

WORLD: CHINA'S TOP-LEVEL DIPLOMACY P.16 | BUSINESS: BAIDU'S NEW VENTURE P.36

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FERTILIZING CHINA'S PROSPECTS

Central economic work conference
defines five main tasks



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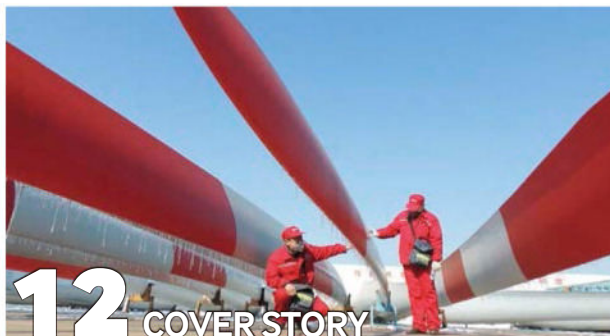
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China gears up to handle the world's responsibilities



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EDITOR'S DESK

An Economic Agenda For China

China's economic growth will remain stable in 2016 and shouldn't experience severe fluctuations. That is perhaps the most important message released by the recent Central Economic Work Conference, a widely watched meeting of senior officials from December 18-21, 2015.

2016 represents the first year of the 13th Five-Year Plan (2016-20), a crucial year for the restructuring of the Chinese economy. At the same time, economists will continue to mull over how to get used to the "new normal" of slower growth. Against this backdrop, the conference, which aimed to chart the course for China's economic development this year, has sent out three messages.

First, maintaining stable growth will be the main target of the Chinese Government on the economic front, since slowed growth rates last year spurred wide concerns. Some Western analysts even predicted the collapse of the Chinese economy, the world's second largest. Under such circumstances, the Chinese Government should prioritize stability by using two methods, the first of which should be through reforms. The conference stressed that the government will take steps to increase demand and promote supply-side structural reforms. It will step up the reforms of state-owned enterprises as well as financial and taxation systems in order to improve the efficiency and quality of economic growth.

The next step to stabilize the economy

will be done by adopting secure macroeconomic policies and flexible microeconomic ones. Such policies will help stimulate enterprises and consumers. This will reduce the impact of the reforms on economic growth while boosting the economy, thereby realizing the goal of stable growth.

The second message released by the conference is that the Chinese Government will focus on tackling the prominent problems of its economic development in 2016. Unwinding overcapacity, destocking, deleveraging, lowering operation costs and increasing effective supply are high on its agenda.

The third message is that China's opening up will be widened. China needs to open up even more as its economy becomes increasingly intertwined with the world economy. It will accelerate negotiations on free trade agreements (FTAs) and investment agreements in 2016 while participating in global economic governance more actively. The China-South Korea FTA and the China-Australia FTA serve as viable examples.

In addition, the unfolding of the Belt and Road Initiative and financing support from the Asian Infrastructure Investment Bank and the Silk Road Fund will further promote development across borders.

Hopes are high that the Chinese Government will speed up economic restructuring while simultaneously maintaining stable growth and realizing healthy and sustainable economic development. ■

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UNIVERSAL POWER ACCESS

Technicians work on a power transmission line at a village in Yushu, northwest China's Qinghai Province, to bring electricity to the last group of 39,800 people in the country without power.

Since late December 2015, people living in remote areas on the Qinghai-Tibet Plateau have been able to light their homes with electricity. The State Grid Qinghai Electric Power Co. spent 2.1 billion yuan (\$324 million) on the project and more than 5,000 workers were involved.





White World

Artists work on a snow sculpture, which is the highest in the world, at Sun Island in Harbin, Heilongjiang Province, on December 24, 2015.

The 51-meter-high exhibit was created for the 28th Sun Island International Snow Sculpture Art Expo, which kicked off on January 5, 2016.

Smoking Condition

The secondhand smoke exposure has dropped in China despite an increase of 15 million smokers in the past five years, said a report released by the Chinese Center for Disease Control and Prevention on December 28, 2015.

The report is based on a survey of 15,095 people aged 15 years and above in urban and rural areas. It showed that compared with 2010, the secondhand smoking exposure rate fell from 34.6 percent to 17.2 percent in primary and middle schools and from 54.9 percent to 38.1 percent in government buildings. It also dropped in workplaces, restaurants, public transport vehicles and medical institutions.

The Chinese smoking population, though, has increased to 316 million, or 27.7 percent of the total

targeted population. The smoking rate was 52.1 percent for males and 2.7 percent for females.

Each smoker consumes an average of 15.2 cigarettes per day, or an increase of one cigarette compared to five years ago, according to the report. Despite the rise of tobacco prices, the purchasing power of urban and rural residents has also grown.

Poverty Reduction

China aims to lift over 10 million rural people out of poverty this year, so as to make a good start for the next five years, according to a poverty relief meeting on December 24, 2015.

The work in 2016 would integrate the central and local efforts to tackle poverty more accurately, said Liu Yongfu, director

of the State Council Leading Group Office of Poverty Alleviation and Development.

China has lifted around 100 million rural people out of poverty since 2010, leaving 60 million more to help by the end of 2020, when it has vowed to lift everyone out of poverty.

New Jobs

China has created more than 64 million new jobs for urban residents since 2011, topping the government's target of 45 million for the five-year period, said Yin Weimin, Minister of Human Resources and Social Security, on December 28, 2015.

Yin said at a meeting that the number of new jobs created annually has topped 12 million for five years in a row. From 2011 till now, the registered urban unemployment rate stood at about 4.1 percent.

In 2015, China aimed to create at least 10 million new jobs and keep its registered urban unemployment rate below 4.5 percent. The country created 10.66 million new jobs in the first three quarters and the unemployment rate was 4.05 percent at the end of September, data showed.

Education Support

The government has raised basic financial support for primary and junior middle schools catering to disabled students to 6,000 yuan (\$924) per child every year up from 4,000 yuan (\$615), according to the Ministry of Education.

The move underlines China's commitment to no-cost primary and middle school education for at least 90 percent of children with visual, hearing and learning disabilities by the end of 2016, up from 71.9 percent in 2012.

As part of a 2014 plan on special needs education, the government promised more investment, infrastructure, quality teachers and new curricula.

Meanwhile, general primary schools in east China will receive 650 yuan (\$100) annually for every student they have and junior high schools will get 850 yuan (\$131).

Based on these standards, which took effect on January 1, 2016, more than 11 billion yuan (\$1.7 billion) has been allocated from the central budget to ensure the smooth operation of primary and junior middle schools in urban areas for the 2016 spring semester, the ministry added.

Middle-Class Profile

An average middle class resident in Beijing earns 256,016 yuan (\$39,478) per year, the highest among Chinese cities, according to a research report released by the Chinese Academy of Social Sciences (CASS).

The report features the profiles of middle-class residents across three of the country's most developed cities—Beijing, Shanghai and Guangzhou in Guangdong Province.

According to the paper, an aver-

age middle class citizen in Shanghai earns 219,770 yuan (\$33,889) annually meanwhile they earn 170,037 yuan (\$26,220) in Guangzhou.

The average annual income of the middle class in the three cities is approximately 200,000 yuan (\$30,800), 3.5 times the average of the lower strata.

According to the criteria, 55 percent of the population in Beijing is middle class, in Shanghai it is 51 percent, and in Guangzhou it is 42.5 percent.

An average middle-class resident reads 12 books per year, and 62 percent buy food in supermarkets compared to 37.6 percent of the less wealthy group choosing to do so, the majority of whom apparently prefer cheaper street markets.

The research also compared people's awareness of their social status today with five years ago. It found that 48.8 percent of interviewees in Beijing and 61 percent in Shanghai identify as middle class now, as compared to 30 percent in Beijing and 48 percent in Shanghai half a decade ago.

Muslim Magazine

Northwest China's Xinjiang Uygur Autonomous Region published a bimonthly magazine for its 13 million Muslims on December 22, 2015.

Xinjiang Muslims, launched by the Xinjiang Regional Islamic Association and Xinjiang Islamic Institute, covers policy, law and scrip-

ture explanation, Islamic doctrines, mosques and fortune stories.

The magazine is published in the three major languages of the region—Uygur, Mandarin and Kazak. The circulation is currently 80,000, including 60,000 issues in Uygur, 10,000 in Mandarin and 10,000 in Kazak.

A website for the magazine, Xjmuslim.com, was also launched on the same day.

Public Say

An official circular on reforming China's art and literature awards said that appraisals from ordinary people will be an important parameter.

The circular, made public on December 28, 2015 by the general offices of the Communist Party of China Central Committee and the State Council, said that appraisals from the general public, artists and literati should be integrated with commercial indicators such as audience ratings, box office and circulation.

It added that public popularity and whether the art and literature works feature ordinary people's lives will be important indicators to be factored in during evaluations. Artists or writers with notorious records or reputations will be barred from competing for awards.

The Ministry of Culture in April 2015 vowed to streamline the chaotic art and literature awards, blaming too many redundant awards ceremonies and appraisals for having



Larger Palace

Visitors attend an exhibition of Asian Buddhist artworks at the Southern Branch of Palace Museum in Chiayi, Taiwan, on December 28, 2015 when the long-awaited facility was inaugurated.

The project, with an area of about 68 hectares, is made up of a museum building, a green park and a lake. Its design and construction took about 11 years to complete.

caused irregularities and power-for-money deals.

Tibet Insurance

Urban residents in Tibet Autonomous Region are now covered by serious illness insurance, according to the local government.

Residents with medical insurance records will be covered by the new policies, and the local government will cover the premiums, said Ma Quanping, head of the Insurance Regulatory Bureau of Tibet, on December 26, 2015.

The regional government paid more than 10 million yuan (\$1.54 million) to insure 294,000 people in 2015. The insurance would cover 70 to 90 percent of medical bills that exceed 5,000 yuan (\$770) and is designed to alleviate the financial burden that accompanies serious illnesses like cancer, heart attacks or strokes, according to Ma.

The insurance is managed by the Tibetan branch of the People's Insurance Co. of China. In April 2015, Tibet adopted the policy to promote the development of its budding insurance sector.

Safety Accident

Rescuers work on the site of a deadly landslide in Shenzhen, Guangdong Province, on December 21, 2015.

The landslide happened at an industrial park on the previous day, and was confirmed by an investigation team from the State Council as a work safety accident rather than a geological disaster.

By December 29, 2015, the death toll was confirmed at seven people, with 75 still unaccounted for.



AIIB Established

The China-initiated Asian Infrastructure Investment Bank (AIIB), a complement to the existing international financial system, was formally established in Beijing on December 25, 2015 and is expected to start its operations this year.

The establishment of the AIIB marks a milestone in the reform of the global economic governance system, according to Lou Jiwei, China's Minister of Finance.

The AIIB will become operational after its board of directors and executive council meet for the first time. The meetings are slated to run from January 16 to 18 in Beijing, according to Lou. The bank's president

will then be officially appointed and the management team will be in place at the meetings.

The bank, headquartered in Beijing, now has 57 members.

China, India and Russia are AIIB's three largest shareholders, taking a 30.34-percent, 8.52-percent, 6.66-percent stake, respectively. China's voting share is calculated at 26.06 percent, India's is 7.5 percent and Russia's is 5.92 percent.

The bank will always be open to new membership, Jin Liqun, the bank's president-designate, told Xinhua News Agency.

Vice Finance Minister Shi Yaobin told Xinhua that China's stake and voting share may become diluted after more members join the bank.

With an authorized capital of \$100 billion, the AIIB will initially prioritize investment in energy, power generation, transportation, rural infrastructure, environmental protection and logistics. It is expected to offer loans to the first batch of projects by mid-2016.

IPO Reform

The highly anticipated reform of the initial public offering (IPO) system, which will be launched in March at the earliest according to the latest legal changes, is set to usher in a new era for China's stock market.

On December 27, 2015, the Standing Committee of the National People's Congress, the country's

top legislature, authorized the State Council to adjust rules based on the securities law to allow the stock listing system to be changed from approval-based to registration-based.

The changes will take effect on March 1, 2016 and expire in two years' time, which means the reform measures will have to be finished by March 1, 2018.

The reform makes way for a fundamental switch in the regulatory method, and is not a simple delegation of power, the China Securities Regulatory Commission (CSRC), the top securities regulator, said in a recent statement.

Under the current system, the issuing of new shares is subject to approval by the CSRC, which controls both the timing and pricing. The registration-based system will give the market a bigger say and help ease the difficulty of financing businesses.

Financing Platform

A new over-the-counter board was launched in Shanghai on December 28, 2015 for startups. The hi-tech channel will help new companies raise funds as part of a nationwide campaign to encourage entrepreneurship and innovation.

The Shanghai Equity Exchange, the city's over-the-counter board operator, said that it approved the launch on November 20, 2015. Since then, more than 50 enterprises have applied to get listed on what has also come to be known as the "technology and innovation" board.

Analysts said that the launch is part of the country's efforts to build a multiple-layer capital market, which will aid the growth of small and medium-sized firms, and increase investment channels.

Yuan Clearing in UAE

The United Arab Emirates (UAE) has signed an agreement with China to set up a clearing hub for the Chinese yuan (renminbi), UAE media



TCM Receives FDA Approval

A staff member works on the assembly line of Lianhua Qingwen Capsule, a Chinese medicine for treating the flu, at Shijiazhuang Yiling Pharmaceutical Co. Ltd. in north China's Hebei Province.

On December 24, 2015, the company announced that its wholly-owned subsidiary in the United States has received approval from the Food and Drug Administration to conduct its second-phase clinical research on the capsule, making it the world's first compound traditional Chinese medicine to win such regulatory approval.



Bringing Business Home

Jin Zujun, a rural resident in Feixi County, east China's Anhui Province, creates a guitar. Jin, once working at a guitar-making company in south China's Guangdong Province, has brought the techniques he learned back to his hometown and opened up a workshop there, producing 5,000 guitars each year.

reported on December 27, 2015.

The UAE clearing hub for the Chinese currency, which will satisfy growing needs among UAE-based firms and banks alike, will be the second in the Middle East following its counterpart set up in Qatar in April 2015.

According to report, the UAE's central bank said that the agreement was signed during a visit to China by Abu Dhabi's Crown Prince Sheikh Mohamed bin Zayed Al-Nahyan in December 2015.

No specific date was given for when the hub will be open for trading. The UAE—a major oil supplier—and China also renewed a 35-billion-yuan (\$5.42-billion) currency swap deal during the visit.

The UAE was also included in the Renminbi Qualified Foreign Institutional Investor scheme, gaining a quota of 55 billion yuan (\$8.53 billion).

Now, more than 4,000 Chinese firms run branches in the UAE,

including the four largest Chinese commercial banks. Over 300,000 Chinese citizens reside in the Gulf state.

Duty-Free Shopping

Hainan, China's southernmost province, will raise the upper limit of its offshore shopping that is eligible for duty exemption, its Party chief said on December 28, 2015. This is the latest move to boost spending on the resort island.

Hainan allows non-locals to make duty-free purchases twice a year before taking flights to leave the island, each instance capped at 8,000 yuan (\$1,232). That amount is expected to double, said Luo Baoming, Secretary of the Hainan Provincial Committee of the Communist Party of China.

The island province will also promote online duty-free shopping while allowing those who leave the island by train to enjoy duty exemptions, Luo said.

The Central Government gave Hainan permission to run a trial duty-free program in April 2011. Hainan has two duty-free shops, with one in the provincial capital of Haikou and the other, the world's largest of that kind, in the resort city of Sanya.

P2P Regulation

Chinese authorities released a draft of new rules on December 28, 2015, which tightens the regulation of peer-to-peer (P2P) lending. The draft rules have been posted to solicit public feedback until January 27, 2016.

P2P lending, or lending done without a traditional financial intermediary such as a bank, has grown quickly in China in the past few years, as investors seek higher returns than bank deposits have to offer while small businesses find it easier to secure funds through P2P platforms.

The new rules will impose 12 restrictions on P2P platforms,

prohibiting them from engaging in activities such as taking in savings deposits, pooling investors' money to fund their own projects, or providing any kind of guarantees for lenders.

P2P platforms should leave investors' money in the custody of banking institutions, according to the new rules.

A total of 2,612 P2P platforms were in normal operation across the country as of the end of November 2015, brokering over 400 billion yuan (\$61.6 billion) of loans in total. In addition, there were 1,000 non-performing P2P platforms, accounting for 30 percent of all P2P platforms.

P2P platforms typically offer yield rates above 10 percent for investors, while China's benchmark interest rate for one-year bank deposits currently stands at a mere 1.5 percent.

After the rules take effect, P2P platforms will have a grace period of 18 months to rectify their business in accordance with the new rules.



Made in Yiwu

A technician prepares an automobile engine to roll off the production line at Geely Group's plant in Yiwu, east China's Zhejiang Province, on December 28, 2015. It is the first automobile engine made in Yiwu, famous for being a consumer commodities shopping paradise.



MIDDLE EAST

Police inspect a crime scene outside of the Jaffa Gate in Jerusalem after two Palestinians stabbed two Israelis, leaving one dead on December 23, 2015. One of the two attackers was killed by Israeli forces



THE UNITED STATES

A crowd gathers in Times Square on December 28, 2015, to shred last year's bad memories, which is an annual Good Riddance Day event in New York City



SOUTH KOREA

South Korean Foreign Minister Yun Byung Se (right) and his Japanese counterpart Fumio Kishida speak at a press meeting in Seoul on December 28, 2015 after the two countries reached a final, irreversible agreement on Japan's wartime sex slavery of Korean women



NEPAL

An elephant participates in a beauty pageant which is part of the 12th Elephant Festival held in Nepal on December 27, 2015



FRANCE

An armed soldier guards the front of the Basilica of the Sacred Heart of Paris, a famous city landmark, on December 24, 2015



THAILAND

People show colorful umbrellas at a cultural festival held in Bangkok on December 24, 2015, celebrating the establishment of the Association of Southeast Asian Nations Community

↓ FRENCH JOURNALIST EXPELLED

Ursula Gauthier, a Beijing-based correspondent for the French news magazine *L'Obs* since 2009, had the renewal of her press credentials refused by the Chinese Foreign Ministry for declining to apologize for a report on terrorism in northwest China's Xinjiang Uygur Autonomous Region. That means that she would have to leave the country by December 31, 2015.

In her article published on November 18, less than a week after the Paris terror attacks that claimed more than 130 lives, Gauthier questioned China's "ulterior motives" in expressing solidarity with France after the attacks. In the article, Gauthier described a bloody terror attack in Xinjiang as a revolt against "ruthless government oppression."

Chinese Foreign Ministry spokesperson Lu Kang said on December 28, 2015 that Gauthier's article "overtly advocates for acts of terrorism and killings of innocent civilians, and caused public outrage among the Chinese people."

Since Gauthier chose not to apologize for her wrong words, it is no longer appropriate for her to continue working in China, said Lu.

China ensures the legal rights of foreign media organizations and journalists covering China stories, but will never tolerate those speaking for terrorism, Lu added.



Making Cities More Habitable

Beijing Times
December 24, 2015

China plans to transform urban development patterns and improve its city management system to make the cities better places to live in, according to a statement released after the Central Urban Work Conference held in Beijing from December 20-21, 2015. The last time China held such a meeting was in 1978, when urban population accounted for only 18 percent of its total population. Now more than half of Chinese people live in urban areas.

Habitable cities should be the central goal of

China's urban planning, and urban development should be focused on creating environments where people can live in harmony with each other and nature. Most Chinese cities are getting larger in both area and population, bringing about many opportunities for citizens and significant social and economic changes. At the same time, urban ailments such as traffic jams, air and water pollution and expensive housing, are on the rise. The urban lifestyle has become inconvenient to its residents.

To address these problems, the Central Urban Work Conference detailed China's urban planning vision. To build adequate cities, habitability will be the top priority in city development and management. Also, the size of a city shall not exceed the available resources or the environmental capacity of the area. City management will be improved to meet needs of residents, including rural migrant workers.

New Growth Engine For the SCO

Oriental Outlook
December 24, 2015

The 14th prime ministers' meeting of the Shanghai Cooperation Organization (SCO) was held in the central Chinese city of Zhengzhou on December 14-15, 2015. Production capacity cooperation has become a heated topic for SCO members, since cooperation between China and Kazakhstan has proven fruitful with a number of projects already—or about to be—launched in fields such as steel, glass and cement.

The SCO, first founded as the "Shanghai Five" in 1996, now consists of six member states—China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. It aims to promote peace, cooperation and development. But due to economic, environmental and development gaps between its members, the SCO has not fully played its role in boosting regional economic and trade cooperation.

The Silk Road Economic Belt Initiative, proposed by Chinese President Xi Jinping in 2013, is offering new opportunities. Notably, unbalanced development—which has long been a bottleneck for the SCO—has now become the foundation for regional cooperation.

"While home-based care needs to be improved, the government should also step up community services."

Wang Naikun, Executive Vice President of the China Disabled Persons' Federation, on December 25, 2015

"An all-out effort is urgently needed to advance the public health campaign against smoking."

Wang Yu, head of the Chinese Center for Disease Control and Prevention, in response to a survey that found that 27 percent of adults smoked in 2015, the same as in 2010



Production capacity cooperation between China and other SCO members is promising because China can help these countries revamp their modernization and urbanization efforts with its manufacturing prowess. China is willing to provide them with mature technology, equipment and contracting services.

In fact, China has launched large-scale intergovernmental production capacity cooperation with 17 countries. Production capacity cooperation, as a new model of collaboration, is gaining recognition across the international community.

An Evolving Family Planning Policy

Changjiang Daily
December 28, 2015

Chinese lawmakers adopted an amended family planning law on December 27, 2015 to allow all couples to have two children, two months after the Communist Party of China Central Committee proposed a universal two-child policy. The new law took effect on January 1.

China introduced the family planning policy in the 1970s to curb the population explosion at the time. It was made a basic national policy in 1982, and restricted most urban couples to only one child. The policy effectively helped control China's population and reduce the pressure on resources and the environment. In recent years, however, problems relating to aging and the lack of human resources have emerged. There have been growing calls for the adjustment of the policy.

Beginning in 2002, couples across the country—who are themselves only children—were given permission to have two children. Restrictions were further loosened at the end of 2013 by allowing parents to have a second baby if at least one of them has no siblings. Every adjustment was made in order to keep pace with changes in society at the time, reflecting the flexibility of China's policymaking.

It is worth noting that the concept of a one-child family has taken root in the minds of younger generations. They may now be reluctant to raise two children due to the rising cost of child rearing. To promote the two-child policy, the government should provide better public services in terms of education, healthcare, employment and social security.



TELECOM CHAIRMAN UNDER PROBE

Chang Xiaobing, Chairman of China Telecom, is being investigated for suspected "severe disciplinary violations"—often a reference to corruption-related crimes—as announced on December 27, 2015 by the Central Commission for Discipline Inspection of the Communist Party of China. He is the highest-ranking official from the telecom sector to date to be investigated under the anti-graft campaign.



Chang took the helm of the state-owned company last August after heading China Unicom, the country's second largest carrier, for 11 years.

It is reported that the investigation of Chang may be related to his tenure at China Unicom, where he led the company to develop third-generation communication networks.

In November last year, two senior executives from China Unicom were investigated for suspected violations of laws and regulations.

"Structural reform, especially cutting overcapacity, will inevitably affect the employment status and income of some people, but that's a step we have to take."

Yang Weimin, Deputy Director of the Office of the Central Leading Group on Finance and Economic Affairs, on December 26, 2015

"This new law sees us make some progress, but in a slow way. Sexual violence has not yet been written into the law, which is a blind spot."

Liu Bohong, a senior researcher with the Women's Studies Institute of China, in response to the approval of the nation's first law against domestic violence by Chinese policymakers on December 27, 2015

COVER STORY

TUNING THE TURBINES OF

Chinese policymakers pledge to bolster the supply side By Deng Yaqing



GROWTH

Quality inspectors check wind turbines at the Lianyungang Zhongfu Lianzhong Composites Group Co. Ltd. factory on November 26, 2015. Based in east China's Jiangsu Province, the company is the world's third largest and Asia's No.1 wind turbine manufacturer

In an effort to stabilize economic growth, the Chinese top leadership has set out a resolute plan for its 2016 course of actions. A strong commitment has been made to reform the supply side of the economy.

At present, the main theme of China's economic development is discovering, adapting to, and guiding the "new normal" situation, a conclusion reached at the annual Central Economic Work Conference held from December 18 to 21, 2015. While the Chinese economy has yet to tap into the full potential that its populace and businesses have to offer, a large number of obstacles have emerged.

In the first three quarters of 2015, the country's economic growth hovered around 6.9 percent. According to a statement released by the Central Government in November 2015, China's economy should maintain medium-to-high growth during the next five years, with a bottom line average annual increase of 6.5 percent. That implies that 2015's slowed growth rate is in line with—and even exceeds—the outlined national economic and social development during the 13th Five-Year Plan period (2016-20).

Therefore, the utmost priority should be given to stabilize growth, with supply-side structural reform becoming a major approach toward achieving that goal, according to the conference.

What does supply-side structural reform actually entail, and how will it bolster the Chinese economy? Strategically, the economy should continue growing at a proper pace and with adequate momentum while simultaneously ensuring stability. Tactically, the efforts undertaken by the government need to be divided in five ways: cutting excessive industrial capacity, lowering financing cost for companies, destocking housing inventories, financial de-leveraging and improving weak links to increase effective supply.

Li Zuojun, Deputy Director of the Institute for Energy and Environmental Research under the Development Research Center of the State Council, believes that the five tasks are inherently interlinked to each other. In 2016, the government will continue to pursue the strategy of innovation-driven development, and at the same time, integrate the removal of outdated production capacities with the promotion of entrepreneurship.

He noted that China's economy may continue to slow down during 2016, so the ultimate purpose of the reform is to foster new

economic growth engines.

"Investment, consumption and export, which were valued as the 'three growth engines' of the past, are all demand-side economic drivers. However, something has gone wrong with the supply side in recent years," said Xie Taifeng, a professor in finance from the Capital University of Economics and Business.

On one hand, the issue of overcapacity is severe; on the other hand, domestic demand for high-quality products with high added value can't be met. "Therefore, [China's huge] consumer demand turned to the overseas market to satisfy their needs," said Xie.

In terms of opening up to the outside world, continued efforts need to be made in transforming China's foreign trade developments, shifting the focus from quantity to quality.

By carrying out the supply-side reform, weakening overseas demand for China's exports should be reversed. Excellent products could be supplied to lure in overseas consumers, so that the country's export industry can be restructured and optimized.

Slashing overcapacity

Overcapacity is not a rare problem after experiencing a period of high-speed growth, but its potential negative effects are tremendous and too dangerous to ignore.

From January to November 2015, the producer price index (PPI) experienced a decrease of 5.2 percent year on year, with the PPI in November slumping by 5.9 percent, according to figures from the National Bureau of Statistics (NBS).

"The PPI has undergone negative growth for 45 consecutive months—that is due to severe overcapacity," said Pan Jiancheng, Deputy Director of the China Economic Monitoring and Analysis Center under the NBS.

"Excessive production capacity often leads to an imbalance between the market's supply and demand, leading to a continuous decline of product prices. As a result of that, industrial profits and competitiveness will plummet, and the efficiency and innovation capabilities of excellent enterprises will be undermined," said Liu Yuanchun, Executive Director of the National Academy of Development and Strategy at the Renmin University of China.

Enterprises are an important pillar for economic development. Since their sales ►►

performance can't be improved immediately during a slowdown, lowering costs is the main method used to boost their profitability, according to Liu.

Though these enterprises are harassed by low efficiency and high liability, banks may continue handing out financial support to them, fearing bankruptcy, which has a negative effect for those companies with high efficiency and low debt, said Liu.

What's worse, in order to reduce the cost per unit of the products and to sustain operation levels, some enterprises have kept expanding their production capacity, which makes the situation deteriorate even more, according to Liu.

Yet, eliminating overcapacity is a tough battle. On one hand, enterprises with excessive capacity often struggle with mounting debts, and related debtor and creditor relationships may become further complicated. These debt chains may severely hinder the merging and reorganization of enterprises and trigger a chain reaction if

not properly handled, claimed Cui Minxuan, Deputy Director of the Institute of Industrial Economics under the Chinese Academy of Social Sciences (CASS).

On the other hand, these companies are often engaged in labor-intensive industries and employ a large workforce. Over the process of cutting overcapacity and "zombie enterprises," large quantities of workers may face job losses and transfers, which may have an impact on social stability, stated Cui. Local economies and fiscal revenues may also bear downward pressures, Cui said.

"Not all the enterprises with excessive production capacity have to be completely eliminated, because the dissatisfactory performance of some enterprises is a result of inefficient corporate systems, organization and management. Merging and reorganization can lift quality and efficiency as well as attract new demand," said Wei Fengchun, General Manager of the Macro Strategy Department of Boseru Funds.

Wei believed that the measures being

taken to eliminate overcapacity would go on smoothly with certain social policies being put in place. While respecting the market's role of allocating resources, the government will try their utmost to defuse risks and re-employ workers.

Reducing housing inventories

At the end of November 2015, commercial houses for sale in China stood at 696 million square meters, an increase of 10 million square meters from the end of October, according to statistics from the NBS. While the stockpile of unsold homes continues to rise, houses currently under construction totaled 14.06 million square meters from January to November. That is to say, new houses are still flooding into the market.

According to a report on China's housing development from 2015 to 2016 released by the CASS, by the end of 2015, China's commercial housing inventories had been expected to reach 3.996 billion square me-

Five Major Tasks for 2016



Cutting excessive industrial capacity



Destocking housing inventories



Lowering financing costs for companies



Decreasing financial leverage



Improving weak links to increase effective supply

Ten Requirements for Key Areas



To promote economic development, more attention should be paid to improve developmental quality and efficiency.



To stabilize economic growth, more attention should be given to carry out supply-side reform.



To practice macro-control, more attention should be paid to guide market behavior and socio-psychological expectations.



To adjust industrial structures, more attention should be paid to the simultaneous promotion of fostering emerging industries, eliminating backward industrial capacity, boosting innovative development, streamlining administration and delegating power to the lower levels.



To push forward urbanization, the principle of putting people first should be better respected.



To stoke regional development, more attention should be paid to the balance between population, resources and the environment.



To protect the ecological environment, more should be done to promote green production modes and consumption patterns.



To improve people's livelihoods, more attention should be paid to help parts of the population with special needs.



To optimize resources allocation, more importance should be attached to the decisive role of the market.



To open up more to the outside world, more should be done to promote high-level mutual opening up.

(Compiled by Beijing Review, designed by Pamela Tobey)

ters. Of which, 426 million square meters are complete apartments, meaning that it will take approximately 23 months to sell out that housing inventory figure. In addition, 3.57 billion square meters are forward delivery houses which will require about 4.5 years to be digested in the housing market.

"It's essential to find potential consumers, and for the time being, the urbanization of migrant workers is a major source," said Li Tie, head of the China Center for Urban Development of the National Development and Reform Commission. Li believes that giving permanent residence permit to migrant workers will drive a new round of consumption and infrastructure construction.

If only the identity of migrant workers as urban residents could be confirmed by reforming the household registration system, the migrants would be able to move their consumer behavior from rural to urban areas, he said.

At the supply end, the scale of new real estate projects should be contained, and the number of unfinished buildings should be reduced through the merging and reorganization of housing developers, said Ni Pengfei, Director of the Center for City and Competitiveness of the CASS.

On the demand side, the simultaneous development of the purchase and rental markets was recommended to expand public rental housing to the population without local household registration. Besides that, to develop the house renting and leasing market, individual and institutional investors will be motivated to purchase commercial houses and become landlords or property suppliers, and the increase of professional companies specializing in house renting and leasing will be encouraged.

"Reducing the housing stockpile requires continual effort. During the process, government policies should be in accordance with the market, which should play a decisive role. Institutional thresholds should be broken up by reform," said Li Tie, suggesting that urbanization is a vital engine for consumption.

"More importantly, the government should stop seeking profits from both land transfers and real estate development, and recognize the role of the market," he said. ■

Reinforcing the Reform of Key Sectors



State-owned enterprise reform

The reorganization and establishment of capital investment and operation companies should be accelerated to reform monopoly industries.



Fiscal and taxation system reform

Endeavors need to be made to quicken the solution of key issues, such as distinguishing the duties and responsibilities of central and local governments, improving the local taxation system and local development capabilities as well as reducing enterprises' burdens.



Financial system reform

Rapid progress should be made in establishing a stock market featuring complete financing functions, solid fundamental policies, effective market supervision and full protection of investors' legitimate rights and interests. That is in addition to the working out of a reform scheme of the financial supervision system, advancing the reform of the banking system, deepening the reform of state-owned commercial banks and accelerating the development of green finance.



Pension insurance system reform

The government should keep perfecting personal accounts while pursuing actuarial balance and improving the level of coordination.



Medical and health system reform

While ensuring basic levels of medical treatment, efforts should be made to establish new systems and mechanisms to alleviate the difficulty and reduce the high costs of accessing medical services.

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Five Major Policy Supports

1 Stable macro policy

Proactive fiscal policy should be reinforced, with tax cut policy being put in place and financial deficit being gradually raised; prudent monetary policy should be flexible and moderate to create a propitious financial and monetary environment for structural reform and to perfect the exchange rate formation mechanism.

2 Accurate industrial policy

Efforts should be made to push forward agricultural modernization, accelerate the process of growing into a manufacturing power, speed up the development of the service industry, and improve the infrastructure network. Efforts should also be made to stick to innovation as a driving force, activate stock, tackle industrial weaknesses, speed up green development and develop the real economy.

3 Flexible micro policy

The government should create a loose market operation and investment environment for institutional and policy terms, remove market barriers and break up regional protectionism, and enlarge consumption demand by innovating supply and improving supply quality.

4 Pragmatic reform policy

The government should manage reform pilots well and allow regions to undergo economic exploration in different ways. Continued progress should be made in carrying on reforms, with measures being taken to tackle tough issues.

5 Reliable social policy

Social insurance should ensure social stability, guarantee people's basic living standards and public services.

(Compiled by Beijing Review)

Chinese Diplomacy: 2015 in Retrospect

China is ready to play a larger role on the global stage **By An Gang**



The author is an op-ed contributor to *Beijing Review* and a researcher at the Pangao Institution

After Chinese President Xi Jinping left South Africa on December 6, he had set foot on 14 countries, and attended nine international conferences during eight official visits in 2015. Premier Li Keqiang had visited 10 countries during 2015 when he witnessed the signing of numerous trade contracts between the Chinese and host countries.

The top Chinese leaders' frequency of foreign trips underscored China's efforts to broaden its role in international organizations and help lead among developing nations.

Strategic achievements were made through such diplomatic efforts—the launch of the China-Pakistan Economic Corridor, the cooperation on the construction of the Silk Road Economic Belt and the Eurasian Economic Union, and the conjunction of China's 21st-Century Maritime Silk Road and Viet Nam's Two Corridors and One Economic Circle plans—which in turn lay solid ground for the implementation of the Belt and Road Initiative.

Starting in Asia and ending in Africa, developing countries were a main focus of President Xi's travels, and China is committed to ensuring the fruits of development are widespread. That has led to a series of financial pledges on behalf of the Chinese Government, which in turn provide important opportunities for China to expand its diplomatic efforts and growing international role.

When speaking on the occasion of the 70th

anniversary of the establishment of the United Nations (UN) in late September, Xi announced the establishment of an assistance fund with an initial pledge of \$2 billion to aid developing countries in implementing the global sustainable development agenda after 2015.

"China will continue to increase investment in the least developed countries, aiming to increase its total to \$12 billion by 2030," Xi said. "China will exempt the debt of outstanding intergovernmental interest-free loans due by the end of 2015 owed by the relevant least developed countries, landlocked developing

countries and small island developing countries," he added.

China also promised to: establish a 10-year, \$1 billion peace and development fund to support the UN's work; join the new UN peacekeeping standby mechanism and build a peacekeeping force of 8,000; and provide the African Union \$100 million in military assistance for peacekeeping missions in the next five years.

During his state visit to the United States, Xi made headlines when he announced the establishment of the China South-South



Chinese President Xi Jinping (fifth right) and his wife Peng Liyuan (sixth right) are present at the ceremony commemorating the 70th anniversary of Russia's Great Patriotic War in Moscow on May 9, 2015

Climate Cooperation Fund, with an initial investment of 20 billion yuan (\$3.1 billion). The south-south paradigm aims for programs to be initiated by developing countries themselves, as opposed to through the traditional north-south aid model.

In addition, China will provide a \$60 billion financial aid package for African countries which includes grants, preferential and concessional loans, a China-Africa industrial cooperation fund and debt relief, Xi said at the summit of the Forum on China-Africa Cooperation in South Africa in December.

Global governance

Behind those numbers lies China's resolution to actively contribute to the rebalancing of the world economy and take on more responsibility in global governance.

At a joint press conference at the White House in September, President Obama argued that China can no longer be seen as a "very poor, developing country, as it might have been 50 years ago. It is now a powerhouse. And that means it's got responsibilities and expectations."

Perhaps in response, Xi stated at a seminar on global governance of the CPC Central

Committee Political Bureau in October 2015 that, "We should not only consider our own priorities, but also think about the development needs of the world at large."

In 2015, China made remarkable progress in this arena. First, the China-initiated Asian Infrastructure Investment Bank (AIIB) was formally established with 57 founding members. The United States and Japan tried to boycott the establishment of the AIIB, but the international community demonstrated that it values the prominent market and investment opportunities in China and want to become active partners. Second, the Chinese yuan was included into the IMF's Special Drawing Rights basket, becoming the fifth global reserve currency after the U.S. dollar, Japanese yen, British pound sterling and the euro. On December 18, the U.S. Congress approved the long-delayed reforms to increase the representation of emerging market economies in the IMF, in which China's vote will increase to 6 percent—becoming the third largest shareholder.

China now tops the list in terms of trade, foreign direct investment, manufacturing, and foreign exchange reserves. As such, it is impossible to imagine such a country not

enjoying a higher position in the international system. China's role in global governance structures and decision-making, ranging from the Group of 20 (G20) to the Asia-Pacific Economic Cooperation Economic Leaders' Meeting, is increasing. The country has also advocated for an inclusive world economy and stable growth by pushing forward the Free Trade Area of the Asia-Pacific (FTAAP) process.

Yet China is quick to calm doubts about its intentions, as President Xi did in a speech in Seattle, Washington on September 22. "China is ready to work with other countries to build a new type of international relations," he said. "China has been a participant, builder and contributor. We stand firmly for the international order and system that is based on the purposes and principles of the UN Charter."

"A great number of countries, especially developing countries, want to see a more just and equitable international system, but it doesn't mean they want to unravel the entire system or start all over again," he continued. "Rather, what they want is to reform and improve the system to keep up with the times."

Analysts tended to accept Xi's arguments in good faith. "Xi's intention is to seize the moral ►►



Chinese Premier Li Keqiang (center) visits the French Airbus headquarters in Toulouse during his state visit to France on July 2, 2015

↓ Countries Visited in 2015 by President Xi Jinping and Premier Li Keqiang



(Compiled by Beijing Review, designed by Pamela Tobey)

high ground and make China accepted as a responsible player in global affairs,” Steve Tsang, head of the School of Contemporary Chinese Studies at Nottingham University in Britain, told the *CS Monitor*.

Finally, an important milestone happened just as 2015 was coming to a close that showcased the best-case scenario for global cooperation: the ability of world leaders to secure an ambitious, binding climate change deal in Paris. Like the United States, France and Germany, China’s leadership was critical to ensuring a successful outcome.

Bilateral engagement

Big-country relationships have always been essential to China’s diplomacy. Chinese diplomats carried out this strategy in 2015 by attaching equal importance to both the West and the East, and by advancing its ties with Russia, the United States and Europe.

Xi has visited Russia five times and met with Russian President Putin 14 times since 2013. The two leaders decided to expand and deepen their practical cooperation with a strategic and broad vision in mind, which will not only contribute to their own prosperity but also Eurasia’s development and stability.

China’s policy toward Russia is to build up a strategic partnership rather than an alliance. As part of this partnership, China’s cooperation with Russia on leading the Shanghai Cooperation Organization (SCO) provides a solid foundation to the common security and development of the Central Asia region. In mid-December, under the Chairmanship of Premier Li, the 14th Prime Ministers’ Meeting raised SCO’s pragmatic cooperation to a new level.

When Xi made his first state visit to the United States in September, the two countries reached a number of agreements. This trip was important in that it was built upon Xi and

Obama’s previous two meetings—one in the picturesque Sunnyslands retreat in California in 2013 and the other at the Zhongnanhai leadership compound in central Beijing in 2014.

Last year, Europe was the highlight of China’s top leaders’ diplomatic schedule. Both President Xi and Premier Li were warmly welcomed during their respective state visits to European countries such as the United Kingdom and France. Leaders of European countries had also helped lifted bilateral ties during their visit to Beijing. These meetings, plus the support of many European countries of the establishment of the AIIB, signaled that China-Europe relations are entering a “golden era” driven by utilitarianism and idealism.

Remaining hurdles

I would be remiss without also acknowledging the challenges—and setbacks—in China’s diplomatic relations over 2015.

The first is the China-Japan relationship. It is practically at a standstill due to the dispute over the Diaoyu Islands and their citizens' largely negative attitude toward each other. However, the two sides showed restraint in their high-level exchanges between Xi and Japanese Prime Minister Shinzo Abe during the Asian-African Conference in Jakarta in April and in Paris in November.

On November 1, Premier Li attended a tripartite meeting in Seoul with President Park Geun Hye of the Republic of Korea (ROK) and Abe, restarting the China-Japan-ROK free trade area negotiation after a three-year hiatus. This was important in pushing forward regional co-operation, though the China-Japan relationship itself needs to be improved.

Second is the South China Sea issue. China's speed of construction on the islands and reefs has triggered strong responses from some ASEAN countries and the United States. Meanwhile, though China never recognized its legitimacy, an arbitration award was ruled in favor of the Philippines on matters relating to the South China Sea. The Chinese Government is challenged by the question of how to stabilize the situation and prevent disputes from damaging the relations between China and its neighboring countries—in addition to the United States.

Third is the China-U.S. trust gap. The complicated dynamics of the relationship are the most challenging for China to manage effectively. It is impossible to thoroughly eliminate long-standing disagreements on issues regarding the South China Sea, cybersecurity, and human rights. Xi and Obama have promised to constructively address the divergences and sensitive problems, but with the clock to the 2016 U.S. presidential election counting down, the bilateral relationship is full of variables.

China also needs to draw a clear distinction between traditional and non-traditional security threats, and coordinate strategic and diplomatic resources accordingly. As the second largest economy with a wide distribution of interests, it is hard for China to stay out of international disputes, for example, one between the United States and Russia.

Therefore China's strategic diplomacy and decision-making mechanisms need to be crystalized, so that when difficult events happen—like when four Chinese citizens were killed by international terrorists—China is in a position to act. The same goes for hard choices around the Ukrainian crisis.

Finally, China's lack of experience in how to best play an active, positive role in global governance structure while simultaneously trying to

reform them are omnipresent. China played a small role in global governance in the 20th century, and is only now transitioning into a vocal stakeholder.

The Belt and Road Initiative and the AIIB are making enormous progress in helping to lay out clear ways that China can lead in regional integration and infrastructure needs, and China is gaining a bigger say in some international mechanisms like the IMF. Still, Chinese leaders must remain diligent in their efforts to balance Chinese interests of non-intervention and take on additional global governance responsibilities.

Meanwhile, China should remember its commitment to guarding against ultranationalism when making policies. The 2016 G20 summit will be held in Hangzhou in east China's Zhejiang Province. The question of whether China can lead a new trend of "inclusive development" and global governance is outstanding. No matter what, this event will be a critical milestone marking how China's diplomacy can further ensure the country has a clearer and louder voice in world affairs. ■

Copiedited by Mara Lee Durrell
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Value of Major Deals Signed in 2015 During Xi and Li's Overseas Visits



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In the Fast Lane

A year-end review of China-Africa relations

By He Wenping



The author is a senior researcher at the Charhar Institute and senior research fellow at the Institute of West Asian and African Studies, Chinese Academy of Social Sciences

The year 2015 is undoubtedly a milestone in Sino-African relations. In the beginning of the year, Chinese Foreign Minister Wang Yi visited Africa, maintaining China's tradition in diplomacy that the foreign minister's first destination abroad in a new year should be Africa. The countries he visited on the continent were Kenya, Sudan, Cameroon, Equatorial Guinea and the Democratic Republic of the Congo.

Wang also participated in the special consultation in support of the South Sudan peace process led by the African trade bloc Intergovernmental Authority on Development (IGAD). He put forward China's initiative on promoting the peace process, which enhanced the pace of Chinese participation in helping African countries resolve conflicts and usher in peace.

At the end of the year, Chinese President Xi Jinping visited Zimbabwe and South Africa, and chartered the future development of China-Africa cooperation with African leaders at the Second Summit of the Forum on China-Africa Cooperation (FOCAC) in Johannesburg, South Africa.

The Johannesburg Summit, the first FOCAC summit held in Africa after the Beijing Summit in November 2006, endorsed Johannesburg Declaration of FOCAC and the FOCAC Johannesburg Action Plans (2016-18), propelling Sino-African relations into the fast lane with its "1+5+10" framework. The

"one" element in the framework stands for new positioning, namely, upgrading the new type of China-Africa strategic partnership into a comprehensive strategic and cooperative partnership. China and Africa, which have become strategic pivots for each other, will support each other in the future against adversity. "Five" stands for five major pillars: political equality and mutual trust, promoting win-win economic cooperation, having mutually enriching cultural exchanges, mutual assistance in security, and solidarity and coordination in international affairs. The last element in the framework and the most arresting indicates the 10 China-Africa cooperation plans to be implemented with Chinese funding support, amounting \$60 billion. The plans cover industrialization, agricultural modernization, infrastructure, financial cooperation, green development, trade and investment facilitation, poverty reduction, public health, cultural and people-to-people exchanges, as well as peace and security efforts.

The 10 cooperation plans are based on Agenda 2063, the blueprint of the African Union (AU) to guide Africa's development in the coming 50 years. The plans will be guided by the principles that they will meet Africa's needs, will have Africa's consent, and will benefit Africa. Their aim will be to address the three bottlenecks holding back Africa's development—inadequate infrastructure, lack of professional and skilled personnel, and funding shortages. Each plan will have Chinese financial, technical or material support and will provide a strong development impetus to future China-Africa cooperation. Under the "1+5+10" framework, China-Africa relations will enter a new development era. ■

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2015's To In Sino-A



Chinese Foreign Minister Paying First-of-the-Year Visit to Africa

From January 8 to 16, Wang Yi visited Kenya, Sudan, Cameroon, Equatorial Guinea and the Democratic Republic of the Congo. Wang's trip continued the tradition in the past 25 years of Chinese foreign ministers beginning their first overseas visit of the year to Africa. In Sudan, Wang also participated in the special consultation in support of IGAD-led South Sudan peace process, putting forward China's initiative. This demonstrated China's efforts to promote the peace process in South Sudan.

Top 10 Events Strengthening African Ties



CP



FILE

» The Third Africa-China Young Leaders' Forum Convened

The Third Africa-China Young Leaders' Forum, co-sponsored by the Communist Party of China and Tanzania's ruling party Chama Cha Mapinduzi, was held in Arusha, Tanzania, from March 28 to 30. Hundreds of young representatives and entrepreneurs from China and 38 African countries discussed the future development of Sino-African relations. Jakaya Mrisho Kikwete, President of Tanzania, Robert Mugabe, President of Zimbabwe and AU Chairperson, and Wang Jiarui, Vice Chairman of the National Committee of the Chinese People's Political Consultative Conference, attended the opening ceremony.

»

The 60th Anniversary of the Asian-African Conference Celebrated

The 60th anniversary of the Asian-African Conference, also known as the Bandung Conference, was celebrated with a series of programs in Indonesia's Jakarta and Bandung from April 19 to 24. They included a meeting of high-level officials, a ministerial meeting, a leaders' summit, an Asian-African business summit and a carnival. The climax of the commemorations was the highly symbolic stroll taken by Asian and African leaders as a tribute to the historic Bandung Conference in Bandung on April 24, 1955. Chinese President Xi met with leaders of Egypt, Ethiopia, Ghana, Liberia and Libya, and discussed how to consolidate Asian-African solidarity and promote bi-continental cooperation.



CP



« Terrorist Attack in Mogadishu Causing Chinese Casualties

A car bomb attack on the Jazeera Palace hotel in Somali capital Mogadishu on July 26 killed a large number of people. The Chinese embassy in Somalia was located in the hotel. An embassy security guard was killed and three other staff members were injured. The Somalia-based militant group Al-Shabaab claimed responsibility for the attack. China had evacuated its embassy in Somalia in January 1991 due to the Somali civil war, reopening it after 23 years on October 12, 2014. The reopening of the embassy shows China's support for the peace process in Somalia and the importance it attaches to China-Somalia relations.



« China Giving Support to Nations Worst Hit by Ebola

China offered 750 million yuan (\$116 million) worth of emergency humanitarian aid to west Africa—Sierra Leone, Liberia and Guinea—and sent 1,000 medical personnel to the areas affected by the disease. The first group of Ebola patients cured by the Chinese medical aid team to Sierra Leone checked out of hospital in April, 2015. Chinese Foreign Minister Wang Yi visited the three nations in August 2015, making him the first foreign minister from outside the region to visit West Africa's epidemic area.



« China's Light Rail Project in Ethiopia

On September 20, Ethiopia inaugurated a light rail project in Addis Ababa, the capital city, constructed by the China Railway Group and operated by the Chinese Shenzhen Metro Group. It marked the opening of the south-north line of the city's light rail system, making Ethiopia the first African country with modern light rail transportation. The project, made under Chinese standards, cost more than \$475 million. It is China's first light rail project in Africa encompassing the entire industrial chain. The light rail has enhanced the image of Addis Ababa and improved local people's lives. It has become a new Chinese-constructed landmark after the AU headquarters in the city and another milestone in China-Ethiopia friendship.



«

African Representatives Participating in China's V-Day Parade

On September 3, China held commemorative activities at Tiananmen Square in Beijing to mark the 70th anniversary of the victory of the Chinese People's War of Resistance Against Japanese Aggression and the World Anti-Fascist War. Presidents and government representatives from Algeria, Libya and Tunisia and leaders from Egypt, South Africa, Sudan, the Democratic Republic of the Congo, Ethiopia and other African countries attended the event. Egyptian troops took part in the military parade as well. It showed African countries' respect for history, desire for peace, as well as their recognition of China's contribution in the World Anti-Fascist War.

«

The Second Ministerial Forum of China-Africa Health Development

From October 4 to 6, the Second Ministerial Forum of China-Africa Health Development was held in Cape Town, South Africa. Its theme was Promoting the Availability of Healthcare Service in Africa, Improving China-Africa's Cooperation in Public Health in Post-Ebola Era. There were more than 200 participants, including the health ministers of China and over 40 African countries, as well as representatives from the AU and international organizations such as the World Health Organization and UNAIDS. The meeting adopted the Cape Town Declaration and its implementation framework to promote China-Africa collaboration in public health. It developed a roadmap for China and African countries to work together to address the key health problems affecting the African continent.



«

Chinese Killed in Terrorist Attacks in Mali

On November 21, terrorists attacked the Radisson Blu Hotel in Bamako, Mali. Twenty-seven people were killed. Three senior executives of the China Railway Construction Corp. were among the victims. The African militant group Al-Murabitoun claimed responsibility for the attack. The group, linked to al-Qaeda, is active in north Mali. China strongly condemned the atrocity. The Chinese Government vowed to continue to work with the international community to strengthen cooperation to protect overseas Chinese citizens and institutions and their rights and interests.



«

President Xi Attending the FOCAC Johannesburg Summit

From December 1 to 6, Chinese President Xi visited Zimbabwe and South Africa, and co-hosted the Johannesburg Summit of FOCAC with his South African counterpart, President Jacob Zuma. It was Xi's second visit to Africa after being sworn in as Chinese president in 2013. The Johannesburg Summit is the second summit since the inception of FOCAC in 2000 and the first held in Africa. The gathering saw the agreement to upgrade the new type of China-Africa relationship into a comprehensive strategic and cooperative partnership. China pledged to provide \$60 billion to support 10 major plans for Africa's development.

Competition In Africa?

China and India both aim to exchange resources and boost development By Yu Lintao

China and India, two emerging economies looking to obtain materials and resources required for the continued infrastructure and commercial development of their own countries, are investing heavily in Africa. Yet the large focus of diplomatic efforts and financial resources by the two most populous countries on Earth has also inspired rumors that the two are competing in Africa, and that the continent is a stage on which a new rivalry is being played out.

When it comes to African policy, are China and India rivals? Are their interests in competition with one another? One cannot say there is no competition between the two countries when they interact with African nations, but calling it a rivalry would be an overstatement.

Since the beginning of the 21st century, Africa's trade volume with China and India has witnessed staggering growth. Sino-African bilateral trade has surged from approximately \$10 billion in 2000 to \$220 billion in 2014, with China replacing the United States in 2009 as the largest trading partner of African countries. During the same period, trade between India and Africa has increased from \$3 billion to \$72 billion. China and India made tremendous investments in African countries and have launched a series of aid projects designed to speed up local economic expansion.

In order to promote bilateral relations, China and India respectively established cooperation forum mechanisms with Africa in 2000 and 2008. The third India-Africa Forum Summit (IAFS) held in New Delhi in late October 2015 was followed by the

Johannesburg Summit of the Sixth Forum on China-Africa Cooperation (FOCAC) just over one month later. The two Asian giants undertake numerous trade and investment missions with African countries under the framework of such forums.

At the IAFS, India promised to increase its investment in Africa and announced \$10 billion in concessional loans, with \$600 million in direct aid for African countries, efforts which will further advance their ties.

While speaking at last December's FOCAC summit, Chinese President Xi Jinping took the opportunity to announce an aid package for African countries worth \$60 billion, which includes a mix of debt relief, grants, loans, and a China-Africa industrial cooperation fund. This is in addition to the previously-announced commitment by the Chinese to provide the African Union \$100 million in military assistance for peacekeeping missions over the next five years.

Respective advantages

For each pair, China and Africa, India and Africa, and even China and India, such an engagement contributes to economic expansion and helps to promote shared interests. In terms of investment and trade, China's engagement with Africa at present far outweighs that of India's. But their economic activities are complementary to one another, which is good for the balanced development of the African continent.

So how do China and India's relations with Africa differ and complement each other?

China's economic activities on the African continent focus more on manufacturing and construction projects, which have long been a bottleneck for economic growth and social progress. China's policy of encouraging industrial capacity cooperation with Africa is promising for most African countries which have not yet formed an integrated industrial system, but can benefit from the interest of Chinese business leaders who are eager to build plants in Africa.

In this area, China has a set of favorable conditions such as technology, experience and financing that it can bring to the table. In the past three years, China has helped



build over 100 large infrastructure projects involving electricity, food processing, irrigation, and mining for more than 50 African countries.

The year 2015 also witnessed the signing of the Memorandum of Understanding (MOU) between China and the African Union for the enhancement of industrialization infrastructure and the improvement of Africa's transportation system including high-speed railways, expressways and aviation networks. Such efforts are expected to bring about fundamental reductions in the speed of transporting materials both in and from country to country, which will in turn boost production and reduce costs.

So, is India losing out to China in the resource-rich continent? The answer is probably no. India is making inroads in certain emerging industrial areas that far outpace those of China, though the overall size and breadth of its economic activities in Africa is no match for China's robust ties with the continent.

The country's pharmaceuticals companies, software firms and back-office outsourcing firms are quickly expanding market share in sectors where Chinese enterprises are relatively inexperienced and less competitive. Indian officials are also keen to remind certain African countries of their common historical past in their struggles against colonization in the hope of winning

the people over before making business headways.

Room for all

The huge demand from the world's most populous countries—China and India—for resources and raw materials will continue to be a driving force for Africa's development.

Africa also has needs that are being met by countries other than China and India, in regards to aid, investment and trade. The two Asian countries are clearly not the only players in Africa, yet both of their market shares continue to grow as they provide attractive offers to African policy makers and business leaders.

Though for some former colonial powers, or at least a handful of powerful media outlets in these countries, the increased engagement of other emerging economies in Africa is portrayed as a threat to their entrenched political and economic interests.

Scholars from both China and India note that the world is large enough to accommodate the growing ambitions of all countries, and is certainly big enough for the two countries to achieve common development and cooperation.

In previous joint statements, China and India encouraged enterprises from their own countries to collaborate their efforts in Africa. There is also a precedent for practical cooperation in Africa between the two countries. Since 2004, the Chinese National Petroleum Corp. and India's Oil and Natural Gas Corp. have been working on a joint venture to explore oil reserves in Sudan, the first country on the African continent where major oil companies from India and China have established cooperation. Such concerted efforts have since taken place in other parts of the world, such as Colombia, Iran, and Peru.

Perhaps most importantly, cooperation between China and India benefits Africa at large. African countries should not feel like they have to take sides, as both China's and India's engagement can provide tangible benefits for the African people.

As for China and India, they can only positively influence their own development and that of the African continent if they avoid aggressive competition and learn from one another. ■



Visitors attend the China-Africa Equipment Manufacturing Industry Exhibition in Johannesburg, South Africa, on December 4, 2015

WANG XIAN

Copiedited by Mara Lee Durrell
Comments to yulintao@bjreview.com

HOTEL INFORMATION

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The Internet's Risk-Benefit Ratio

Industry leaders and policymakers seek cybersecurity and efficient governance **By Yin Pumin**

The Second World Internet Conference, the most high-profile Internet-related event in China, was held in the picturesque town of Wuzhen, located on the lower reaches of the Yangtze River, in east China's Zhejiang Province on December 16-18, 2015. The conference ended with the announcement of the Wuzhen Initiative, which calls on all countries to promote Internet development and share its benefits, foster cultural diversity, and ensure peace and security in cyberspace, as well as improve global Internet governance.

When addressing the opening ceremony, Chinese President Xi Jinping urged all countries to respect Internet sovereignty, jointly safeguard cybersecurity, cooperate with an open mind, and improve Internet governance together.

Digital nation

Since it was first connected to the Internet in 1994, China has witnessed the rapid development of its online industries. China has built the world's largest 4G network and is actively working to make 5G a reality. The Internet has profoundly affected almost every facet of Chinese people's lives including communication, transportation, and entertainment.

According to statistics from the Cyberspace Administration of China, the number of Internet users in China had reached 668 million as of July 2015, the most in the world. All cities and towns, as well as 93.5 percent of villages in China now have access to the Internet.

"Today we are connected to the network as long as we live in society. We are one part of the Internet. No matter if you go online or not, the

Internet will impact you in one way or another," said Shen Hao, a professor with the Beijing-based Communication University of China, in an interview with the *New Media* magazine in November 2015.

The Internet has also become a driving

force of the global economy, and China is no exception. New business models, including online shopping, e-commerce, and O2O (online to offline) operations, have developed rapidly and consumers can now enjoy door-to-door services—all arranged online—



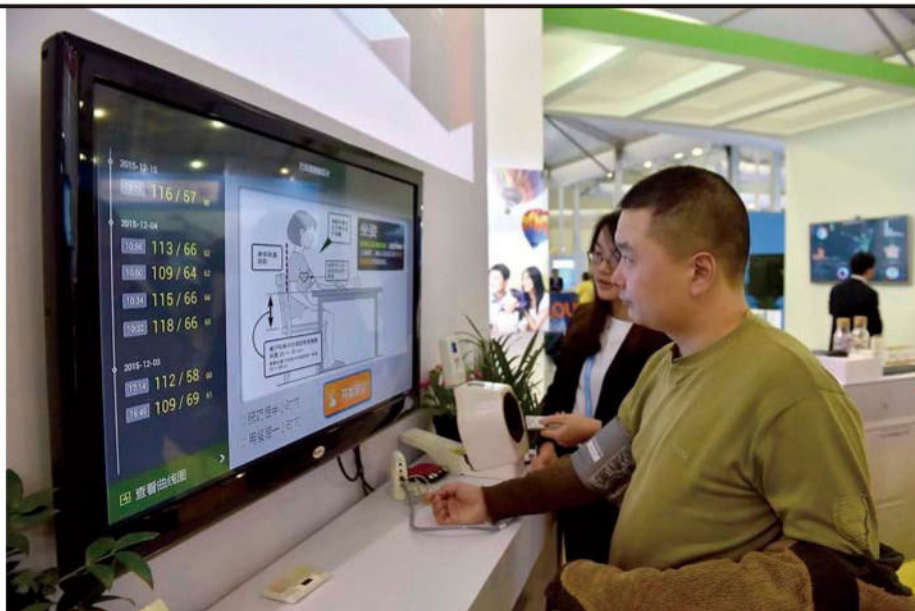
Jack Ma, Chairman of the Alibaba Group, talks with foreign attendees at the closing ceremony of the Second World Internet Conference on December 18, 2015

from car washing to hairdressing and food delivery. The Ministry of Commerce estimated that China's 2015 e-commerce sales could exceed 18 trillion yuan (\$2.77 trillion). "The Internet is unleashing young people's creativity and helping them achieve their life dreams," said Tencent founder Pony Ma.

The thriving Internet industry and the gigantic market potential has bred a swath of Internet companies, many of which are now household names domestically, such as Tencent, Alibaba and Baidu. "With such a huge market, China is becoming more of a contributor to global Internet prosperity," said Li Xiaodong, head of the China Internet Network Information Center.

Internet Plus

The huge transformational power of the Internet also reconstitutes the organizational system of industry. The combination of the Internet, computational intelligence and flexible manufacturing could allow the customization of products, while the Internet of



Visitors experience Internet products showcased at the Light of the Internet Expo on December 15, 2015, a major event of the Second World Internet Conference

Things could realize unmanned workshops by remote control.

On December 14, 2015, the Ministry of Industry and Information Technology released a guideline of China's Internet Plus plans, saying that the country will further combine the Internet with manufacturing during the next three years. According to the guideline, China will enhance the level of digitalization, connectivity and intelligence of the manufacturing sector by 2018.

The Internet Plus concept is the integration of the Internet and traditional industries through online platforms and IT technology, and is expected to help economic restructuring, improve people's livelihoods and transform government functions, according to Wu Hequan, an academic at the Chinese Academy of Engineering. He was commenting on the government work report delivered by Premier Li Keqiang during the annual national legislative session in March 2015. It is estimated that Internet Plus could help raise China's GDP by 0.3 percent to 1 percent, according to a report by McKinsey & Company.

Wu said that the Internet Plus not only had economic benefits, but will also improve public services. "For example, taxi-hailing apps can help save energy and cut emissions. Online appointments with doctors, telemedicine, and video lectures are also more convenient for busy people," he said.

Tencent's Ma agreed. "The Internet can help unlock the full potential of public services such as healthcare and education by boosting their efficiency and lowering costs," he said. "The Internet Plus is just starting."

The strategy not only links traditional industries with the Internet technology, but also

connects the work of individuals to create value for society. One of Tencent's core products, the popular messaging app WeChat, helped 10 million people get jobs in 2014. Many content producers have been using the platform to find their targeted audience, while e-commerce vendors also look for the right customers through the app's social networking functions.

According to Fang Xingdong, founder of Blogchina.com and an IT columnist, the Internet is not only reshaping the economy, society and governance, but is also creating new opportunities to connect China to the rest of the world. China has been transforming from a follower into a major player in the world's online industries during the past two decades, he observed.

"The next decade will be a time for the Chinese Internet to broaden its reach globally. With the help of the Internet, China will pursue its development opportunities with a global vision," Fang said.

"The Internet has brought about a great many wonderful things and benefited the people while revealing the enormous potential of China as a leading Internet country," said Lu Wei, head of the Cyberspace Administration of China, the country's top Internet regulator, when he addressed the opening ceremony of the Light of Internet Expo on December 15, 2015. The expo, showcasing a smorgasbord of the latest technical inventions, was a key component of this year's Internet conference.

Not without risks

While having confidence in the country's Internet development, Chinese leaders also remain sober-minded about the risk of cyber at- ►►





Employees of online retailer JD.com prepare commodities to be delivered to buyers at a company warehouse in Beijing

tacks. "Without cyberspace security, there is no national security," President Xi warned back in February 2014.

China is in fact a major victim of cyber attacks. According to the latest PricewaterhouseCoopers (PwC) Global State of Information Security Survey, the average number of detected security incidents on the Chinese mainland and in Hong Kong surged 517 percent to hit 1,245 instances over the last 12 months, compared with the average of 241 recorded in the previous year.

The report showed that a Chinese company had to respond to more than 1,200 information security incidents on average in 2015, five times higher than that of 2014. Customer data, internal records and intellectual property were the most targeted information and Chinese companies spent large sums preventing data theft as a consequence. Information security budgets for Chinese companies neared \$8 million in

2015, significantly higher than the global average of \$5.1 million, according to PwC.

"In 2015, major network security breaches have become more frequent and increasingly serious due to technological advances, which calls for upgraded emergency responses to safeguard our country's cybersecurity," said Yun Xiaochun, chief engineer with the National Computer Network Emergency Response Technical Team Coordination Center, China's top Internet monitoring center.

"We should respect the rights of individual countries in choosing their own Internet development path, Internet governance, and Internet policies and take part in cyberspace governance on an equal basis and not push cyberspace hegemony or interfere in other countries' internal affairs or engage in or support online activities that jeopardize the national security of others," Xi said at the opening ceremony of the conference. The Internet should not be a place to promote rivalry among different countries

or a seed beds of crime, and the international community needs to work together to combat terrorism, drug trafficking and money laundering, the Chinese leader added.

Regarding the overall management of cyberspace, Xi said there needs to be a proper balance between freedom and order. "We should respect Internet users' rights to exchange their ideas and express their minds, and we should also build order in cyberspace in accordance with the law as it will help protect the legitimate rights and interests of all Internet users," he stated.

Since the establishment of the Cyberspace Administration of China in April in 2014, the country has been accelerating Internet-related legislation, while at the same time encouraging Web-based companies to provide more innovative products. Chinese top legislature has also sped up the enactment of cybersecurity and anti-terrorism laws. For example, the authority issued a rule curbing the spread of fake infor-

mation on WeChat after abundant examples of deception were reported by users.

Cooperation is key

China has also expressed its interest in participating in the international governance of cyberspace as it has the largest number of netizens in the world. The international community should seek common ground and promote cyberspace regularities for the benefit of the people, according to Wang Xiujun, Vice Minister of Cyberspace Administration of China. So far, China has maintained good relationships with 59 countries and 127 organizations in the fight against cyber attacks.

2015 saw important progress in the governance of cyberspace. For example, in June, the first council meeting of the Global Internet Governance Alliance was held in Brazil, and Alibaba's Chairman, Jack Ma, was elected co-chairman. In November, the UN held its 10th Internet Governance Forum to solicit a variety of public opinions on how to govern the Internet better to keep its sustainability, robustness, se-

curity, stability and development.

Additionally, China signed landmark cybersecurity pacts with the United Kingdom and the United States, pledging greater cooperation in attempting to thwart and combat cyber attacks. Keeping in line with the spirit of the latter agreement, China arrested a group of hackers at the request of the U.S. Government.

"All countries should step up communication and exchange, improve dialogue and consultation mechanism on cyberspace, and study and formulate global Internet governance rules, so that the global Internet governance system becomes more fair and reasonable and reflects in a more balanced way the aspiration and interests of the majority of countries," President Xi said.

Jia Xiudong, a research fellow with the China Institute of International Studies, said in an article of *People's Daily* that Xi's views are in accordance with the common interests of the international community and conducive to the Internet's orderly development. As the largest developing country, China needs to express

its views in face of global challenges as it can reflect the interests of other developing countries, bringing equity and justice to international governance, he added.

In a Xinhua News Agency article, World Economic Forum founder and executive chairman Klaus Schwab said that Xi's remarks reflected the need for global cooperation. "We should keep the Internet open and we have to work together on a global level which brings the dedication of the governments, businesses and individuals to shape the Internet in such a way that everybody has access and that Internet can really serve as an engine and catalyst for economic development."

"The Internet has flattened the world with its dialogue platform for governance, utilization and benefits," added He Zheng, Chairman of AsiaInfo's Security Department. "Only by joining hands can we achieve global Internet governance," He said. ■

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Postdoc System at 30

China's postdoc system reform aims to spur greater progress By Wang Hairong

Thirty years ago, Chen Hesheng, now an academician with the Chinese Academy of Sciences (CAS), inadvertently became the first postdoctor in China.

When Chen graduated from the United States' Massachusetts Institute of Technology (MIT) with a PhD in Physics in May 1984, Nobel Laureate Tsung-Dao Lee was in the midst of advocating for a postdoc system in China. In March 1983 and again in May 1984, Lee wrote to China's top leaders suggesting the system be set up in the country.

At that time, Chinese students who went overseas to pursue doctoral degrees, just as China was implementing the reform and opening-up policies in the late 1970s, had either just graduated or were about to graduate. Meanwhile, researchers in China were not well paid and the personnel system in China at that time restricted the flow of talented people. How to attract and channel the best and brightest graduates back to China was a question the Central Government had yet to answer.

On May 21, 1984, Deng Xiaoping, China's then leader, met Lee to listen to his suggestions. At the meeting, Lee briefed Deng about the postdoc system in the West, saying that it gives doctoral graduates an opportunity to demonstrate their independent research abilities so that employers can select top-notch candidates. At the same time, young researchers get a chance to learn more about employers.

Lee advised that postdoctoral research stations should be established to facilitate talent flow and competition, with guaranteed funds for research as well as benefits such as jobs for their spouses and rent-free apartments. In 1985, the State Council, China's cabinet, approved the government-funded research stations, which marked the official inauguration of the postdoc system in the country. Selected participants were then

provided two-year research opportunities and generous benefits.

Chen returned to Beijing from MIT in November 1985 to become a postdoc at the Institute of High Energy Physics under the CAS. In 1998, he was appointed to serve as the head of the facility.

Return on investment

Chinese Premier Li Keqiang said that in the past three decades, the postdoc system has played a unique role in the social and economic development of the country, while meeting representatives of young postdocs in the country on November 30, 2015.

"China needs top-notch talented persons and that the current system pays special attention to attracting outstanding people who have the potential and determination to conduct pioneering research," said Li.

He stressed that to realize modernization and become a more developed country, China needs to constantly engage in innovation. He urged researchers to connect their research closely with the real social and economic situation and to increase the quantity and quality of basic research.

Since the system's inauguration, more than 6,000 research stations have been set up across China, and an accumulative total of more than 140,000 postdocs have conducted research in 13 disciplines, according to statistics cited by *People's Daily*.

The paper said that as of 2014, 52 academicians with the CAS or Chinese Academy of Engineering had postdoctoral experience, while incomplete statistics show that from 2009 to 2013, researchers with that experience had won 470 national science and technology awards. It stated that in 2013, people with such experience accounted for 53 percent of the winners of the State Technology Invention Award, 30 percent of the winners of the National Scientific



Researchers work in a lab in Taigu Life Science Park in Gu'an County of Hebei Province, on April 10, 2015. The park is an innovation base for postdocs

and Technological Progress Award and 45 percent of the National Natural Science Award.

According to *People's Daily*, incomplete statistics show that from 2009 to 2013, postdocs obtained 64,912 patents for invention, and 17,597 patents for utility models, showing that young researchers can be a strong force for innovation. The paper said that one of the scientists received as many as 62 patents.

They are not only a talent pool for universities and research institutes, but also for businesses as well. The first Sino postdoc enterprise research station was piloted in 1994 in the Shanghai-based Baosteel Group. Now, many companies and banks have set up such stations.



On November 2 last year, the first made-in-China C919 big passenger airplane rolled off the assembly line. Postdocs working in the Commercial Aircraft Corporation of China (CACC) had contributed to the research and development of the plane, which will make its maiden flight in 2016.

"We attach importance to tailoring the postdoc program to our needs so that younger researchers have the opportunity to directly participate in national key science and technology projects," said Tang Yanhua, Deputy Director of the human resources department of the CACC.

But only about 10 percent of postdoc research stations are set up in enterprises, said Li, while meeting young researchers. He stressed that the system should attract

more active participation from business and convert research results into productivity more rapidly.

Changing job market

While many people with postdoctoral experience have made remarkable achievements, some university professors complain that in recent years it has been more difficult to recruit high-caliber candidates.

During the 2015 annual session of the Chinese People's Political Consultative Conference, China's political advisory body, Zhong Zhangdui, a professor with Beijing Jiaotong University, mentioned the difficulty of recruiting talent in a proposal on enhancing postdocs' innovation ability.

Li Liang, a university professor, told *China Science News* that a major problem with the current system is that it cannot give postdocs' a secure future.

Thirty years ago when the system was launched, the academic job market was not as tight as it is today, so people had little difficulty in finding a decent job. Now, doctoral graduates returning from overseas study and domestically educated doctoral graduates are both large in number, which renders fierce competition for research jobs.

As long as doctoral candidates have good job offers, none would like to risk two years in a postdoc station and then look for a job two years later, Li Liang said. A survey of doctoral candidates showed that 40 percent chose to work in universities after graduation, 10 percent wanted to work in research institutes, and fewer than 3 percent opted to continue research after graduation, reported *China Science News*.

To Xi Nanhua, an academician with the CAS who had postdoctoral research experience, the strongest appeal of such a program is that it offers a "tranquil haven" for research, where participants can explore their field free from out-

side pressure and disturbance. Achievements made during the two-year period are expected to make postdocs more competitive in the academic job market.

Currently, China is working to boost mass entrepreneurship and innovation. The Central Government is reviewing and reforming the postdoc system to ensure its compatibility with the innovation drive.

On December 3 last year, the State Council released its draft reform measures. The reform aims to solve major bottlenecks in the system, enhance the quality of postdocs and update the management system to make it more suitable for talented young scientists.

The document stated that by 2020 key universities and research institutes should significantly increase the share of researchers with postdoctoral experience among newly recruited faculty and researchers, while important national science and technology projects should also enlarge the share of young researchers in the project teams. There are also plans to increase the number of postdocs with doctoral degrees from abroad, including foreigners.

To spur entrepreneurship and innovation, the reform plan also encourages postdocs' employers to create research and innovation teams embracing them, and increase their participation in international exchanges.

In addition, the Central Government raised the annual stipend for each accepted applicant from 50,000 yuan (\$7,720) to 80,000 yuan (\$12,352), starting from August 1, 2015. Local governments and organizations with relevant research stations can also match the funding according to their conditions and build apartments for postdocs. The Central Government also stated that it welcomes social investment into the system. ■

HOTEL INFORMATION



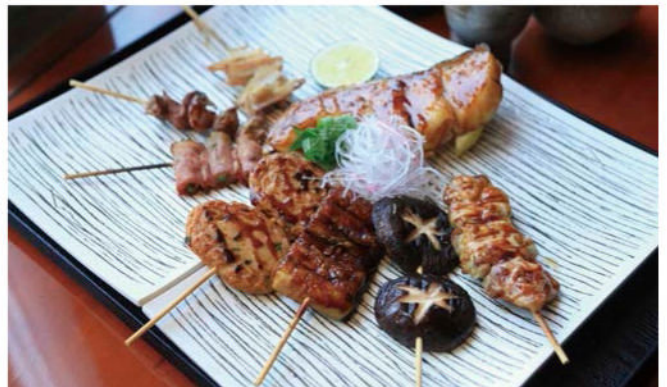
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Driving the Future

China's Internet titan Baidu brings the artificial into reality

By Bryan Michael Galvan

We are living on the edge of tomorrow—the dawn of a world dominated by Artificial Intelligence (AI). It is a change that is likely to be so thoroughly profound that it is hard to imagine how exactly our world might look like even a few decades from now. Imagine the astonishment of the Wright brothers if they had known that, from their invention of the first successful airplane in 1903, Buzz Aldrin would set foot on the moon just 66 years later. Yet the changes that rocked the world thanks to those achievements in avionics may wither in comparison to what lies in store for future breakthroughs in AI.

Baidu, the Internet search engine giant based in Beijing, recently announced their own bid into the AI sector by launching a new business unit intending to put self-driving cars on the road in the next three years. If things go as planned for the unit, which is currently focusing on research and development, the mass-production of AI-driven transportation will become a new day-to-day reality just five years from now.

Baidu has jumped into the fray of a growing number of prominent global corporations that are pouring vast sums of money, sweat and tears into teaching machines how to learn and make decisions. Toyota, for example, recently announced a \$1-billion investment into AI, claiming in a press statement on November 6, 2015 that “artificial intelligence has significant potential to support future industrial technologies and the creation of an entirely new industry.” Google, Tesla and Microsoft have also made headlines in recent years with their endeavors to bring this technology to fruition. So, what does Baidu have to offer that is any different from the competition?

On a highway to excel

China is bursting at the seams with 1.3 billion people, from which a ferocious appetite for

cars has grown year after year. This has resulted in sales and production that have “continued to pick up and set new highs” last December, while “substantial growth could be seen,” according to the China Association of Automotive Manufacturers. While this implies a lucrative market for car consumption, Baidu has set its eyes on an unexpected target—public transportation.

Baidu's Director of International Communications, Kaiser Kuo, gave some insight into the future of China's public transportation during an interview with *Beijing Review*. Kuo made it clear that Baidu's ventures into self-driving technology wouldn't mirror the efforts of other companies—Google's in particular. “It is quite different in that we're working with existing car manufacturers [like] BMW AG and the approach that we're taking is going to focus on public transportation and not on private automobiles,” Kuo asserted.

“We're working with different cities around China and we will be able to announce within not too long when we have a city which will first give us a date and a dedicated bus route from which we can then run a fully automated bus on.” Should everything go as planned, Kuo claimed that Baidu can then “expand from there to multiple bus routes within a single city and then eventually to multiple cities [around China].”

While a city full of buses and other sorts of public transport being driven by AI might seem too futuristic, Baidu is already working to make that vision a tangible reality. But if car sales are so promising, why start with buses?

Driving safely

In May 2015, the World Health Organization (WHO) reported that at least 200,000 people die each year as a result of road accidents in China. That means that an average of 23 people die domestically each hour due to

a variety of transport-related problems—a shockingly morbid fact. The WHO also urges that “without action, road traffic crashes are predicted to rise to become the seventh leading cause of death [around the world] by 2030.” An often-stated quote claims that a single death is a tragedy, but a million is a statistic. While such large numbers may fail to do justice to the horrors of mass deaths, consider the implication—fatal car accidents are frequent enough to affect you or your loved ones.

Using AI to assist or control driving may just be the solution to the problem. “That is part of the reason why we [are taking] a good approach by using established public bus routes which already have dedicated lanes,” claimed Kuo. “Safety issues are something that we can really [handle] by repeating and training our AI systems to know that route extremely well to be familiar with the possibilities, hazards and whatnot. It is a wise approach.”

Cui Dongshu, Secretary General of the China Passenger Car Association, still had some reservations when *Beijing Review* asked about the safety of using AI in transport systems. According to Cui, “A self-driving car is too rigid, and can't react to emergencies as flexibly as a human driver.” This is a sticking issue for current AI systems—how can you teach a machine to react to the unexpected? However, Cui conceded that although “it will be a long time for all of the people to accept self-driving transport systems; that will be the future of motor vehicles.”

“It's an ideal goal,” asserted Cui regarding Baidu's statement that in 10 years, 80 percent of new vehicles [in China] would have self-driving systems. “Based on current road conditions, it may be realized in some regions, but not nationwide, because a self-driving system is not only a car's function—it also needs to be



inter-connected with the road network,” Cui assessed. “In 10 years, a self-driving system might only be in the beginning stages.”

Pandora’s box

Although a future filled with intelligent machines may become the pinnacle of human achievement, some renowned individuals have made ominous warnings, reminding us that every peak is followed by a chasm. Stephen Hawking, Bill Gates and Elon Musk have joined the ranks of those cautioning the use and development of AI technology.

“The potential benefits are huge,” claimed Hawking, writing for *The Independent* in 2014. He claimed that AI could magnify human intelligence, even leading to the eventual eradication of war, disease and poverty. “Success in creating AI would be the biggest event in human history. Unfortunately, it might also be the last, unless we learn how to avoid the risks,” Hawking warned. “One can imagine such technology outsmarting financial markets, out-inventing human researchers, out-manipulating human

leaders, and developing weapons we cannot even understand.”

So, while the long-term control of machine intelligence is a cause for concern, the short-term use of AI in transport systems, manufacturing and other labor-reducing applications also creates issues. “On one hand, AI will substitute many laborers, but on the other hand, it will create many new positions,” said Liu Chenglin, Deputy Director of the Institute of Automation at the Chinese Academy of Sciences.

According to Kuo, the loss of livelihoods due to AI is a valid point. “We are going to see a lot of low skilled jobs disappearing,” he speculated. “So it is important to deliver new skills to people, to train—that is why Baidu is focusing so much on online education,” making reference to Andrew Ng, Baidu’s chief scientist. Ng, whose main area of research is machine learning, is also the co-founder of the online learning platform Coursera.org.

Using machines to assist in learning may not be a new idea, but the use of AI has revolutionary implications for the current education

system. Also, if more menial labor jobs are given to machines rather than humans, as has been the trend since the use of the assembly line put in place by Ford in 1913, humans may have more time to learn and create. Liu disagreed though, stating that “the downside [to AI] is that humans may become lazier.”

The next few years will surely herald drastic changes to modern day technology, healthcare and society thanks to AI and other advancements on the horizon. One needs only to look back 100 years ago to see shocking levels of development compared to today. Generations to follow will look back on the times we are living in and point out the emergence of greatness—but at what costs? As Kuo cautioned, “this is people’s lives we are talking about.” These are the questions we must ask ourselves now, to mitigate negative consequences and to enhance the benefits to come. ■

Copiedited by Mara Lee Durrell
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OPINION

Fed Creates 'Interest' in China

The era of free-flowing and cheap money is ending, as the United States' Federal Reserve (Fed) raises its benchmark interest rates from rock bottom for the first time in years.

At a press conference following the announcement of the rate hike, Fed Chairwoman Janet Yellen said that even after this increase, the stance of monetary policy remains "accommodative." That is to say, the rates are still low—the hike should not endanger the stability of the global economy. This action "recognizes the considerable progress that has been made toward restoring jobs, raising incomes and easing the economic hardships of millions of Americans." Yellen added that the process of normalizing interest rates is likely to proceed gradually.

The biggest reason why the Fed has chosen to act recently may be that there is no reason for not raising interest rates, and that the increase is moderate.

However, what the market is most concerned about is not the slight boost in rates. The big news to look forward to will be the Fed's planned increments to the interest rate in 2016. The UBS Group AG and some other institutions expect the Fed to raise the interest rate by about 100 basis points throughout three or four times during 2016.

The interest rate hike marks the beginning of the Yellen era. To China and other emerging markets, the normalizing of the interest rate by the Fed will bring huge impacts.

The move by the Fed also indicates that while emerging economies are likely to get into or remain in recessions, the U.S. economy has ultimately recovered. Moreover, the first rate hike in almost a decade also signals a historic change in U.S. monetary policy. Their withdrawal of quantitative eas-

ing (QE) produces two results: The U.S. dollar becomes stronger and other currencies depreciate; more dollars are flowing back to the United States and international capital is flowing out of emerging markets.

The impact of the Fed's policy changes on emerging economies is evident. When the United States was printing money to address the crisis, these economies became a reservoir for the excessive liquidity. The cheap capital therefore created unsustainable growth and expanding asset price bubbles in emerging markets. As a result of the huge inflow, emerging markets had to raise their leverage. Therefore, emerging markets had to address the impact from external market through increases in liquidity and borrowing. As leverage rose, local government debt and financial systematic risks grew in tandem due to a thirst for investment stimulated by capital inflows.

Now that the Fed has withdrawn its policy of QE and the U.S. dollar is becoming stronger, international capital is flowing out of emerging markets. Since 2013, the turmoil caused by a huge level of capital outflow from emerging markets was actually a result of the U.S. monetary policy changes.

An interest rate hike by the Fed doesn't mean that risks will disappear. The Chinese economy, which is seeing a slowdown in growth, will face more challenges: The pressure of stabilizing the yuan has intensified, and the government must now pay full attention to the control of capital outflow.

Because of the previous high leverage and credit expansion, new risks in the Chinese economy are being unveiled now. The Fed's latest move just worsens the condition of China's economy.

In the future, China must take the initiative

in addressing the impacts of an increasingly normalized U.S. monetary policy.

China should maintain an accommodative money policy throughout 2016, and the cuts to the reserve requirement ratio must be carried out resolutely.

China must face up to the risks of the yuan's exchange rate. The future trend of its exchange rate depends on the strength of the Chinese economy. Under the circumstances that the U.S. dollar becomes stronger and the yuan is being overvalued, China should never squander the foreign exchange reserves it has in order to maintain its currency's exchange rate. This is because a stronger yuan never means that its exchange rate must be kept high.

In addition, the Chinese Government should pay more attention to corporate debt risks and shut down "zombie" companies. It must also ensure the stability of the real estate market. Finally, China should continue improving its financial soft power to a strategic level, in order to prevent potential international financial risks from being transmitted to China.

The interest rate hike by the Fed will surely affect the Chinese economy, but it is merely an external factor, which will not undermine China's growth.

The foundation for the country's continued economic growth lies in that China adheres to reforms and economic restructuring while simultaneously enhancing the growth that is being driven by mass entrepreneurship and innovation. ■

This is an edited excerpt of an article written by economist Ma Guangyuan and published in *National Business Daily*

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

NUMBERS

(\$1=6.5 yuan)

1.9%

Year-on-year decrease of industrial profits in January-November period of 2015

28.8%

Ratio of Chinese-made products against Viet Nam's total import revenue in 2015

20 mln TEU

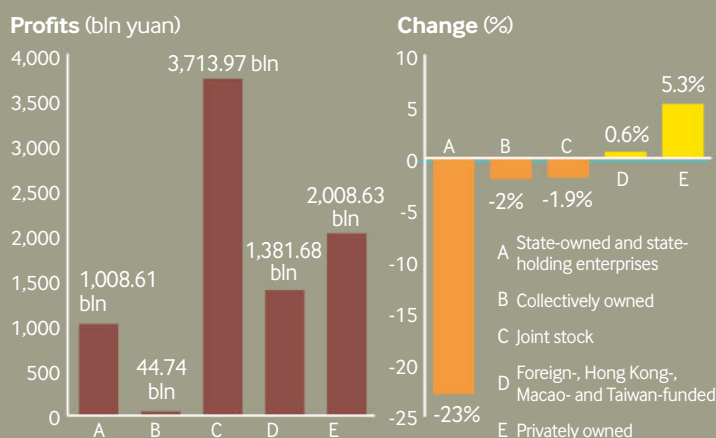
Container throughput at Ningbo-Zhoushan Port in east China's Zhejiang Province as of December 24, 2015

401 mln euros (\$440 million)

Loans China received from the European Investment Bank in 2015

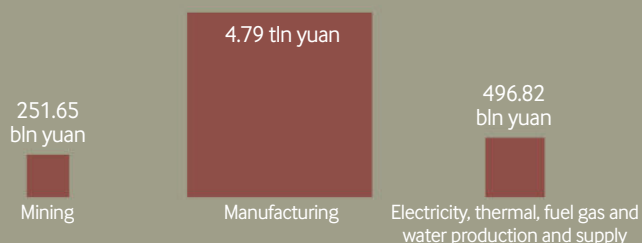
Industrial Enterprises' Profits and Changes by Business Type

Jan-Nov



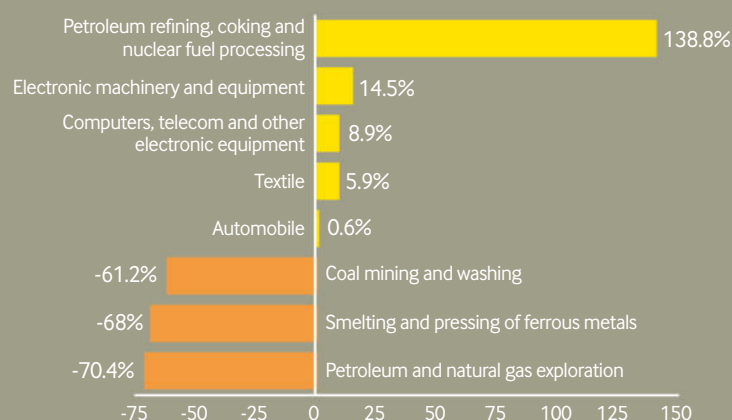
Industrial Enterprises' Profits by Sector

Jan-Nov



Profit Changes for Major Industrial Sectors

Jan-Nov



(Source: National Bureau of Statistics)

270 mln tons

China's railway freight volume in last November, down 15.6 percent year on year

120 mln

The number of Chinese tourists who traveled overseas in 2015, the world's largest

30 bln cubic meters

Estimated total output of natural gas by northwest China's Xinjiang Uygur Autonomous Region in 2015

200

The minimum number of international air routes China will add in 2016

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Connecting Minds Through Literature

Chinese-to-English translators find opportunities
to enhance ties to the world By Li Nan

Does the term “Chinese spirit” embody patriotism, reform and innovation? That was one of the topics for a translation workshop held in Beijing in December 2015. Karen S. Kingsbury was wrestling with fellow elite translators from China, the United States, Britain and Mexico about the exact meaning of the Chinese phrase—*zhongguo jingshen* at the meeting. The results are still inconclusive.

The workshop, jointly hosted by the China International Publishing Group and the China Academy of Translation, aimed to tackle some of the most difficult problems in the translation of Chinese literary as well as non-literary works into English. Given the vast differences between the two languages and the cultures that they reflect, participants underlined the need to adopt a narrative style that makes these works more accessible to international readers.

Kingsbury is a key literary translator focusing on the eminent Chinese female writer Eileen Chang (1920-95). She is currently working on a critical biography of Chang to add to her other publications of the author, which include *Love in a Fallen City* and *Half a Lifelong Romance*. She is also a professor teaching courses in Asian studies and world literature at Pittsburgh’s Chatham University.

Kingsbury lived in Chongqing, a metropolis

in southwest China, from 1983 to 1984 soon after she graduated from college. The experience was so transformative that Kingsbury could not forget China even after she went back home. As an English major, she decided to pursue further studies in Chinese literature and look for excellent Chinese literary voices that she could turn into English. She believes that the translation of literature is a way in which minds can be connected across international borders, laying the foundation for wider communication between China and the United States.

Influenced by her teacher C. T. Hsia, a renowned Chinese literary critic at Columbia University, Kingsbury has an academic inclination to China’s modern writers, particularly Chang. When first reading *Love in a Fallen City* in 1990, Kingsbury, having poor Chinese at that time, had a kind of spiritual experience. “I could feel for the story even when I was struggling with the language,” Kingsbury recalled.

She believes that the literary piece has the power to draw people into it, even if they may encounter language barriers. “I wanted to read Eileen Chang so much that I was determined to learn more Chinese,” Kingsbury said.

Her translation of the novella was first published in Hong Kong in 1996, one year after Chang passed away. Kingsbury published a collection of Chang’s works under the same

title in 2007, including *Sealed Off*, her debut translation.

Finding harmony

“Changes and recreations are unavoidable in translations—finding the equivalent [expression in another language] is an art,” said Kingsbury when asked whether translations should follow the source text exactly. She believes that translating is basically a rewriting of the original text. Most readers in America expect highly polished, smooth, and readable English texts. However, following the exact details of the source text may result in awkward translations that few readers would feel comfortable buying.

When choosing the title for *Half a Lifelong Romance*, Kingsbury struggled with several words. “We decided on the word ‘romance’ even though that is not the exact meaning—we have to find something that captures the ‘flavor’ of the passage for the English readers.”

Eric Abrahamsen, co-founder of Paper-republic.org, a Beijing-based website facilitating literary and publishing connections between China and the rest of the world, echoed Kingsbury’s view. He said that what matters the most in literary translation is getting the tone right. It is therefore his belief that native English speakers with a good command of Chinese are more suitable for the job than Chinese translators.



Karen S. Kingsbury at a translation workshop in Beijing on December 16, 2015

↓ Profile

Karen S. Kingsbury, 55, was born in California, the United States. A graduate of Whitman College and Columbia University, she is a professor of Asian studies and world literature at Pittsburgh's Chatham University. Before settling down in Pittsburgh, she taught languages and literature at Sichuan International Studies University in Chongqing, southwest China, for one year and at Tunghai University in Taiwan for nearly 14 years. She has rendered into English a number of fictions written by Chinese writer Eileen Chang.

Kingsbury, however, admits that a naturalized translation may, to some extent, result in cultural assimilation. But since few readers are willing to read awkward translations, translators must recreate the original to avoid bungling the text for readers.

But Kingsbury warns against casual reworking. "Each literary work tries to point us toward something that makes us think beyond the concrete world," she said. Translators must find that essence in the source text and be cautious about editing it. Every change has to faithfully represent the spirit of the original. A translator should try to find not only a high-quality equivalent, but also a pattern of congruence between the two different cultures, Kingsbury added.

Reaching global audience

Kingsbury told *Beijing Review* that there are not enough Chinese-to-English literary translators who are native English speakers. According to her, literary translators in the United States can be roughly divided into three groups. The first group is that of the much respected "elders"—academically trained translators working on Chinese classics. The second group, mostly born in the mid-20th century, consists of scholars and people of different professions who became interested in China after China established diplomatic relationship with the United States in 1979. The third group is largely com-

posed of poets enamored with Chinese poetry.

"Literary translation is not a financially feasible career in America," said Kingsbury. In her opinion, it's the key reason for the shortage of literary translators. The American literary market is already crowded with an eclectic range of topics and authors.

According to Kingsbury, American readers are less accustomed to international literature than their British peers. In addition, some Sino-American writers have drawn their Chinese experiences and culture into the American literary sphere. Consequently, few translations are profitable enough to support one's livelihood. "So a literary translator has to find other ways to earn a living," said Kingsbury.

The second reason is that literary translation requires not only proficiency in two languages, but also a feeling for the voices and styles of various cultures' literature, Kingsbury said. High requirements exclude many translators who are not oriented toward literature.

The good news is that the pool of literary translators is getting larger and translated literary publications are increasing. According to Paper-republic.org, the number of Chinese-to-English literary translations published in the English world increased from 24 in 2012 to 44 in 2015. Some of the translations have won literary prizes in the United States. For example, *The Three-Body Problem* written by Liu Cixin and translated by

Chinese American writer and translator Ken Liu, won the 2015 Hugo Awards, one of the most prestigious U.S. science fiction awards.

In order to further globalize Chinese literature, Kingsbury suggests that the content and style of Chinese literary works should be tailored for an international audience from a perspective that is rooted in Chinese experiences. Chinese writers who wish to reach international audiences should figure out what kind of international audience they want to reach and what those people want to read about. In a perfect world, she said, a writer should be able to visit a variety of places and stay long enough to know about the lives of their target audience.

"Literary translations are windows into Chinese culture. If what readers see in that window doesn't attract them, they won't go any further," Kingsbury explained.

"Internationalized publishing and distribution channels are vital to the globalization of Chinese literature," said Huang Youyi, Vice President of the China Academy of Translation. It is therefore imperative that China's publishers collaborate with their international counterparts, who are more familiar with the chosen target demographic, to present excellently translated literary works for international audiences. ■

Copiedited by Bryan Michael Galvan
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Are China and the U.S. Missing Opportunities?

Editor's Note: As more and more countries become aware that China is starting to assume more global responsibilities, they are adjusting their policies accordingly, since they can also find tremendous potential for partnership with China. What can China offer to help solve global problems and contribute to balanced growth? How can more countries benefit from China's development and therefore work with China in sincerity? **Fu Ying**, Chairwoman of the Foreign Affairs Committee of the National People's Congress, China's top legislature, addressed the future of China's relationship with the world at the Sanya Forum 2015 in south China's Hainan Province on December 12, 2015. The following is an edited translation of her speech:

Dear Readers,

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

 yanwei@bjreview.com

Please provide your name and address along with your comments

Some describe today's China as in an era of "trivial matters," where people have deeper pockets and more leisure time. From online debates, one may find that what worries young people are things like: Should I risk being extorted to help up an elderly person who fell on the ground? Or, for the Chinese lunar New Year (Spring Festival), should I visit my own mother or my mother-in-law?

Surely, we have even bigger issues to tackle. At the conference held in late November 2015 by the Communist Party of China (CPC) Central Committee on poverty alleviation, discussions were centered on how to lift the over 70 million Chinese who are living below the country's current poverty line of 2,300 yuan (\$355) in annual income out of poverty over the next five years. To this end, the CPC Central Committee has developed comprehensive arrangements, which includes, among other things, production facilitation and more medical and educational resources for the poverty-stricken population.

Meanwhile, we can see from television that there is chaos in parts of today's world. There are countries torn by conflicts and wars and refugees driven out of their homes. Major terrorist attacks have stricken fear into people's hearts. We understand that peace and stability can never be overvalued. The rapid growth China has enjoyed over the last three decades and the well-being of the Chinese people today

are essentially the results of the sound political and security environments we have managed to maintain.

The year 2015 marked the 70th anniversary of the end of World War II. It is also the first year of the second century since the beginning of the World War I. Humankind witnessed over the past century two global hot wars and one cold one, and the endless conflicts and wars have taught us deep lessons. Standing at the doorstep of another historic chapter, we need to reevaluate our options: to reaffirm our worldwide commitment to peace and development, or allow conflicts and turmoil to reign and spell doom for humankind?

The year 2015 saw much tension, presenting the world with signs of change. Perhaps, the word "divergence" can best portray current international politics as confrontational factors are either emerging or reappearing.

First, the threat of terrorism to the civilized world has commanded global attention. With non-conventional security risks becoming the primary concern, people across the world are getting a clearer view of the situation.

I remember when 9/11 took place in 2001, we described terrorism with a Taoist quote, "a semblance great, the shadow of a shade" (*daxiang wuxing*). Now, terrorism has moved out of the shadows, challenging the civilized world in stronger and more visible ways. However, in terms of response, the

international community has yet to forge effective solutions.

The Syrian crisis, for one, is a grave outcome resulting from too many complicated and entangled factors, such as big power rivalry, religious conflicts and sectarian feuds, all mixing together and making it next to impossible to even try to solve.

Recently, the most asked question is whether the international community is countering terrorism in the right way. Within China, debates are also taking place as to whether China should get involved and if yes, how? As a matter of fact, China has put in significant diplomatic efforts in helping untie the knot through a political solution. For example, the UN-backed Geneva Conference on Syria was first proposed by China.

The more important question is, can the international community recognize and acknowledge the real political changes underway and agree on collective efforts to ensure global common security?

Second, as traditional geopolitical rivalry manifests itself again, the world's major powers see more diverging than converging interests among themselves. For instance, the tension caused by geopolitical rivalry between Russia and the United States as well as its European allies was demonstrated in the Ukrainian crisis, even leading some to ask whether a new cold war had started.

In the Asia-Pacific region, the United States intends to fuel another geopolitical contest by entangling itself in regional disputes in the South China Sea and enhancing its military alignment. The United States' biggest concern in the Asia-Pacific is the so-called "power shift," or the possibility of



Fu Ying, Chairwoman of the Foreign Affairs Committee of the National People's Congress, delivers a keynote speech at the Sanya Forum 2015 in Hainan Province on December 12, 2015

being "pushed out" of the region by China. Such a mindset has been interpreted as the U.S. meddling in the problems China has with its neighbors, which risks elevating territorial disputes into strategic rivalry.

One example is of the U.S. warships coming near to and aircraft flying over the Chinese islands in the South China Sea. Such testing of

China's resolve and tolerance will significantly increase the risk of accidental confrontation, which is against the two countries' common interest in maintaining peace and stability in the South China Sea. If this does not constitute a security hazard, what does? When entangled this way, how could the two countries confront together the bigger and real challenges the world faces?

I believe that today's major power rivalries are, to a large extent, part of a prolonged ending of the Cold War. Though the world has moved on, there will always be those who cling to old ways and pretend that all new problems were just variations of those of the past.

Third, on the economic front, we found divergence in both growth and cooperation. In 2015, the U.S. economy picked up significantly. As the United States registered a quarterly growth rate of 2-3 percent, it brought down unemployment and maintained its lead in innovation. Such a performance stood out in the Western world where other economies did not fare so well. However, it has been generally noted that the momentum gained by the world's largest economy has done little to boost global recovery. On the other hand, people have been worried about the possible "spillover" effect of the U.S. Federal Reserve's inter-

est rate hike, waiting for the other boot to drop. (The U.S. Federal Reserve decided on December 16, 2015, to raise benchmark interest rate by 25 basis points, the first in nine years since 2006.) Some have described the U.S. recovery as "sucking vitality from the rest of the world" as is seen is happening at the cost of capital reversal and market ►►



Senior officials attend the Seventh China-U.S. Strategic and Economic Dialogue and the Sixth China-U.S. High-Level Consultation on People-to-People Exchange in Washington, D.C., on June 23, 2015

decline in Europe and emerging economies, and could actually weaken the prospects of a global recovery.

At the same time, the Doha round of the World Trade Organization's multilateral trade negotiations appears to exist in name only. The United States, in order to maintain dominance in global economic affairs, has pushed harder on the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements to set new rules without including all the major economies. One cannot help but suspect that the United States, instead of tearing walls down, is building new ones. Does that mean that in the future the global economic order will again move toward exclusive blocs?

Fourth, on the cultural front, while globalization has enabled the free, open and convenient flow of people, the results of such openness are now being examined. It seems that the trends of cultural divergence and cultural convergence are struggling with each other. According to the World Tourism Organization, tourists around the world make more than 1.1 billion visits every year across global destination. In 2014, the

Chinese people alone made over 100 million overseas visits. With so many globetrotters, how to keep them safe is a big challenge for every government.

Developed countries have long upheld the banner of human rights, which are also the core principle of their refugee and immigration policies. However, such values are being challenged when confronting terrorism and extremism. European countries are reflecting upon whether they are able to deliver on what they have preached. However, if we shut the doors of communication among different regions and groups and allow "deglobalization" to become the mainstream of this era, will the world be divided again? And how is that a safer world?

Globalization gained full speed following the end of the Cold War. Capital, technology, talents and labor have been flowing from the developed centers of Western countries to other areas. China is a beneficiary of this trend as it has enjoyed its reform and opening-up goals on the back of globalization and has established itself as a crucial part of global wealth accumulation.

At the same time, we are also witness-

ing the impact of globalization on traditional structures. Fragmentation has been observed in international relations, such as in the distribution of hotspot issues, communication and people's perceptions. How to respond to the "crisis of fragmentation" has become a major concern for the international community.

Reasons run deep behind such fragmentations. Although the Western-centered world order greatly contributed to progress and growth, it failed to make timely adjustments as emerging economies rose and the old and new challenges became entrenched. It has not only failed to provide an interest distribution scheme that is complete and balanced while also reflecting new economic realities, but also lacks effective ways to manage or solve ongoing problems. It is like an adult in children's clothes; no wonder all the uneasiness.

The United States, as the leading power of the existing world order, made one major strategic mistake after another. Its invasion into Iraq in 2003 left the country in chaos. In 2010, the West embraced the so-called "Arab Spring" after the political upheaval in Tunisia. But the Arab Spring opened a Pandora's box, with old orders breaking down, but new orders not yet in place to provide peace and security to citizens. With social and economic unrest still rampant in many countries throughout the Middle East, in most cases the situation has yet to be resolved.

What is more, the financial crisis of 2008 wreaked havoc on Western countries and created a global recession. Some within America refer to the crisis as a "strategic disaster."

Now, the United States is trying to get out of the mess by proposing a "pivot to Asia." However, by suddenly making China a larger focus of their foreign policy, the United States has fueled distrust between the two countries. Will it turn out to be another strategic mistake on the part of the United States? Will it cost the two countries the chances to work together in addressing global problems?

The principal challenge of our time may be a deficit in responsibility. We live in an era of shared risks, when major problems demand global solutions.

But there is no need to get overly pessimistic, as the international community has already started to explore solutions. The G20, for one, has played a crucial role in combating financial

crises. The International Monetary Fund (IMF) and World Bank both approved a major realignment of voting shares to developing countries. And recently the IMF decided to bring the Chinese currency, the yuan, into its Special Drawing Rights basket.

At the same time, the Asian Infrastructure Investment Bank initiated by China is aimed at compensating for insufficiencies in existing international financing mechanisms. Moreover, negotiations of the Association of Southeast Asian Nations-led Regional Comprehensive Economic Partnership free trade agreement, involving China and other 15 countries, are also well under way. The bilateral agreement between China and the United States on climate change has laid a solid foundation for the success of the UN climate change conference in Paris. All these efforts bring home the relevance and vision of the "community of common destiny" proposed by Chinese President Xi Jinping and promise a brighter future of global governance with a stronger presence of the developing world.

Now, China, as one of the most important variables in the world today, should assume more international responsibilities as we have outgrown the period when we could focus only on our own growth. We should take initiatives to develop a sound international environment. In particular, we need to seriously consider how to safeguard world peace and stability with the rest of the world.

When Dr. Henry Kissinger was in Beijing recently, I arranged a meeting for him with some young Chinese citizens. When talking about the changing world order, many attendees criticized the United States. Dr. Kissinger listened to them with great patience, and then asked, "If you were given the chance to run the world now, what kind of international structure would you have in mind?" There was no answer. Obviously, we are still at the stage of feeling dissatisfied and more ready to criticize, than proposing, a new design.

We need more specific ideas. As more and more international responsibilities fall on our shoulders earlier than we have anticipat-

ed, and as more countries have come to the understanding that China offers great opportunities now and in the future, what ideas and public goods does China have to offer to address global issues and ensure balanced world development? How can we reassure other countries of the benefits that China's development can bring about and persuade them to work with us in sincerity and with mutual trust?

While interacting with the rest of the world, China also needs to find a way to make itself better understood. What we are doing now in international communications is far from enough, and it ultimately comes upon ourselves to convey to the world what our country's purpose is and what the Chinese people's dream is. The world is now very interested in listening to China's stories and the window is open for us, we need to raise awareness and improve our ability in better communicating with the world. ■

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Visiting Chinese naval sailors are greeted by their U.S. counterparts upon their arrival in Pearl Harbor, Hawaii, on December 13, 2015.

New Delhi Book Fair: Nine-Day Wonder?

By Sudeshna Sarkar



India and China are close geographically, their trade ties are rising and there is growing concurrence between them on global diplomatic issues. Yet the Beijing International Book Fair is virtually a closed book to Indian publishers, even though India was the guest of honor at the fair in 2010. Historically, the same behavior could be found at the New Delhi World Book Fair with Chinese publishers.

The annual Delhi event, though among the largest in the world and entering its 42nd year, has been unusually lackluster where Chinese books and publishers are concerned. In 2015, book fair consultant and avid fair visitor Hersh Bhardwaj reported spotting just “one lone Chinese presence” at the sprawling Pragati Maidan site. The singular presence of Bob Song, President of Royal Collins, China, was strange given that two years earlier one Chinese exhibitor, Guo Tan, had his books lapped up by visitors, especially Indian students learning Chinese at Delhi University and the Jawaharlal Nehru University.

Besides a demand for books written in Chinese among Indians learning the language and starved of relevant books, there is also a lot of interest among the Indian intelligentsia in Chinese literature, history, philosophy and business culture. To them, Confucius is as familiar a name as Alibaba. Long before Chinese writer Mo Yan received the Nobel Prize for Literature in 2012, there was literati Lu Xun (1881-1936), who has been translated into several major Indian languages.

At an age when tech brands such as Lenovo, Huawei and Xiaomi are familiar presences at Indian IT and trade fairs, the absence of Chinese pavilions in the Delhi book fair is baffling. But now it seems that the trend is about to change.

When the nine-day New Delhi World Book Fair 2016 kicks off on January 9, China is going to be the guest country of honor. This seems to be a development from Chinese President Xi Jinping's state visit to India in 2014 when he and Indian Prime Minister Narendra Modi agreed to step up bilateral cultural exchanges.

China was subsequently the guest of honor country at the 45th International Film Festival of India the same year. The two neighbors also agreed to enhance tourism cooperation. While 2015 was the Visit India Year in China, 2016 will be celebrated as the Visit China Year in India.

Cordial relations between neighbors and enhanced

GBD Books of India in collaboration with Royal Collins China is set to publish Alibaba Group's founder Jack Ma's authorized biography

cooperation are always a good thing. However, I am skeptical about how effective the Delhi book fair will be toward the achievement of these goals.

Organized by the National Book Trust under the aegis of the Indian Ministry of Human Resource Development, the fair suffers from the ineptness associated with most government programs in India. Less than a fortnight before the inauguration, the fair's website was unhelpful, lacking information about the events, participants or anything else. In some ways, it was an echo of the Visit India Year in China in 2015, a program marked by total invisibility in India. This is a pity, given the potential of Sino-Indian publishing synergy.

Indian writing, especially textbooks, would have a huge market in China among English readers, especially coming in with a price advantage against Western publishers. Perhaps more importantly, collaborations among Chinese and Indian publishers could result in cheaper books and a larger market. Chinese e-commerce giant Alibaba Group's founder Jack Ma's authorized biography, set to be published by GBD Books of India in collaboration with Royal Collins China, is a step in that direction.

The promising thing is that the private sector has already taken the initiative. At the smaller but largely popular annual book fair held in Kolkata, Chinese writing and culture are represented by Zhongwen Xuexiao, a local school of Chinese language. The school's Vice Principal, Karisma Shroff, told me how their pavilion did brisk trading, with everything being sold out—from dumplings and chopsticks to Chinese calligraphy materials.

My best memory of Sino-Indian bibliographical collaboration is from the Apeejay Kolkata Literary Festival in 2011 where the focus of the visitors was the Chinese novelist and screenwriter Bi Feiyu, who won the Man Asian Literary Prize for *Three Sisters* in 2010. Bi was invited to have a conversation with Indian historian and author Sugata Bose. He did not speak English, nor did Bose speak Chinese. So Abhijit Banerjee, head of Cheena Bhavan, one of the oldest Chinese schools in India, effortlessly stepped into the breach, translating for both. ■

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