers information about retailers in the district.

When users log onto the website, they can get information about movies, shows, books, videos, toys, jewelry and other related products. The customers are then able to get a credit card, jointly issued by the website and Bank of China, with which they can then get deep discount and other bonuses for their purchases.

"The Haidian District has a series of unique policy packages to boost spending on culture," said Chen Mingjie, an official in charge of the district's publicity department.

The Internet era

Internet Plus is currently a buzzword in China, referring to the adoption of Internet technology by conventional industries. The culture and entertainment industry is no exception to the changes, stated Chen Shaofeng, Vice Dean of the Institute for Cultural Industries in Peking University.

"The emergence of the Internet has helped people spend more time online, and as a result, the audience of the traditional cultural and entertainment industry is shrinking," said Chen.



Customers read at a bookstore in Tianjin, on January 2

Nonetheless, he also expressed that it has also created a huge opportunity for industrial transformation, through the innovation of business models and channels.

Changes have taken place in the lives of Ning Chengfang and Chen Linxiao as well. Nowadays, they seldom go to bookstores. Instead, they prefer to order books online.

Even so, the couple still have plenty of opportunities to go to physical bookstores. Dangdang.com, for instance, recently announced its plan to open 1,000 brick-and-mortar bookstores across the country throughout the next three years.

"Compared to virtual bookstores, physical bookstores can greatly improve customers' shopping experience," said Yao Dansai, Senior Vice President of Dangdang.com.

The company's plan echoes Chinese Premier Li Keqiang's call for citizens to read more in order to construct a "society of learning" in last year's government work report.

Recently, the CITIC Press Group, a famous publishing group in China, also announced a plan to launch more than 1,000 bookstores nationwide.

Physical books are not as important to Wu Weiwei, Chen and Ning's young neighbor who was born in the 1990s. Growing up in the digital era, he has become accustomed to buying and reading books online.

Although Wu and his wife Sun Hongxi are

both avid readers, few books can be seen in their home. Rather than stacking books on bookshelves, they store their "books" in various devices as well as on the cloud—a network of online storage.

According to data from the Ministry of Culture, China currently has 670 million netizens, among which 290 million or one fifth, are literature lovers. "At least 30 million people have published work online, and 1 million are registered writers," Sun said, adding that she herself was preparing to write her own work.

Online literature associations have also mushroomed across the country, while some famous national literature awards such as the Mao Dun Literature Prize are now open to Internet writers. Literature on the Internet was predicted to generate a market value of more than 7 billion yuan (\$1.08 billion) in 2015, according to *People's Daily*.

In addition, young people such as Wu and Sun spend a significant length of time using mobile Internet.

According to Analysys International, a company dedicated to helping traditional companies improve their online marketing skills, Chinese residents born in the 1990s spend an average of 3.8 hours on mobile Internet, with 56.1 percent of that time dedicated to entertainment—18.7 percent higher than those born in the 1980s. The company predicted that

by 2020, those born in the 1990s will increase their share of total expenditure in entertainment and education by 10 percentage points.

In January, OpenBook, a company that monitors China's book sales released a report on the country's book retail market in 2015. The report demonstrated that the country's mobile reading market had reached 10.8 billion yuan (\$1.66 billion) in value last year, up 22 percent year-on-year. The paper also showed that those born in the 1990s are major players in the market.

Furthermore, book sales through online bookstores also grew rapidly in 2015, up 33.21 percent year-on-year, while total retail book sales went up by 12.8 percent, according to the report.

China currently has 170 million people born in the 1990s. Industry insiders believe that compared with their parents and grandparents, this generation, born in a period featuring rapid economic growth and higher disposable family income, are less inclined to save and more likely to participate in the cultural market. Their influence on the future of the country's cultural development is expected to be significant. ■

Copiedited by Bryan Michael Galvan
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A Movie Holiday

China's domestic films break records By Ji Jing



A poster of *The Mermaid* is displayed at a movie theater in Yichang, central China's Hubei Province, on February 13

China's domestic film market is continuing to smash box office records, breaking new ground during the Spring Festival holiday, which lasted from February 7 to 13. Box office revenues from February 8 to 13 reached 3 billion yuan (\$460 million), the largest amount recorded for that period and a 67-percent year-on-year increase, according to the State Administration of Press, Publication, Radio, Film and Television (SAPPRFT). The Spring Festival has become a moneymaking period for the film industry with more and more families going to the theater to celebrate the holiday.

Three films by Hong Kong directors accounted for about 94 percent of the box office takings: Stephen Chow's comic fantasy *The Mermaid*, Cheang Pou-soi's *The Monkey King 2* and Wong Jing's crime comedy *The Man From Macau 3*. Chinese-American computer-animated comedy *Kung Fu Panda 3*, which hit theaters on January 29, grossed 200 million yuan (\$31 million) over the holiday. *The Monkey King 2*, based on the classic Chinese novel *Journey to the West*, also hit screens in North America, Europe, Australia and other parts of Asia over the Spring Festival.

China's film market as a whole has seen

robust growth in recent years, with its 2015 box office revenue totaling 44 billion yuan (\$6.8 billion), according to SAPPRFT statistics. Domestic films accounted for about 62 percent of the revenue. Among the 81 films that took in more than 100 million yuan (\$15.4 million), 47 were domestically produced. Altogether, 1.26 billion tickets were sold in 2015, a 51-percent year-on-year increase.

In comparison, box office revenues in the United States—the world's largest film market—surpassed \$11 billion in 2015, a 5.8-percent increase, according to Boxoffice Mojo.com, a U.S. website that tracks

movie revenue.

"The Chinese film market is the strongest driving engine for the world film market and has the largest potential for growth in the world," said Yin Hong, a film and television studies professor at Tsinghua University.

He predicted that China will overtake the United States to become the world's largest market in two to three years thanks in large part to the number of cinemas being built in smaller cities across the country. Young people from smaller cities are becoming a new moviegoing force.

But the domestic film market has had help from the government in the form of a quota system for foreign movies, with just 34 foreign films screened in Chinese cinemas each year. The film industry also benefits from a domestic film protection month—June 10 to July 10 every year.

A maturing industry

Still, domestic films have rapidly improved with genres being further developed, including fantasy, comedy, animation and costume dramas. Fantasy films in particular have achieved commercial success with *Monster Hunt* and *Mojin: The Lost Legend* raking in 2.4 billion yuan (\$368 million) and 1.6 billion yuan (\$245 million), respectively.

The increase in the number of fantasy films is indicative of a maturing domestic film market, said Zhang Zhihua, a professor in the School of Art and Communication at Beijing Normal University.

Comedies, such as *Pancake Man*, *Goodbye Mr. Loser* and *Lost in Hong Kong*, scored high in box office takings. Reality show movies—which have evolved from their namesake TV counterparts—have been harshly criticized by renowned comedy director Feng Xiaogang, in spite of their glittering box office results. Feng said the genre is poorly influencing the industry's development and distracting filmmakers from making films on more substantive themes.

The Monkey King: Hero Is Back, which is also based on the classic fantasy novel *Journey to the West*, took in nearly 1 billion yuan (\$153.5 million), marking a breakthrough for domestic animated movies, and bolstering confidence in the genre. Chinese animated films previously

rarely made more than 100 million yuan (\$15.4 million).

Another genre marking new ground is art films, which increased in number and received favorable reviews despite mediocre box office performances. Artistic martial arts film *The Assassin*, directed by Taiwan-based director Hou Hsiao-hsien, was officially selected for the main competition section at the 2015 Cannes Film Festival.

A number of first-time directors made their debut last year, such as Xin Yukun, who directed *Deep in the Heart*, and *Monkey King: Hero Is Back* director Tian Xiaopeng.

The emergence of new directors is not a coincidence, according to Yin. Moviegoers' tastes have evolved as the film market in smaller cities becomes increasingly saturated. "The main consumers of movies, young people who have grown up exposed to the Internet, have also contributed to the growth of new directors," he said.

Adapting popular novels and classics has also attracted larger audiences. Many of last year's most popular films were adaptations, such as *Monkey King: Hero Is Back* and *Monster Hunt*, which is based on *Strange Stories From a Chinese Studio*, written by novelist Pu Songling (1640-1715). *Mojin: The Lost Legend* was adapted from a popular Internet novel *The Adventures of Three Tomb Raiders*, written by Zhang Muye.

Not all that glitters

Box office revenue reached new heights in 2015 but the domestic film market still faces a number of headwinds, including how it generates its revenue.

Hollywood makes the majority of its profit through film products, such as toys and video games, rather than through the box office. Indeed, box office revenue accounts for just 20 percent of Hollywood's revenue. Conversely, it accounts for 90 percent of the Chinese film industry's profit. Chinese film companies have attached importance to developing by-products in recent years, but their products have fallen short of expectations in both creativity and quality.

"The income of one film company in Hollywood may amount to the total of all Chinese film companies added up together.

The overreliance on the box office needs to be changed immediately," said Chen Shaofeng, Deputy Director of the Institute for Cultural Industries at Peking University.

Another dilemma is that films with high acclaim do not necessarily see box office success, while those with lower audience ratings have raked in box office earnings. For example, *Running Man*, based on a reality show, netted \$70 million in earnings, despite being rated 3.4 points on a 10-point scale on Douban.com, China's leading entertainment review website. In contrast, *The Assassin*, which won the best director award at the Cannes International Film Festival and five awards at the 52nd Golden Horse Awards in Taiwan last year, brought in just 58 million yuan (\$8.9 million) on the Chinese mainland.

Younger audiences are largely contributing to this trend. They account for the majority of moviegoers and pay more attention to actors and actresses, rather than a film's content, said Han Yi, General Manager of Beijing Glory Pictures.

Last year saw a surge in integrating the Internet into the industry with various online platforms making it easier and cheaper to buy tickets online. Some tickets went for 10 yuan (\$1.5) or 20 yuan (\$3) through group-purchase websites and other ticket purchase platforms. Around 60 percent of last year's total box office earnings were made online, according to 1905.com, the official website of the movie channel of China Central Television. However, these low-price tickets are unsustainable and experts worry audiences will be unwilling to pay a higher price later on.

A number of Internet companies, such as Alibaba and Tencent, are looking to get in the industry and have set up their own movie companies, such as Tencent Pictures, which was established last September.

While the Internet has provided new avenues for production companies to raise capital, it has also lowered the threshold for entering the industry. Many streaming websites have established their own film productions, which are entertaining but fail to delve into serious themes. ■

Copiedited by Jordyn Dahl
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OPINION

Maintaining Confidence in China's Economy

China's economy has undergone a profound restructuring since 2011, and its double-digit growth speed has gradually slowed down to 7 percent or so. Such a shift in gears has stoked rumors that the country is headed toward a hard landing or even that the world's largest developing economy is about to collapse.

In fact, misunderstandings, doubts and even curses against China's economy have been unceasing ever since the founding of the People's Republic of China in 1949, especially in tough times. Despite that, it has managed to transform from an impoverished agricultural country into the second largest economy in the world. One can easily find that China's strength has yet to be fully unleashed, and that its natural advantages are a source of confidence in the future of China's economy.

First of all, China boasts high-quality labor resources. Most Chinese are hardworking, persevering, diligent and thrifty. These qualities translate into labor resource advantages and development momentum over the course of reform and opening up and industrialization. Chinese don't find working overtime intolerable, take delight in learning and working hard, persevere in finishing their daily work, and take initiative in joining international industrial specialization and cooperation. They tend to save their money for a rainy day, which has resulted in China's capital accumulation far outpacing that of other countries, and has helped propel the rise of the nation's economy.

Though China is entering an aging society with a dwindling labor force figure, the number of people receiving a higher education is on the rise. In 2003, the number of college students in China exceeded that of the United States. In 2015, college graduates reached 7.5 million, almost equaling the population of Israel.

It's predicted that roughly 29 percent of worldwide graduates aged between 25 and 34 will come from China in 2020, according to a

2012 study by the Organization for Economic Cooperation and Development. Furthermore, McKinsey & Co. predicts that by 2030, China will have about 200 million college graduates, exceeding the total labor force number of the United States and making up 30 percent of the world's highly educated population.

Given that, China will not lose its advantage in the labor market, and in fact, its high-caliber workforce is still expanding. As long as the ongoing restructuring follows the right direction, the chances are great for China to maintain mid- and high-speed growth.

Meanwhile, there is huge market potential in China. After three decades of rapid development, 1.3 billion Chinese have gradually risen out of poverty. When China realizes a moderately well-off society by 2020, its market space will expand further, and even a populous country like India won't be able to hold a candle to it. The current sluggish demand in some industries is a result of a mismatch of supply and demand and structural oversupply. Efforts should be made to cope with consumption upgrading and changes in demand.

In addition, China is a country that is curious about novelty. Take the mobile phone and

Internet industries for instance. The substantial consumption of mobile phones and high tolerance of Internet risks led to the rapid development of Internet technologies and products. Considering that, China may take a lead in the fields of mobile Internet, the Internet of Things, e-commerce and new finance. To some extent, achieving success in China will be integral to succeeding in the global market.

Currently, developed countries with industrial capital, such as South Korea and Germany, are actively seeking cooperation with China. When their technologies and products are fully developed to meet China's tremendous demand, industrialization will make further progress, and a crop of great enterprises will be brought up.

Last, but not least, China pursues market-oriented reform in an energetic but prudent manner. Its transformation from a planning system to a market system can't be accomplished in one step. It's a gradual process of adapting and learning. Since it began reforming and opening up in 1978, progress has been made in economic transformation, recognition of reforms and opening up as well as in the application of international rules of business. At the same time, huge potential is still untapped, the imbalanced development of west, central and east regions, as well as rural and urban areas.

Indeed, China's reform now encounters a bumpy and rugged section, and every step forward comes at a price. However, there are also opportunities masked as difficulties. In some sense, the current slowdown will remove obstacles and facilitate substantial progress in the country's further reform and opening up. ■

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This is an edited excerpt of an article written by Liu Guohong, a research fellow at Shenzhen-based China Development Institute, and published in China.org.cn

Copyedited by Jordyn Dahl
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NUMBERS

(\$1=6.6 yuan)

116.8 mln

Number of self-employed jobs created in China by the end of 2015, a 47-percent increase from 2011

9.6 bln yuan

Taxes that Chinese financial institutions can save through treaties signed last year between China and countries along the overland and maritime silk roads

71%

Growth of China's new yuan-denominated lending in January, with the total amount standing at 2.51 trillion yuan

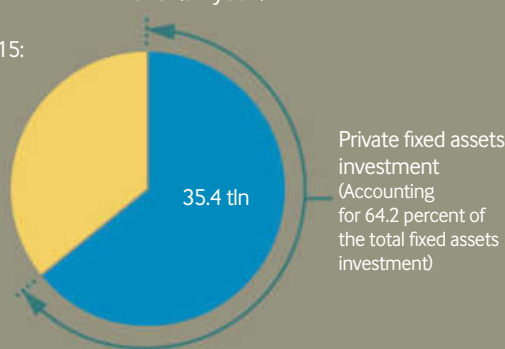
144%

Year-on-year increase of China's new-energy vehicles output in January, which reached 16,100 units

Fixed Assets Investment in China

2015 (tln yuan)

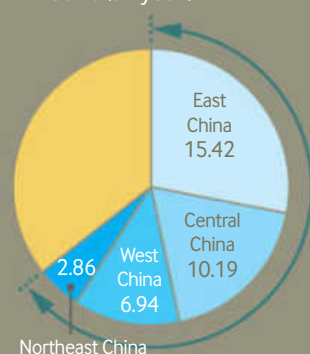
Total fixed assets investment in 2015: **55.16 tln yuan**



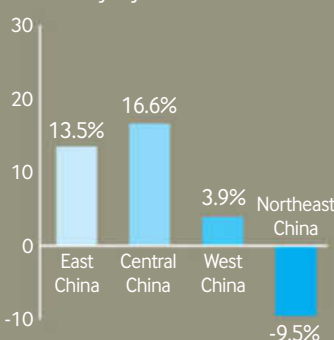
Private Fixed Assets Investment by Region

2015

Amount (tln yuan)



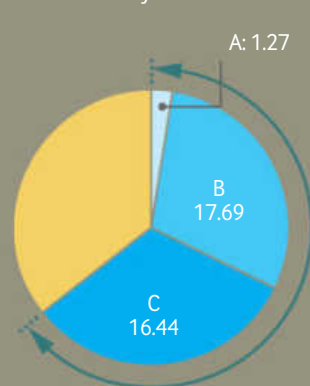
Growth (y.o.y.)



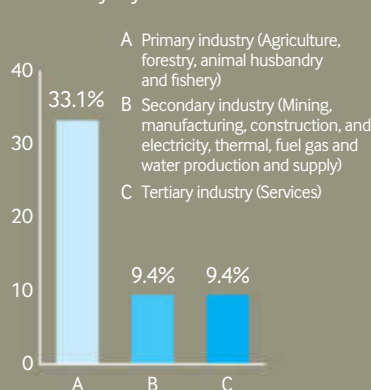
Private Fixed Assets Investment by Industry

2015

Amount (tln yuan)



Growth (y.o.y.)



(Source: National Bureau of Statistics)

2 tln yuan

China's investment in water projects from 2011 to 2015

18.2%

Annual growth of China's trade with countries along the 21st-Century Maritime Silk Road over the past decade

44%

Annual growth of Chinese companies' direct investment in countries along the 21st-Century Maritime Silk Road over the past decade

13.1 tln yuan

Amount of China's outstanding loans for individual home buyers in 2015, a year-on-year increase of 23.9 percent



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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A visitor takes a selfie at a Lunar New Year celebration in Manhattan on February 8



Spring Festival In New York

The Chinese Lunar New Year provides an opportunity to celebrate cultural diversity **By Corrie Dosh**



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

Fireworks, fine arts and a day off school welcomed the Lunar New Year in New York City this year, as thousands of local children participated in an educational day at the Javits Center to learn about the Year of the Monkey.

"Fantastic Art China" was the headline

event for the citywide festival on February 6-10, organized by institutions such as the U.S.-China Cultural Institute, Committee of 100, and New York Philharmonic. The 72,000-square-foot exhibition at the city's convention center was presented by the China Central Academy of Fine Arts (CAFA) to showcase new and exciting contemporary artists from China such as Pan Gongkai, Su Xinping, Jiang Jie and Duan Haikang. Opening the art show was a performance by iSING!—a student opera group led by opera superstar Haojiang Tian.

"We are delighted to partner with so many important New York cultural institutions to celebrate the 2016 Lunar New Year and Year of the Monkey. We hope that the Lunar New Year is

not only a Chinese holiday, but also a global one. We hope the events of this five-day festival will provide a view of the future direction of modern Chinese arts, culture, and conservation," said Yu Ding, Director of the CAFA Institute of Arts Administration and Education and Chief Curator of Fantastic Art China.

Highlights presented at the show included Pan's *Melt*—a 72-foot-long video installation focused on the relationship between Chinese and Western art. Jiang's *March Forward! March Forward!* featured 1,000 dance shoes sculpted into a large cone to portray the hidden emotions and memories of youth. At the entrance to the exhibition towered Duan's *Golden Monkey Celebrating Spring*, a 3,000-pound steel

Chinese conductor Yu Long at the New York Philharmonic's Lunar New Year concert at the Lincoln Center on February 9



Consul General Zhang Qiyue (center, back row) of the Chinese Consulate General in New York and Eric Adams, President of Brooklyn Borough (left, back row), pose with kids at a cultural activity to celebrate the Spring Festival at the Brooklyn Public Library on February 1



monkey riding a magical cloud. *Birds, Insects, and Turtles* entertained visitors through an interactive ancient scroll that included two digital apps to learn more of the natural behaviors and voices of the birds and insects presented.

In addition to presenting works from established artists, Fantastic Art China featured works by art students from around the country focused on issues of common interests, conflict and dialogue.

Public school holiday

For the first time, more than 1.1 million students at New York public schools received a day off to celebrate the Lunar New Year—the largest school district in the country to close for the holiday. About one sixth of New York City public schoolchildren are of Asian descent, according to the Associated Press.

A public school holiday for the Lunar New Year, which fell on February 8 this year, is “long overdue,” said Debbie Wiengraf, 36, of Brooklyn, told *Beijing Review*.

“I don’t know much about Chinese New Year but I’m glad to see the kids have the day off and a chance to celebrate it,” Wiengraf said. “It’s an opportunity for my kids to learn about a different culture.”

To celebrate the inaugural public school holiday, a special New York City Lunar New Year Students Day was held featuring an opening ceremony, live acts and monkey dances

taught by the National Dance Institute. The Nature Conservancy presented education on the endangered golden monkey of China and environmental protection.

“The celebration of the Chinese Lunar New Year is no longer a purely Chinese event but an occasion that celebrates the diverse cultures that make up our communities today,” said Shirley Young, Chair of the U.S.-China Cultural Institute.

Additional events to celebrate the Year of the Monkey included a fireworks spectacle over the Hudson River accompanied by a soundtrack by Oscar and Grammy award-winning composer Tan Dun. Coordinating the fireworks display was an Empire State Building light show that saw the shadow of a monkey atop New York’s iconic skyscraper.

Classic grandeur

The New York Philharmonic on February 9 rang in the Lunar New Year with the premiere concert of *Nu Shu—The Secret Songs of Women* symphony for 13 “micro films” by composer Tan. The composer blended his signature compositions with an exploration into 700 years of native language and calligraphy used by women from a village in his native Hunan Province.

The haunting and drifting songs presented in Tan’s micro films were offered without subtitles or texts, giving the audience an emotional feeling of loneliness and loss—a nod to the

ethereal and fading beauty of a history becoming lost to time.

“The slow disappearance of the *Nu Shu* tradition and culture has troubled me for many years,” Tan told *The Washington Post*. “I wanted to do the field research, anthro-musicological studies, collect the songs of *Nu Shu* and eventually compose a new symphonic concerto piece for the world and for my home village, to continue the tradition and to create a future from the past.”

Other works presented had a more festive tone. Li Huanzhi’s *Spring Festival Overture* opened the evening with a celebration of Chinese folk music, and *The Butterfly Lovers* by Chen Gang and He Zhanhao translates traditional Chinese music into Western orchestration. Violinist Maxim Vengerov imitated the sounds of a traditional *erhu* with “silky glissandos, and evoked the extravagant vocal swoops of Chinese opera with graceful portamentos,” *The New York Times* reported.

It was the philharmonic’s fifth year of celebrating the Lunar New Year with pieces by Chinese composers. The orchestra also offered a free outdoor event before the concert featuring the Nai-Ni Chen Dance Co. and public school students from the National Dance Institute performing Chinese folk dances. ■

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



Running Into Success

China's burgeoning marathon events fuel a lucrative sports industry By Hou Weili

For sports agent Tao Shaoming, December 20, 2015 was just another busy though profitable day. At the Fuzhou International Marathon held in southeast China's Fujian Province that day, his Ethiopian and Kenyan runners swept the awards in both the men and women's events, setting another record for the agency he had established three years ago.

"There are more and more marathons in China. My schedule this year is extremely tight as [my agency's] runners will participate in at least 30 races," he told *ChinAfrica*, a monthly

magazine published by *Beijing Review*.

Tao's tight schedule mirrors the explosive growth of marathons in China. Statistics from the Chinese Athletic Association (CAA) showed that while only 22 marathons were held in 2011, the number jumped to 51 in 2014. Last year, the CAA registered 123 marathons, with more than 2 million people participating, including both professional runners and amateurs. It is predicted that the number of marathons will exceed 200 this year and 500 in 2020. Tao estimated that the actual figures will be even

higher as many more races are held besides those registered with the CAA.

Behind the marathon explosion is the public's and professional athletes' rising passion for the sport. Businesses have also sensed lucrative prospects and are casting their nets wide to capture some of this niche market.

Eyes on the prize

Tao quit his job as the coach of China's National Marathon Team in 2012 and devoted his time to training and managing African professional runners, entering them in races around the world, especially in China. Currently, his agency has offices in Kenya, Ethiopia and Uganda, and boasts more than 200 African athletes.

"These countries, full of talented runners, are like gold mines," Tao said. In African countries like Kenya, agents organizing athletes to run marathons have a history of more than 30 years. But the business was dominated by European and American agents. Compared to them, Tao, though a late entrant, has the advantage through his experience as a professional coach and his knowledge of the Chinese market.

"Our runners mainly focus on commercial marathon races, which attract top participants

with juicy championship bonuses and appearance fees," Tao said. "It is a kind of job for them. A long-distance runner can support an entire family."

Long-distance races like the Fuzhou marathon attract not only professional athletes but also thousands of amateurs. Wang Fengguan, a graduate from Beijing's Beihang University, developed a passion for running in 2010. It has helped him slim down from 75 kg to 60 kg.

"But more importantly, running keeps me mentally positive," Wang said. Like Wang, more Chinese are joining the running army.

Hefty returns

Businesses have found opportunities in the growth of marathons and the large volume of participants. Running generates a long industrial chain, straightaway boosting sportswear and equipment sales.

According to Er Ding, General Manager of the Clothing Department of Tmall.com, China's largest business-to-consumer marketplace, sportswear sales have grown very fast during recent years. "In 2015, running shoes sales accounted for 49 percent of all sport footwear sales on our platform," she said.

Next along the lucrative chain comes the commercial development of races by businesses. "That includes naming rights, sponsorships, advertisements, promotions and broadcast rights," said Tan Jianxiang, a professor at

the School of Physical Education and Sports Science at South China Normal University in Guangzhou, Guangdong Province.

The Hong Kong-listed Wisdom Sports Group, the first Chinese sports events and media operator, is a leading player in organizing running events. Operating marathons has generated good revenues for the Beijing-based company. Its 2014 mid-year financial report showed gross profit from marathons and dragon boat races increased 67 times—from 700,000 yuan (\$106,000) to 44.52 million yuan (\$6.75 million)—from June 2013 to June 2014.

The 2015 report said that revenue from sports events, including marathons, reached 106 million yuan (\$16.1 million), a year-on-year increase of 49.9 percent.

"Sponsoring marathons is rewarding for businesses," Tan said. In the eyes of businesses, the value of sports events lies in their influence. "Marathons are no doubt good events with widespread influence," Tan added.

Starz International Sports, former Chinese NBA star Yao Ming's sports marketing company, moved into the running events market in 2014. The company proposed to boost the sector by holding 40 running events and attracting more than 2 million participants in the next three years.

The market has many segments. "Advising how to organize events is also one of our services as we have experience after setting up

so many athletes to run in international major events," Tao said. His agency also provides services such as sports travel and training for runners. "The surging number of amateur runners presents great opportunities. If it's a big event with massive participation, a running tourism group will contribute considerable revenue to local transportation and hospitality sectors," he said.

This explains why more Chinese cities are eager to hold marathons. Apart from boosting local tourism, Tan said that they help boost a city's international recognition. "Marathons in London and Tokyo have become the cities' name cards, attracting top athletes and large audiences." Zhang Sijie, head of brand operations at the Xiamen International Marathon, told the media that the event in 2014 brought tourism revenue of 9 billion yuan (\$1.4 billion) to the city.

Expertise needed

Running events like marathons and related commercial developments are gaining support from the government. Du Zhaocai, Director of the Athletics Administrative Center of the General Administration of Sport of China (GASC), announced early in 2015 that the CAA would scrap lengthy procedures required to obtain administrative approval to host marathons and encourage every sector to jointly push forward the development of further events.

The State Council, China's cabinet, has also highlighted the role of the sports industry in its future strategic development, positioning it as a green and emerging industry. It pledged to support the sector and bring in revenue totaling 5 trillion yuan (\$758 billion) by 2025.

However, despite the huge potential, it is still a fledgling sector. According to Zhang Yongliang, Director of the Marathon Office of the Athletics Administrative Center of the GASC, the United States, which has the world's largest sports industry, held 983 full marathons in 2014. In comparison, China only had 51 marathons the same year. "Despite the rapid development in the past two years, there is still a huge gap for it to be a mature industry," Zhang Yongliang said. However, the industry is picking up tempo. "In the next five years, the market value of businesses related to running will reach 30 billion yuan (\$4.5 billion)," he predicted. ■



Kenyan Too Lazarus wins the men's event of the Shenyang International Marathon in Liaoning Province in 2:12:04 on September 27, 2015

Copied by Sudeshna Sarkar
Comments to yanwei@bjreview.com

Cutting Off Scalpers

A video showing an enraged young woman who failed to get a registration ticket for her paralyzed mother after lining up for a whole day at a hospital in Beijing has gone viral online. In the video, the woman furiously railed at the security guards of the hospital for turning a blind eye to scalpers who had snatched up a ticket she needed, and were asking for 4,500 yuan (\$684.9) for it. Had she been able to buy the ticket herself, it would have cost 300 yuan (\$45.7).

In China, patients are required to buy a ticket in order to see a doctor, the price of which depends on the service required. Tickets to see senior doctors at renowned hospitals are particularly difficult to get.

The video went viral on January 25 and has since aroused intense attention and sympathy from netizens. The hospital in question published a notice the next day, saying that it had arranged an appointment with an expert for the woman's mother after she had called the police. The notice stated that there was no evidence indicating that the hospital's security guards had been in cahoots with the scalpers.

Beijing police announced on January 28 that it had arrested seven ticket scalpers at the hospital. The Beijing Municipal Public Security Bureau promised to work closely with the health department to launch a crackdown on the illicit activity in order to facilitate access to medical treatment.

Possible solutions

Editorial (*The Beijing News*): A shortage of quality medical services and their uneven distribution between different regions have contributed to the issue of rampant ticket scalping at hospitals. According to statistics from the National Health and Family Planning Commission, 80 percent of medical services in China are provided in big cities. First-tier cities such as Beijing and Guangzhou have become the country's main medical centers.

Since the shortage of medical services cannot be solved immediately, medical reform should be stepped up in order to root

out the problem.

In some foreign countries, premium hospitals and doctors are also in short supply. It's therefore common for patients to wait for weeks or months to see a doctor. Nevertheless, they are plagued by fewer scalpers. One important reason is that in many countries, hospitals observe a strict hierarchical order. Patients with minor ailments are treated at small hospitals, while those with major diseases are allowed to register at a larger hospital through the recommendation of a lower-level medical institution.

Although China has been trying to introduce such a system for years, the result has been unsatisfactory. Even patients with minor illnesses are allowed to register at large hospitals.

In addition, the health department has encouraged public hospital doctors to work at private medical institutions in a bid to alleviate the strain in supply. However, should they choose to work part-time at other hospitals, their promotion and salary prospects at their hospital of origin might be affected.

Furthermore, the prevalence of scalpers is partly due to the loose management of hospitals. Take, for example, the incident in question. If patients and journalists can spot the scalpers, why can't the hospital staff do the same? That is presumably because security guards, hospital workers and the scalpers had collaborated with each other. If hospitals as well as the public security department can work together to crack down on the lawbreakers, they will have nowhere to hide.

Zhang Tianwei (*Beijing Youth Daily*): Ticket scalpers are able to inflate prices because registration tickets, especially those for expert doctors, are hard to get. The distribution of such tickets has always been problematic. In reality, hospital registration tickets are bought by those willing to pay scalpers, people who have connections with the hospital, those who spend time lining up for a ticket, and individuals who are proficient at using online reservation platforms.

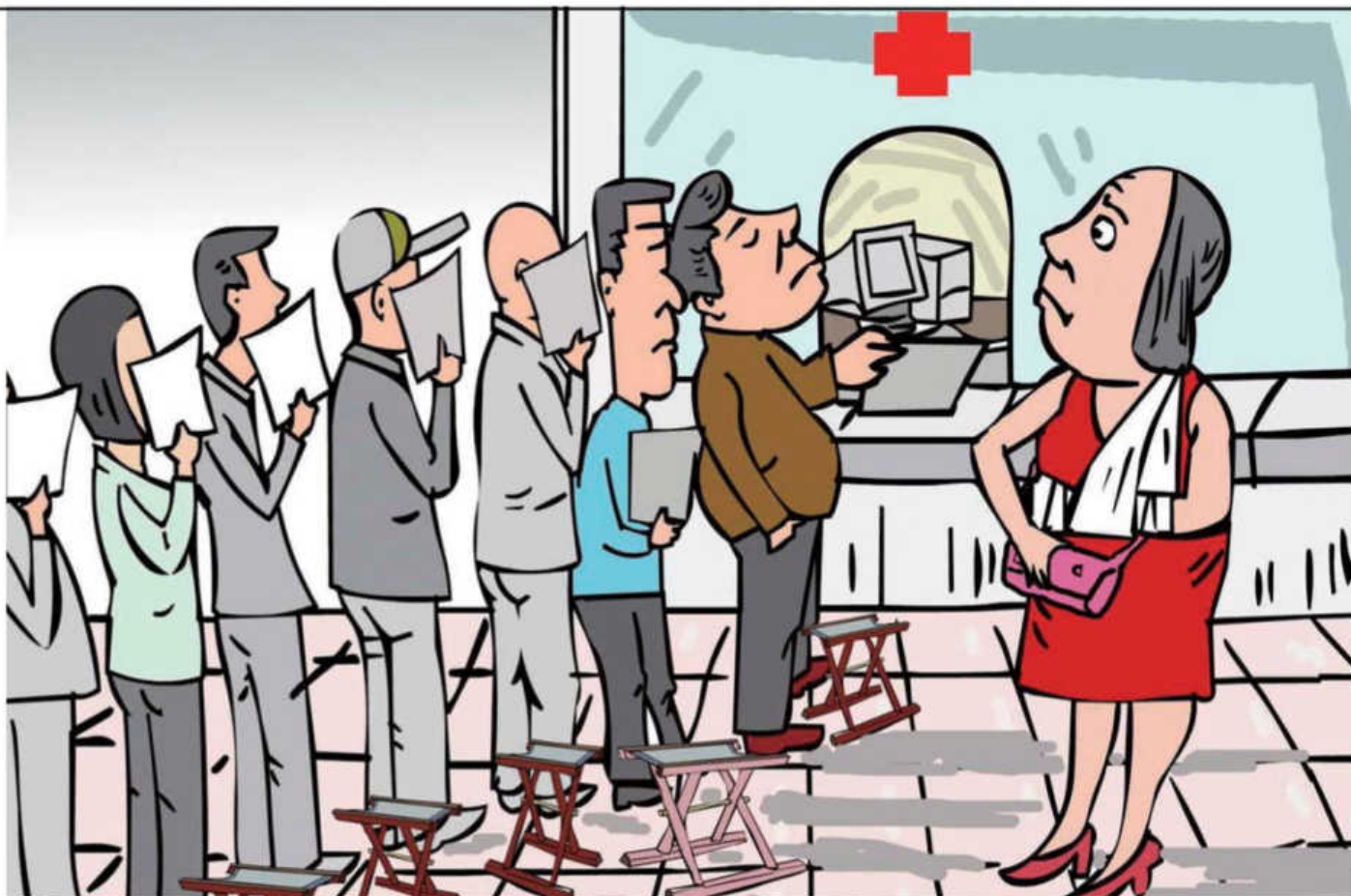
Nevertheless, medical resources are spe-

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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cial commodities. If only those who can afford high prices are able to access them, most low-income groups will be deprived of premium medical services. What is hard to swallow is that inequality is the real motive behind the unfair distribution of medical services.

Therefore, increasing the amount of services should be an adequate solution to the problem. When it is no longer difficult to obtain an appointment with an expert, and patients don't need to line up throughout the night for a ticket, scalpers will have lost their means to make money. However, it will take a long time for this to be realized. The most practical solution would be to divert affluent patients away from public hospitals by creating additional private medical institutions. In the meantime, medical services at public ones should be increased by enabling low-price treatment to lower-income earners.

Strict supervision

Wu Weiqiang (Hangzhou Daily): Currently, a real-name registration system is used to receive a doctor's appointment at hospitals. Therefore, the patient who meets the doctor should be the same as the one who registered for the number. If the process were controlled as strictly as it should, there would have been no scalping

problem to begin with.

The prevalence of scalpers indicates that there are loopholes in the process. Workers at the registration office as well as doctors can provide the leeway needed to bend the rules.

I don't want to dwell upon the shortage of medical services or their imbalanced distribution. The fact that a profession designed to treat illnesses and save lives has been turned into a money-making business has shocked me. In addition, allowing topnotch experts to work part-time at private hospitals has contributed to the growing scarcity of registration tickets for experts in public hospitals.

In addition to making the registration process more transparent and fairer as well as punishing wrongdoers in accordance with the law, hospitals should also uphold a clear conscience and follow moral decency.

Qin Chuan (People's Daily): The problem of rampant ticket scalping in hospitals deserves attention and needs to be solved urgently.

Why are scalpers so competent at getting a registration with ease? Although there are some who buy their ticket by getting up early to queue up in front of the registration office, there are still those who connive with hospital staff to get tickets. If those workers' nefarious activities are left unpunished, the scalpers will

never disappear.

The hospital's management should intervene and work with relevant government departments to crack down on such malpractices in order to create a fair environment for patients.

Ticket scalpers have seriously harmed the healthy development of hospitals. They are able to make high profits while only being subject to light punishment. Although ticket scalping meets the conditions of illegal business operations in the Criminal Law and should be punished accordingly, in many places, the scalpers only pay fines or are detained for several days when caught. As a result, a number of people are willing to take the risks to achieve fat profits. The problem can hardly be removed without dealing out harsher punishments.

For patients who are already shouldering expensive medical fees, having to deal with scalpers just adds to their burden.

Everyone should think about how to solve this dilemma and enable easier access to medical treatment for citizens. Otherwise, the strained relationship between doctors and patients will never be alleviated. ■

Copiedited by Bryan Michael Galvan

Wheels of Life

By Aaron Vessup

I would have arrived here much later if I had not taken my bike. Rush-hour traffic is usually terrible at this time of day."

The Chinese man speaking was 72 years old. His trim, fit figure immediately suggested the value of having two wheels for manual transportation, as well as good health, as opposed to four-wheeled gasoline guzzlers that reflect status. While automobiles only sometimes ensure speed, they definitely contribute to the damage to the ozone layer and the rapidly diminishing clean air supply. However, anyway you look at it, wheels are vital to our existence.

In Beijing and elsewhere, thousands of pedestrians move about their daily lives pedaling furiously in and out of stalled traffic jams. In New York, my cousin worries about digging out her car wheels deep in the snow. Choosing the bicycle option could be a wise move in this increasingly environmentally conscious period.

The ever faithful corner bicycle repairmen stationed throughout the city, through rain or shine, make many hearts warmer in times of need—a bent tire rim, a broken spoke, faulty hand-brakes lines, and, of course, the airless, punctured tire itself. All of these and more need attention and reliable care. Not a problem in Beijing—it is not important how old or new your transportation habits may be, only your energy and desire to reach point B from point A.

Wheeled transportation was a wonderful invention in ancient times. However, even in today's era of drone air strikes, flat screens, and digital messages, transport via wheeled vehicles will undoubtedly remain part of our culture for a very long time.

Even our language reflects how dependent and useful the simple wheel has become: wheelhouse = highest area of confidence; wheelbarrel = single-wheeled equipment for carrying heavy loads; and meals on wheels = a program for food delivery to the elderly or shut-ins. Most of us are familiar with these pithy sayings: "The squeaky wheel that gets the grease" or "spinning your wheels"—which means one is going nowhere due to inertia or lack of creative imaginations.

Socially speaking, potential romantic



A woman returns her rented bike at a rental station in Beijing on February 17

couples detest the mere presence of a "third wheel," a chaperone or witness to every word said or physical movements made between the couple. Of course, if you need a highly reliable and safe chauffeur or driver, your preference is to obtain the best "wheelman" available.

Even our luxury automobiles depend on reliable rubber wheels, although most, if not all, are steel-belted these days. I remember that winterized cars in the West were most efficient when they rolled on "studded tires" in deep snow and ice. These were tires with metal, nail-like studs spaced around the rubber tire. The tires may have come from famous brands: Michelin, Firestone, Dunlop, BFGoodrich, or some other competitor. Today, regardless of which company makes your trustworthy rolling gear, be sure your life goes forward and not backward because of this critical technology.

Two memorable wheel sights can be witnessed on visits to Lhasa and other parts of China: prayer wheels and real spinning wheels. One can experience the former as a heavy, well-worn, ornate brass cylinder moving in a horizontal twirl when touched by faithful hands in deep solemn moments.

Several columns of these silent, gentle-moving religious icons reflect a mysterious grace. The latter wooden tool has a more immediate practical use. In some quarters, homes and shops house spinning wheels that have spindles hold raw natural twine soon becoming thick yarn for clothes-making. A viewer might still be amazed how the ancient technology of a wooden wheel spinning actually produces yarn for the making of clothing materials.

The concept of the wheel is a constant reminder of a key source of modernity and progress. Finding a faithful repairman for bicycles and automotive tires is like finding water in a hot parched desert, or a lucky gold mine after years of prospecting. Most of us still love our bicycles even if for only sentimental reasons. And after all has been said and done, in this age of modernity, none of us really want to add extra poundage to lug up steep stair steps. Having a fleshy "tire" around our mid-drift is not the most attractive thing to see in an age of progress. ■

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