

BEIJING REVIEW

VOL.59 NO.9 MARCH 3, 2016

北京周报 WWW.BJREVIEW.COM



EVERY BIT COUNTS

China's strategy to end poverty by 2020



RMB6.00
USD1.70
AUD3.00
GBP1.20
CAD2.60
CHF2.60
JPY188

ISSN 1000-9140



邮发代号2-922 · 国内统一刊号: CN11-1576/G2



Ready for the next 20 years?

Shanghai | Beijing | Shenzhen | Accra

For 20 years China Europe International Business School has provided thousands of clients with the business management skills needed to succeed in China and across the globe. We're ready for the next two decades. Are you?

MBA	admissions@ceibs.edu
FMBA	fmba@ceibs.edu
Executive MBA	exed@ceibs.edu
Global Executive MBA	gemba@ceibs.edu
PhD	phd@ceibs.edu

CEIBS is the only Asian business school that has achieved FT ranking for its MBA, EMBA and Executive Education programs.

EDITOR'S DESK

02 The Road to Poverty Alleviation

THIS WEEK

COVER STORY

18 Soft Power, Strong Support

Cultural activities in impoverished areas get an upgrade

20 Increasing Prosperity in Xinjiang

Providing new job opportunities to local residents

WORLD

26 Progress in Transition

Ukraine aims to regain stability

NATION

28 Citizen Protection

Volunteers work to keep Beijing safe



14 COVER STORY

Rooting Out Poverty

An innovative approach to ending impoverishment

WORLD

P.24 | The Economy Matters More

U.S.-ASEAN summit focuses on economic cooperation

BUSINESS

34 Aiming Higher

Haier takes hold of the American market

36 Market Watch

CULTURE

44 Undated Elegance

Traditional calendars make a comeback

FORUM

46 Do Digital Red Envelopes Tarnish Tradition?

ESSAY

48 From Ebola to Zika

Confronting the latest global health challenge

Cover Design: Pamela Tobey

©2016 Beijing Review, all rights reserved.



BUSINESS

P.32 | Is 'Made in China' Bust?

Manufacturing industry preps for change



www.bjreview.com



Follow us on



BREAKING NEWS » SCAN ME » Using a QR code reader

Beijing Review (ISSN 1000-9140) is published weekly for US\$61.00 per year by Cypress Books, 360 Swift Avenue, Suite 48, South San Francisco, CA 94080. Periodical Postage Paid at South San Francisco, CA 94080. POSTMASTER: Send address changes to Beijing Review, Cypress Books, 360 Swift Avenue, Suite 48, South San Francisco, CA 94080



北京周报

BEIJING REVIEW

A News Weekly Magazine
Published Since 1958

President: Li Yafang
Vice President: Qi Wengong
Associate Editors in Chief: Li Jianguo, Huang Wei,
Wang Yanjuan, Ding Zhitao
Assistant President: Li Zhenzhou

Executive Editor: Yan Wei
Assistant Executive Editors: Zan Jifang, Liu Yanyun, Yu Shujun
Production Director: Yao Bin
Editorial Administrators: Zeng Wenhui, Shi Bosen, Hou Beibei
Commentators: Zhang Zhiping, Lan Xinzhen
Opinion/Culture Editor: Yan Wei
World Editor: Liu Yanyun
Nation Editor: Zan Jifang
Business Editor: Yu Shujun
Web Editor: Chen Ran
Editorial Consultants: Mara Lee Durrell, Bryan Michael Galvan
Staff Reporters: Tang Yuankai, Wang Jun, Yin Pumin, Pan Xiaogao,
Yuan Yuan, Wang Hairong, Yu Lintao, Zhou Xiaoyan, Bai Shi,
Li Fangfang, Deng Yaqing, Ji Jing, Li Nan
Visual Director: Pamela Tobey
Photo Editor: Wang Xiang
Photographer: Wei Yao
Art: Li Shigong
Art Director: Wang Yajuan
Chief Designer: Cui Xiaodong
Designer: Zhao Boyu
Proofreading: Ma Xin

Distribution Director: Hu Keqiang
Advertising Director: Yang Jincheng
Human Resources: Zhang Yajie
Marketing/PR Director: Pan Changqing
Legal Counsel: Yue Cheng

North America Bureau
Chief: Huang Wei
Deputy Chief: Ding Ying
Tel/Fax: 1-201-792-0334
E-mail: hwbj@bjreview.com

Africa Bureau
Chief: Li Jianguo
Africa Managing Editor: Francisco Little
Tel: 27-71-6132053
E-mail: casa201208@hotmail.com

General Editorial Office
Tel: 86-10-68996252
Fax: 86-10-68326628
English Edition
Tel: 86-10-68996250
Advertising Department
Tel: 86-10-68998164
E-mail: ad@bjreview.com.cn
Distribution Department
Tel: 86-10-68310644
E-mail: circulation@bjreview.com.cn

Published every Thursday by
BEIJING REVIEW, 24 Baiwanzhuang Lu,
Beijing 100037, China.
Overseas Distributor: China International Book Trading
Corporation (Guoji Shudian), P. O. BOX 399,
Beijing 100044, China
Tel: 86-10-68413849, 1-416-497-8096 (Canada)
Fax: 86-10-68412166
E-mail: fp@mail.cibtc.com.cn
Website: <http://www.cibtc.com>
General Distributor for Hong Kong, Macao and Taiwan:
Peace Book Co. Ltd.
17/FI, Paramount Bldg, 12 Ka Yip St, Chai Wan, HK
Tel: 852-28046687 **Fax:** 852-28046409

Beijing Review (ISSN 1000-9140 USPS 2812) is published weekly in the
United States for US\$61.00 per year by Cypress Books,
360 Swift Avenue, Suite 48, South San Francisco, CA 94080
News Postage Paid at South San Francisco, CA 94080
POSTMASTER: Send address changes to *Beijing Review*,
Cypress Books, 360 Swift Avenue, Suite 48,
South San Francisco, CA 94080

EDITOR'S DESK

The Road to Poverty Alleviation

China's plan to lift all of its poor people out of poverty by 2020 concerns whether the country can fulfill its goal of building a moderately prosperous society in all respects throughout the next five years. The Chinese Government has prioritized its poverty alleviation plan across the nation, and has already set in motion the process to improve the living standards of an estimated 70 million people living under the country's poverty line.

The Chinese Government has come up with a targeted approach to fighting poverty, which applies customized policies and measures to different people and locations. The government plans to lift 30 million people out of privation by developing the economy. Another 10 million will be helped by relocation to locations with better living conditions. Through government-subsidized training and job-hunting assistance, 10 million more are expected to rise out of hardship. As for the remaining 20 million, which include seniors, persons with disabilities and juveniles in rural areas who are unable to work and without income or guardians, the government plans to guarantee an adequate standard of living for them.

China's poverty relief efforts will ultimately contribute to the reduction of global poverty. The UN's Post-2015 Development Agenda proposed to eliminate extreme pov-

erty throughout the world by 2030. China is therefore 10 years ahead of the UN in that regard. China's work throughout the next five years will provide useful case studies for other countries' efforts.

After years of hard work, China's impoverished population has declined from over 200 million in the 1980s to the current 70 million. Nonetheless, the groups that benefited from those poverty reduction policies mostly live in regions enjoying stable conditions for economic development. China will therefore face greater challenges in lifting the remaining 70 million out of poverty in just five years.

It is also worth noting that the aforementioned 70 million people are living in absolute poverty, which means that, should the plan succeed, China will not be completely devoid of poor people in five years. There will still be some people living in relative poverty by 2020. China will remain a large developing country, and some level of poverty will undoubtedly persist in the long term.

In order to achieve its goals of total poverty alleviation and balanced development, the Chinese Government must continue to be committed to enabling all rural residents, especially impoverished ones, to benefit more from the country's social and economic development driven by reform and opening up. ■

WRITE TO US



Send an e-mail: contact@bjreview.com.cn

Please provide your name and address along with your submissions. Submissions may be edited.

CHINA.....RMB6.00 U.S.A.....USD1.70 AUSTRALIA.....AUD3.00 UK.....GBP1.20 CANADA.....CAD2.60 SWITZERLAND.....CHF2.60
JAPAN.....JPY188 EUROPE.....EURO1.90 TURKEY.....YTL5.00 HK.....HKD9.30 NEPAL.....RS40

北京周报 英文版 2016年 第9期 ISSN 1000-9140 广告许可证 0171号北京市期刊登记证第733号
邮发代号2-922 国内统一刊号: CN11-1576/G2 国内零售价: 人民币6.00元



A NEW BEGINNING

A primary school student in Fuzhou, capital of southeast China's Fujian Province, writes an aphorism professing filial piety in the first class of the spring semester on February 24.

Schools across the country recently opened after the month-long winter holiday. Traditional Chinese values were taught in many locations as the first lesson of the new semester.



Butter and Buddhas

People visit butter sculptures at the Taer Monastery in Huangzhong County of northwest China's Qinghai Province on February 22.

The monastery is the birth place of Tsongkhapa, founder of the Geluk School of Tibetan Buddhism.

New Staple Food

China will further boost its potato production to make the tuber one of the nation's staple foods, the Ministry of Agriculture (MOA) said on February 23.

By 2020, China will have more than 6.67 million hectares of potato-planting areas, 30 percent of which can be processed into staple food, according to a document released by the MOA.

To achieve the goal, China will better plan the planting of potatoes by taking local resources into account, while diversifying staple foods based on market demand, improving support for staple food production, and modernizing food processing.

In terms of water and land usage, the potato industry will not

interfere with growth of China's top three staple crops—rice, wheat and corn.

China is the world's largest potato producer, with a planting area of around 5.6 million hectares.

Reservoir Expansion

The largest desert reservoir in Asia, the Hongyashan, in northwest China's Gansu Province, will expand its storage capacity by 49 percent to ease desertification in the region, local authorities said on February 19.

The reservoir, located in the middle reaches of the Shiyang River, will have its capacity increased to 148 million cubic meters, according to the provincial water resources department.

The reservoir will transmit 27.2 million cubic meters of water every

year to the Qingtu Lake to meet the local demand.

The height of the dams will be increased starting in February, and 117 hectares of trees will be planted by the reservoir to mitigate the wind and sand erosion, according to the department.

The expansion is imperative because the reservoir, built in 1958, has accumulated 33.18 million cubic meters of sediment, a third of its storage capacity.

The region is one of the major sources of sand storms in northwest China. The reservoir is vital to prevent the desertification of the locality.

Home Purchase Tax

China cut deed and business taxes for home purchases in most cities

in an attempt to digest the property glut, an official statement said on February 19.

The Ministry of Finance said that houses above 90 square meters will be levied a deed tax at 1.5 percent of the house price for first-time buyers in all Chinese cities, down from the current 2 percent.

In terms of the second home purchase, tax rates will be 1 percent for those under 90 square meters and 2 percent for larger homes in cities excluding Beijing, Shanghai, Guangzhou and Shenzhen. Previously, the rate was 3 percent, regardless of floor space.

In addition, sales of houses held for more than two years will be exempt from business tax everywhere except the above-mentioned metropolises, said the statement.

The tax adjustment will assist home sales and inventory reduction, and more support for the market can be expected, according to a research note from Minsheng Securities.

In early February, the central bank loosened rules on down payments for home purchases in cities with no restrictions and allowed lenders and local authorities to decide on their own deposit requirements.

The country has made de-stocking the property inventory one of this year's major economic tasks, as an ailing housing market could derail the economy, which is growing at the slowest rate in a quarter of a century.

The new policy took effect on February 22.

Housing Facelift

Beijing will transform its run-down neighborhoods to benefit 35,000 families in 2016, authorities said on February 23.

The task will be carried out mainly in the capital's districts of Dongcheng, Xicheng, Chaoyang, Haidian, Fengtai and Shijingshan, where families will be relocated or see their homes renovated. Other work will be conducted in the sub-

urbs, according to the Beijing Major Projects Construction Headquarters Office.

In January alone, Beijing has spent about 1 billion yuan (\$153 million) on renovations, with 2,893 households having their homes renovated or moving into new ones.

Over the past four years, more than 20 million units of affordable housing have been built across the country, and 12 million more are under construction, with supportive funds for building these houses reaching 710 billion yuan (\$109 billion).

R&D Reward

China has created policies to encourage the country's scientists to translate their research into commercial products.

The policies were laid out at the regular State Council executive meeting on February 17, which was presided over by Premier Li Keqiang.

According to the policies approved at the meeting, state-sponsored research institutions and universities will generally have autonomy in transferring their scientific outcomes to enterprises or social organizations, without having to file applications.

All revenue generated from the work may be reserved by the research institutions or universities, which shall be used mainly for rewarding scientists, advancing research and industrial applications.

Reward money should constitute no less than 50 percent of the net income earned from transferring scientific outcomes to enterprises or other social organizations, as well as stock shares gained. Major contributing researchers should take no less than 50 percent of the total rewards.

The new policies also allow scientists and researchers to take part-time jobs in enterprises to convert their discoveries into products, and they may temporarily leave their posts to start their own businesses.

Lander Woke Up

China's first moon lander, the *Chang'e-3*, awakened automatically on February 18 after "sleeping" during the lunar night, entering its 28th lunar day, China's State Administration of Science, Technology and Industry for National Defense (SASTIND) announced on February 19.

One lunar day lasts approximately 14 Earth days.

The spacecraft has stood the test of extreme low temperatures during 27 lunar nights since its successful soft landing on the moon in December 2013, according to a statement by SASTIND.

Although the moon lander has already exceeded its design life by 14 months, the astronomical telescope and other surveying devices it is carrying still work well.

The engineering and scientific data it has transmitted will pave the

Bright and Colorful

A monkey figure lantern attracts many visitors at a celebration for the traditional Lantern Festival in Fuzhou, Fujian Province, on February 19.

The Lantern Festival fell on February 22 this year. Traditionally, people eat sticky rice dumplings on this important family reunion day.



way for scientific research and future lunar probes, and the data is globally accessible, SASTIND said.

SASTIND also said that preparation for the country's next lunar probe mission, the *Chang'e-5*, is under way, and it is expected to be launched around 2017.

The *Chang'e-5* probe will be tasked with landing on the moon, collecting samples and returning to Earth.

Power Grid Upgrades

China will start a new round of electricity power grid upgrades in rural areas to ensure nationwide coverage

of stable supply by 2020, according to a State Council notice released on February 22.

The upgrades are aimed at meeting both demand from agriculture and household consumption. The project will address problems like low voltage and insufficient supply.

The urban-rural gap remains big in China, with many villages still lacking reliable water and power supplies. By the end of 2017, all village wells should be powered from the grid.

An earlier State Council meeting pledged to spend more than 700 billion yuan (\$107 billion) on rural power grid upgrades.

Themed Post

A themed post office is unveiled in FAW-Volkswagen, which located in Changchun, Jilin Province, on February 19.

Cooperatively created by FAW-Volkswagen and China Post, it is the first post office themed with the automobile industry in China.



City Planning

On February 21, China issued a set of guidelines on urban development.

The document sets the basic principles, key tasks and targets for future urban development and management, aiming to ensure that cities are “orderly constructed, properly developed, and efficiently operated.”

At the end of 2015, 56.1 percent of the Chinese population lived in cities.

Urbanization in the past few decades has brought about significant social and economic changes in China, spawning problems including traffic jams, pollution and compromised public safety.

The guidelines said that China will limit cities from growing beyond the means of their natural resources and environment.

It also called on planners to differentiate cities through unique

landscape modeling based on local characteristics.

Aside from the exterior of buildings, factors including resource and energy conservation as well as environmental protection should also be taken into account in the process of designing and constructing, according to the guidelines.

As part of efforts to provide low-income urban residents with affordable housing, China aims to complete the renovation of rundown urban areas and dilapidated housing by 2020.

Capital Exports

China overtook Germany in net capital exports in 2015, according to a report on February 22 by the Ifo Institute for Economic Research, a German think tank.

According to Ifo, China looks set to become the new number one with

net capital exports of \$293 billion from an international perspective. Germany followed suit with exports of around \$280 billion, meaning that German capital exports look set to fall below those of China for the first time since May 2010.

The report noted that Germany's net capital exports had actually hit a new record in 2015, which rose to 8.3 percent of its annual economic output for the year, following 7.3 percent in 2014.

According to the EU, a level of 6 percent is sustainable in the long term, which means that Germany remains by far the greatest lender of new funds on both sides of the Atlantic to the debt-afflicted countries.

“This development was driven by goods exports, which accounted for a surplus of 262 billion euros, also marking a new record,” the Munich-based think tank added.

In addition, considering the low price of oil and the weak euro, Ifo predicted that Germany's current account surplus will continue to rise in 2016 and that it is once again very likely to be higher than 8 percent of its annual economic output.

Land Ban

China has banned local governments from borrowing from banks to finance land purchases and preparations for property development, an official statement said on February 23.

Local governments must reduce the number of institutions responsible for land reserves, whittling down the many departments to just one, according to the statement, which was jointly issued by the Ministry of Finance, Ministry of Land and Resources, People's Bank of China and China Banking Regulatory Commission.

Land reserve institutions should no longer have financing, construction or land development arms, and these departments should be closed or turned into enterprises, it said. This task should be finished before the end of this year, according to the statement.

The statement clarified that local governments with large swathes of land should slow down or even stop adding new reserves to improve land use and cut debt pressure.

Red Tape Cut

The State Council, China's cabinet, has decided to abolish another 13 administrative approval procedures to reduce intervention in the economy.

The procedures released on February 23 involve finance and business qualification reviews.

The move will help revitalize the economy and boost growth, the State Council said in a statement.

Departments of the State Council have canceled or delegated 599 administrative approval procedures since March 2013, meeting the target to cut the number of red tape



Bustling and Rustling

A vendor in the China Commodity City in Yiwu, Zhejiang Province, talks with a Yemeni businessman on February 23, the first business day of the wholesale marketplace after the Chinese Lunar New Year holiday.

Roughly 77 percent of commercial tenants in the market started operation on the day, while over 217,600 consumers came to buy commodities.



Spring Farming

A farmer covers a potato land with plastic film in a village in Zoucheng, Shandong Province, on February 23.

measures by one third within the five-year term of this government ahead of schedule.

CPI and PPI

Amid growing concerns over the “new mediocrity” of the global economy, China’s latest economic data provides evidence that the world’s second largest economy is resilient and full of vigor and vitality.

China’s consumer price index (CPI), a main gauge of inflation, grew 1.8 percent year on year in January, up from a rise of 1.6 percent in December while hitting a five-month high, the National Bureau of Statistics (NBS) said in a statement on February 18.

Meanwhile, the producer price index (PPI), which measures wholesale inflation, dropped for the 47th consecutive month to 5.3 percent in January, but the reading eased from the 5.9-percent contraction seen from August to December 2015, according to the NBS.

Many overseas economists have noted that despite existing challenges, there is still ample room for macroeconomic regulatory maneuvers for Chinese policymakers.

They also pointed out that weaker output of certain industries in China is a result of “necessary adjustment.”

Trade Friction

China will protect the legitimate rights of its tire makers, the Ministry of Commerce (MOFCOM) said on February 20 in response to a recent trade probe by the United States.

On February 19, the U.S. Department of Commerce launched an anti-dumping and countervailing duty investigation into tires for trucks and buses imported from China.

The decision was “groundless” and China has expressed serious concerns, according to a MOFCOM statement. Moreover, the charges were filed regardless of opposition from some key tire makers in the United States, and its domestic tire companies are earning a healthy profit, it said.

Since 2007, the United States has launched a number of trade remedy investigations against Chinese tire manufacturers, which have severely hindered exports and the industry, said MOFCOM.

The ministry also stressed that

China has always been against any abuse of trade remedy measures, and hopes the United States can cautiously deal with the case to maintain healthy trade cooperation in related sectors between the two countries.

EV Factory

Chinese automaker Chery began work on a new plant capable of making 60,000 purely electric vehicles per year in east China’s Anhui Province on February 23.

The 1.56-billion-yuan (\$240-million) factory in Wuhu will produce electric vehicles with aluminum alloy frames.

The first phase of construction is set to be completed in September and will produce 10,000 electric cars each year. The first model of this production line will be a small SUV.

The second phase of construction is scheduled for completion by the end of next year.

Chery began selling electric cars in 2008. The company aims to boost its annual sales of new-energy vehicles to 200,000 units by 2020. The figure in 2015 was 14,000 units.

New Partnership

Guangxi Yuchai Machinery Co. Ltd., a diesel engine manufacturer based in Yulin, Guangxi Zhuang Autonomous Region in south China, has decided to establish a 50-50 joint venture with MTU Friedrichshafen GmbH, a subsidiary of the Rolls-Royce Power Systems, for the production of MTU diesel engines in China.

The Chinese diesel engine maker and its German partner will invest 75 million yuan (\$11.5 million) each in the project. Production is expected to start in 2017 with an annual output of 1,500 MTU Series 400 diesel engines.

The engines are compliant with China Tier 3 emission standards with power outputs ranging from 1,400 to 3,490 kW and are primarily aimed at the Chinese off-highway market, said Ulrich Dohle, President of MTU.

They will be particularly suited to applications in power generation as well as the oil and gas industry, he said.

The joint venture will provide new growth opportunities for the two companies in China and elsewhere in Asia.



Mobile World Congress

Streams of people visit an exhibition booth of ZTE, a Chinese telecommunications equipment maker, at the Mobile World Congress in Barcelona, Spain, on February 22.

THIS WEEK WORLD



INDIA

Police officers guard streets in Faridabad on February 21 to quell the riot by the Jat community in the city of the northern state Haryana. At least 10 people have been killed and 150 injured in the recent unrest



SYRIA

Military officers investigate a blast site after a series of explosions hit the northern part of Damascus, killing at least 83 people and injured 178



IRAN

An elderly lady looks at electoral posters in downtown Tehran on February 22; two important elections—Majlis (parliament) and Assembly of Experts—were held on February 26



NORTH KOREA

Top leader Kim Jong Un, accompanied by military officers, at a drill of the Korean People's Army on February 21



SOUTH AFRICA

The South African National Defense Force conducts an anti-piracy operation marking the Armed Forces Day in Nelson Mandela Bay Municipality on February 21



RUSSIA

President Vladimir Putin and Prime Minister Dmitry Medvedev during a wreath-laying ceremony to mark Defender of the Fatherland Day in Moscow on February 23

↓ NEW SECURITIES WATCHDOG CHIEF

Veteran banker **Liu Shiyu** was recently appointed chairman of the China Securities Regulatory Commission, the country's securities watchdog.

Liu was deputy governor of the central bank from 2006 to 2014. He had been head of the Agricultural Bank of China, the country's third largest commercial lender by assets, prior to his latest appointment.

During his term as deputy governor of the central bank, he commented many times on the Chinese stock market. Liu once said that a multilayered capital market was key to solving various market problems in China and that the country needed to expand capital market financing instead of relying solely on refinancing, which refers to the refunding or restructuring of debt with new debt, equity or a combination of both.

Liu now faces the daunting task of stepping up the reform of China's stock market. Born in 1961 in Guanyun County in east China's Jiangsu Province, he holds a master's degree from Tsinghua University's School of Economics and Management.



Washington's Role as A Destabilizer

**Xinhua News Agency
February 24**

The recent U.S. hype about alleged Chinese military maneuvers in the South China Sea, however sensational, will not hide the fact that Washington is now the top contributor of tension in the region.

In the lead-up to Chinese Foreign Minister Wang Yi's visit to the United States, some U.S. media organizations played up China's deployment of a surface-to-air missile system on Yongxing Island. Right after Wang's joint press conference with his U.S. counterpart John Kerry on February 23, Fox News reported that the U.S. intelligence had seen activities of fighter jets on the same island.

U.S. media have failed to give due attention to the fact that deployment of defense measures has been going on for decades on the island, home to the municipal government of China's southernmost city of Sansha. China has repeatedly made clear that it has no intention to militarize the region. With trillions of dollars worth of goods traversing the patch of water every year, the South China Sea is vital both to global trade and to China's development. Beijing has no reason to disrupt one of its own crucial arteries of trade.

The United States has conducted a slew of naval and air patrol trips in the vicinity of the China-owned islands. It has also reopened military bases in the Philippines, in a move widely interpreted as stirring up tension in the region. If there were a ranking for destabilizers in the South China Sea, there's no doubt Washington would top the list.

Returning to Family Life

**South Reviews
February 10-23**

A trend of people retreating into their shells has crept in throughout China in recent years thanks to the new normal of economic development, according to Zhu Shanjie, a research fellow from Shanghai University.

In the new normal context, and with slowed growth, many Chinese feel more pressure in their careers. Also, prices of housing and other goods and services keep increasing. Social and economic changes affect not only many people's careers, but also their lifestyles. Many try to reinstate traditional family life. Topics like healthcare and diet, instead of politics and the economy, are popular on social media platforms. More and more Chinese indulge themselves in spending holidays at home or traveling alone. Rather than take part in big public events, they prefer to spend time with family members and post about their lives. Online shopping is another hot way to kill time.

"Demilitarization needs efforts of all parties, not only China, but also the United States and ASEAN countries."

Foreign Minister **Wang Yi**, commenting on militarization in the South China Sea at a joint press conference with U.S. Secretary of State John Kerry after their meeting on February 23 in Washington, D.C.

"Since 2014, Beijing has increased cooperation with hospitals in Hebei Province's Yanjiao, Zhangjiakou and Caofeidian by sending experts to perform surgeries in these hospitals and helping them train doctors and nurses."

Gao Xiaojun, spokesman for the Beijing Municipal Commission of Health and Family Planning, on the capital's measures to ease overcrowding in public hospitals on February 23



The trend is believed to become more evident in 2016. With the return to family life and personal worlds, more products related to daily life will be needed, bringing in new business opportunities. The new normal is leading to changes in many Chinese people's way of life, which may in turn affect the country's social structure.

Railway Runner Free to Set Ticket Prices

Beijing Times
February 22

China Railway Corp. (CRC), the only operator of the country's railways, is empowered to decide how much high-speed train tickets cost as of the beginning of 2016. The announcement was made by the National Development and Reform Commission (NDRC), which previously set the price.

Transferring the pricing right to CRC is a necessary step for the railway runner to realize marketization. To achieve a balance between public service and profitable business, railway ticket prices are not allowed to dance with the market, and the benchmark ticket price for high-speed trains set by the NDRC have remained unchanged for years. Consequently, misallocation of resources has happened frequently and CRC is now shouldering heavy debt. As an enterprise in a market economy, CRC should be freed from the shackles of administrative intervention and adopt a flexible pricing mechanism based on changes in demand and supply.

Yet some worry that the reform may lead to unreasonably high prices for high-speed train tickets, because CRC enjoys a monopoly as the country's only runner of high-speed trains. Also, current heavy debt may impel CRC to hike ticket prices. What's more, high-speed trains are safer and more competitive than other means of transportation including planes, ships and cars.

To avoid unreasonable ticket price hikes, more efficient transportation choices should be offered and necessary supervision from the government is imperative.

FORMER NYC COP'S CONTROVERSIAL CONVICTION

The conviction of **Peter Liang**, a 28-year-old former New York police officer, triggered protests in cities across the United States on February 20.

Liang was a rookie cop on patrol in a Brooklyn housing project in 2014 when he fired his gun.

The bullet ricocheted off a wall and struck Akai Gurley, an African American man, in the chest. The victim later died at a hospital. Liang was found guilty by a grand jury and could face up to 15 years in prison for the manslaughter count.

The protesters were primarily Chinese Americans like Liang who carried signs that read "no scapegoating," "one tragedy, two victims" and "condolences to Akai Gurley, justice for Peter Liang." They believe that Liang is being used as a scapegoat for past instances of fatal police actions around the United States. Prosecutors, however, held that Liang's actions were reckless.



"A firm political stance and fine-tuned professional skills are required for today's media to exercise their duty."

Lu Shaoyang, head of Peking University's School of Journalism and Communication, responding to calls made by President Xi Jinping on news media in China to provide guidance for the public and serve the country's overall interests at a symposium following his visits to three leading news organizations on February 19

"Over 90 percent of new businesses were set up by individuals in 2015 as more people become entrepreneurial due to easier access and more government support."

Zhang Mao, head of the State Administration for Industry and Commerce, at a press conference on February 22

用我们的爱 照亮孩子未来 Enlighten Orphans' Future with Our Love



孤儿保障大行动

Safeguarding Orphans' Health Program

每50元善款即可为一名孤儿提供一年期、保障额度为100,000元，全面覆盖12种少年儿童常发重大疾病的公益保险
Every USD 8 donated will provide USD 15,000 of protection towards an orphan for one year against 12 types of critical illnesses.



《北京周报》

中、英、法、德、日
五个文版精彩内容免费阅读！

**WWW.
BJREVIEW.
COM**

是中国
国家英文新闻周刊，
创刊于1958年。《北京周报》
报道中国政治、经济、社会、文
化、科技、体育等领域的最新进展，
深度解读国内外重大新闻事件，挖掘新
闻背景和内涵，提供分析评论及专
家学者的观点与预测，通过事实报
道与观点交流，向世界介绍一
个真实的中国。

《中国与非洲》

是中国唯一面向非
洲读者，以政经类
话题深度报道和分
析评论为主的综合
性英、法文月刊。

- 想要提前知道最新一期杂志的精彩内容？
- 想要看到网络独家的多媒体报道和专题？
- 想要了解更多会员服务？

☞ 加微信、微博关注我们，阅读时事英语、双语文件，参与我们活动！



COVER STORY

ROOTING OUT POVERTY

China is determined to eradicate poverty across the nation by 2020

By Yin Pumin



The family of Xu Chaoting, a farmer with disabilities in a poverty-stricken village in Chongqing Municipality, take a picture in front of their new house built with the aid of the government on February 7



Since the rural population of China accounts for about 50 percent of the country's total, poverty alleviation measures in rural areas has long been one of the major concerns of the Chinese Government.

"Poverty alleviation endeavors must be carried out in a precise manner, with different measures rolled out targeting different types of people and households," said Chinese President Xi Jinping during his tour in Jiangxi Province on February 1-3.

"Not a single family living in poverty is to be left behind in our path," he stressed.

Earlier, at a group study of the Political Bureau members of the Communist Party of China (CPC) Central Committee in January, the president pledged to make an all-out effort to ensure that all impoverished farmers will be lifted out of poverty by 2020.

In the past three decades, China has lifted more than 600 million people out of penury, accounting for an estimated 70 percent reduction of worldwide poverty.

China was the first developing country to meet the UN Millennium Development Goals (MDGs) ahead of its target which outlined the halving of a country's number of poor people by 2015.

"Despite the achievements, China remains the world's largest developing country, and narrowing the urban-rural gap remains a big challenge for us," Xi said in October last year while addressing the Global Poverty Reduction and Development Forum in Beijing.

At the end of 2014, China still had more than 70 million people living below the country's poverty line of 2,300 yuan (\$375) in annual income by 2010 price standards.

When the nation's lawmakers and policy advisers gather in Beijing in early March for the annual sessions of the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference, poverty alleviation will be high on their agenda.

More targeted measures

How to lift the remaining 70 plus million people out of poverty is a big challenge that the Central

Government is faced with, as the nation is striving to achieve the goal of building a moderately prosperous society.

In December 2015, the CPC Central Committee and the State Council jointly released instructions for poverty alleviation, calling for creative ideas and methods to address poverty.

The document suggested that more targeted and precise measures are needed to help those living in poverty in rural areas obtain basic living standards by 2020.

These measures include developing industries, improving education and medical services, building adequate infrastructure and facilities, helping migrant workers find jobs, and relocating people that live in hostile conditions and fragile environments to more prosperous areas.

The document came out after a state council meeting on poverty alleviation in November last year, at which the goal of eliminating nationwide poverty by 2020 was reiterated. Specifically targeted measures designed to help poor people in rural areas shake off poverty were pushed forward, breaking from the previous "one-size-fits-all" policy.

"The method of extensive poverty relief used in the past no longer works when it comes to the most impoverished families. Targeted relief and customized policies are needed to help each household," said Wang Sangui, a professor with the School of Agricultural Economics and Rural Development of Beijing-based Renmin University of China, in an article by Xinhua News Agency.

Wang believed that effective poverty relief relies on precisely identifying particularly needy groups. "Identifying the needs of the poor is the first step in the poverty relief battle and only by fully understanding the problem can policymakers deliver the targeted measures proposed by the central authorities for the 13th Five-Year Plan (2016-20)," claimed Wang.

Guided by that policy, a database was created in 2014 to record the basic in-

On January 30, officials in Wudang District of Guiyang, the capital city of Guizhou Province, come to a local village that they are assigned to help the villagers out of poverty. They were there to see the growth of the tea plants financed with the aid of the local government



formation of indigent people throughout the country. In 2016, the database will be completed, tabulating the poor to help lift them out of poverty more efficiently and effectively.

"The database is fundamental for the government to launch poverty alleviation policies more precisely," said Liu Yongfu, head of the State Council Leading Group Office of Poverty Alleviation and Development, at its meeting in November last year.

At the meeting, President Xi urged local governments and officials to make poverty alleviation the top priority during the next five years.

Xi emphasized that industrial development is crucial to poverty alleviation. Local resources should be utilized optimally in order to develop a variety of industries and ensure employment for the jobless.

He also promised more financial support

to poverty relief work. According to the official figures, the anti-poverty funds from the Central Government maintained 18.1 percent of annual growth from 2011 to 2014. In 2015, China further increased the budget to 46.75 billion yuan (\$7.63 billion).

Even though China's economic growth is currently slowing down, financial support will not be cut, but will actually be increased during the next five years. This indicates the central leadership's determination to root out poverty, according to Li Shi, Director of the Institute for Income Distribution and Poverty Studies at Beijing Normal University.

The Central Government has said that it also welcomes private investments—as well as people from all walks of life—to join the battle against poverty.

As for local governments, they will undergo stricter performance assessments regarding their poverty alleviation measures in the future, and will be punished more se-

verely if funds assigned to fighting poverty are misappropriated.

New crowdfunding strategy

Among the measures being used for poverty relief, crowdfunding—a novel practice for companies and individuals to raise money from a large number of people—has proved successful in some rural communities.

In north China's Shanxi Province, villagers are confident about their ability to make ends meet. "I work at a cooperative union in my village and earn 2,000 yuan (\$326.26) each month. With my promised dividends, my family will undoubtedly walk out of poverty in the near future," said Zhang Baojun, a villager from Baijatan Village in Loufan County.

There are four members in Zhang's family, including his 80-year-old mother and his son who is attending college. Due to the harsh natural conditions and Zhang's own kidney illness,



XINHUA

Yi Jialiang, a villager from Luxi, Jiangxi Province, checks his dragon fruit field on January 8. The plantation has provided more than 50 jobs to people in neighboring areas



XINHUA

A company specializing in electronic products in Xuanen County, Hubei Province, provides free training to local women from rural areas in December 2015

his family mainly depended on the country's low subsistence allowance in the past.

In his village, which lies in the valley of the Luliang Mountain, there are 95 families, totaling 290 individuals, living in conditions like Zhang's. Despite efforts from central and local governments in recent years, the options available to earn a living were still scarce.

That situation had not changed until the idea of crowdfunding was introduced to the village in 2014.

After conducting careful studies into the matter, the Shanxi Securities Regulatory Bureau helped the villagers form two equity-based cooperative unions to support the village's chicken-breeding and goat-breeding industries. This helped the villagers collect more than 1.7 million yuan (\$260,245) in funds from over 20 organizations.

In order to apply the money more efficient-

ly, the bureau lent 700,000 yuan (\$107,159) to those 95 poverty-stricken families without interest. The families could then invest the money into the two cooperative unions as shareholders. The rest of the 1.7 million yuan went to the cooperative unions as running funds with normal interest rates. With the money, the cooperative unions built two large-scale breeding farms for their chickens and goats.

"In the past, we could only raise a maximum of 6,000 chickens. But today, with the crowd-funded money, we can easily raise 20,000 chickens," You Cunlin, head of the two cooperative unions, told Xinhua.

You Aizhong, the village chief, also told Xinhua that crowdfunding has effectively helped reduce the living pressures on those poverty-stricken families. "They can get their dividends every year without debt and risk," he said.

According to You, the scale of chicken

breeding is expected to reach 50,000 in three years and the net annual profits will reach 1 million yuan (\$163,132). "Taking out 800,000 yuan (\$129,032) for dividends, each poverty-stricken villager can earn 2,758 yuan (\$445) by then," You said.

"As a financial and market tool, crowdfunding can effectively solve the problem of funding shortages that those poor families face, and it also helps them start their own business," said Sun Cairan, Director of the Shanxi Securities Regulatory Bureau, in the same article by Xinhua.

Crowdfunding has since been introduced to more regions in the country, including the provinces of Gansu, Hubei and Guizhou. ■

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

COVER STORY

SOFT POWER, STRONG SUPPORT

The significance of cultural activities in poverty reduction efforts in China By Yuan Yuan

'Have you watched 3D movies in town?" became a common greeting among residents in Youdunjie Town in Boyang County, east China's Jiangxi Province, during the most recent Chinese Lunar New Year (Spring Festival) holiday. That is in part because the Purple Golden Cinema, which opened on January 18, has become a popular recreational venue in the town. During the weeklong holiday that started on February 7, it was packed with eager moviegoers.

"I never thought I could watch updated 3D

movies in my hometown," a young resident surnamed Wang told Bychina.com, a local news website in Boyang. "The visual effect is no different with that in big cinemas in Shenzhen and the price is much lower."

Wang has worked in Shenzhen, south China's Guangdong Province, for two years and came back to Boyang for a family reunion during the festival. While Boyang is on the national list of counties in need of poverty relief, cultural activities, like moviegoing, are coming to life.

In Shenzhen, a 3D movie costs about 80

yuan (\$12.3), while in Youdunjie it only costs 30 yuan (\$4.6). Wang recounted that in the past, residents in the town could only watch movies in open areas in the summer. The movies were mostly out-of-date and some were even in black and white. "Although those days were memorable, we want a much more advanced cinema in which we don't have to swat away mosquitoes or be cautious of possible rain," Wang said.

Movies and books

This is not a unique scene in impoverished places across China.

In Funan County, southwest China's Sichuan Province, Times International Cinema has become the most popular destination for locals during holidays since it was put into operation in late 2014.

"All my friends are very happy for the new cinema as we had to march to nearby Fuyang City for a new movie in the past," a local resident surnamed Huang posted online. Huang watched the new movie *Mermaid* on February 9 with his girlfriend. "It was super crowded in the cinema," Huang wrote. "We arrived at the cinema at 2 p.m. to catch the session at 2:20 p.m., but were told the tickets were sold out. We had to wait for another two hours to watch the movie."

Figures from Forward Industry Research Institute, a market survey and research company in China, show that although large cities still occupy the main portion of the ticket box in China, there has been a remarkable increase in the portion in small and medium-sized cities and counties, from 28.2 percent



A resident in Jinpan Village, southwest China's Chongqing Municipality, takes a picture of his farmland for his online business on November 7, 2015





Teachers and students in Nanxi Primary School in Jinzhai County, Anhui Province, read books sent to them via a mobile library on November 5, 2015

in 2012 to 36.7 percent in 2015.

"In the past, we spent most of the Spring Festival holiday at home, either playing mahjong or watching TV," Huang said. "It was really dull. Now with the cinema, we have more choices. Watching a movie with the whole family has been a new fashion in the town."

A report released by the State Administration of Press, Publication, Radio, Film and Television in 2015 stated that a recipient of state relief for poverty-stricken counties can get a subsidy of 800,000 yuan (\$122,480) from the Central Government for constructing a cinema. After being put into operation, the cinemas can also make profits by attracting local advertisements.

"It is a significant move that is designed to enrich the cultural life in poverty-stricken regions," said Xiao Qiang, a movie industry researcher in Beijing.

The library is another place people in impoverished rural areas can go if they feel bored at home. That is why Du Quancheng Library in Wushan Town, Xiangyang in central China's Hubei Province, didn't close during the Lunar New Year holiday. "We opened for 10 hours every day during the holiday, from 8 a.m. to 6 p.m.," said Du Quancheng, founder of the library. "Every day we welcomed about 50 readers. I spent the whole holiday in the library with them and I think it was very meaningful."

First opened in 2001, the library has been a cultural landmark in the town. Nie Meicai is a frequent reader here. In 2011, Nie came across some books on pig breeding in

the library. With the techniques he learnt by himself, Nie is running a pig farm in the town, which generates more than 1 million yuan (\$153,100) every year.

"Every time I had some questions, I would come to the library first," Nie said. "The library has also become a gathering place for locals. Although the Internet is more convenient for searching information, it is more practical to communicate with locals face to face."

The mobile library in Jinzhai County, east China's Anhui Province, goes one step further in providing convenience to readers. The library is actually a refitted bus, which carries books selected from the Jinzhai County Library's collections. The bus arrives at different schools in remote villages in the county on fixed dates and stops on campus for the teachers and students to read.

Technology upgrade

If books and movies are familiar terrain, cloud computing technology might sound like the bee's knees for those living with little if any technology at their fingertips, and plans are underway to extend the technology currently available to those without access.

For example, in southwest China's Guizhou Province's new five-year plan for social and economic development (2016-20), big data and poverty alleviation are highlighted as two major strategies. "This means we will make full use of big data technology to reduce poverty," Liu Yuankun, the province's vice governor who is in charge of poverty al-

leviation, told Xinhua News Agency.

According to the province's schedule, more than 3 million of the remaining 6.23 million people living below the national poverty line of 2,300 yuan (\$375) in annual income will be lifted out of poverty by the end of 2017 and all will shake off poverty by 2020. In fact, a cloud-computing database has been built in the province with the help of big data technology, pooling all updated information about residents living below the poverty line such as their location, the causes of their poverty, how much subsidies they get and by what kind of poverty alleviation project they are covered.

Weining, a major habitat of Yi, Hui and Miao ethnic groups, is one of Guizhou's most impoverished counties because although it has favorable natural conditions to grow apple trees it is very difficult for local residents to sell their harvests due to poor marketing skills.

Now, with the help of WeChat, the most-used instant messaging and social networking smartphone app in China, local residents are able to sell 10 tons of apples per week.

The Internet has helped Chinese people overcome poverty, Chris Nebe, CEO of Monarex Hollywood, who is currently shooting a documentary about Guizhou, told Xinhua. "The Internet has become a tool for poor Chinese people to make a better life," he added. ■

Copied by Mara Lee Durrell
Comments to yuanyuan@bjreview.com

COVER STORY

INCREASING PROSPERITY IN XINJIANG

Coordinated efforts are being made to provide economic opportunities **By Li Fangfang**

Aygul Ismayil is a typical housewife living in the remote village of Qigirtmak, in northwest China's Xinjiang Uygur Autonomous Region. She had been depending on her husband's work on a small farm, which only generates 10,000 yuan (\$1,534) a year, to feed a family of six.

Qigirtmak is located in the town of Wupu, in east Xinjiang. Due to the scarce amount of arable land in the village, many villagers stayed home without other employment options, worsening the poverty situation in the region even further.

In Xinjiang, there are currently 2.61 million people living under the national poverty line—defined as an annual income of 2,300 yuan (\$375) for rural residents—accounting for more than 20 percent of the rural population in the whole region.

"Now I can earn more than 2,000 yuan (\$307) per month, which is more than my husband's earnings. It's his turn to take care of the children and do the housework now," said Ismayil.

The change to her family was brought about by the establishment of the Wupu Branch of the New Century Fashion Factory in February 2015, which was set up with the help of a group of community officials who were tasked with alleviating poverty in the village. All of the factory's workers are women who had previously been unemployed.

Since 2014, Xinjiang has mobilized 200,000 officials in different levels to over 8,600 villages to eradicate poverty and improve livelihoods by understanding the real poverty situation and needs of local people.

Even so, the aid group encountered a variety of difficulties in Qigirtmak from the onset. The villagers, for example, were not actively seeking employment from the factory, since they had trouble changing their previous lifestyles.

"The factory was planning to hire 50 workers initially, but less than 10 registered," claimed the leader of the aid group Yusup Resur.

The officials had to talk to the villagers one by one, explaining the benefits of working in the factory. Meanwhile, they promised to offer training on skills and labor laws and regulations before they started working. In addition, the villagers were encouraged to undergo training with 1,000 yuan (\$153) in subsidies and 380 yuan (\$58) for their meals and transportation during the interim period.

Currently, 50 people have all begun working at the factory. They also exercise every morning, take Uygur and Mandarin language courses at noon, and participate in some entertainment activities organized by the factory and the aid group.

Following the successful introduction of the fashion business, the Xazat Food Co. also opened shop in Qigirtmak. Among the 160 vil-



lagers who competed, the company eventually hired 35 workers.

The aid group also established more business organizations based on local conditions, including a housekeeping service center and eight professional cooperatives. Currently, 184 local villagers have new jobs, making up 92 percent of surplus labor forces.

"Our way of life has changed, the living standard is improving and our minds are also changing. We talk more about development, and have started to dress up and entertain ourselves by singing and dancing," said Ahyit Gayiz, a villager and training teacher with the Wupu Branch of New Century Fashion Factory.

New opportunities

Abdu Semet, 27, lives in Yerken County, Kashgar Prefecture in southwest Xinjiang. In 2011, he went to look for work in Aksu City, which is some 450 km away from Yerken. He became a skilled construction worker, but unfortunately suffered an accident at work which rendered him immobile. He had



COURTESY OF LIU JINGWEN

Mahmut Tursun (right) visits farmer Genijan's house to examine dried apricots in Kashgar in July 2012, during the initial phase of Vizdan

to return to Yerken to be taken care of by his grandma, his only relative. Since then, they had no other source of income except from the subsistence allowance offered by the government.

In 2014, in order to assist the 870,000 people in poverty without working capability in Xinjiang, the regional government increased the monthly subsistence allowances per capita for urban and rural residents from 158 yuan (\$24) and 65 yuan (\$10) in 2009 to 297 yuan (\$46) and 144 yuan (\$22) respectively.

Some of the government officials who were designated to reduce poverty in Semet's village, Tatarcag, specifically helped him apply for a 40-square-meter house for low-income families. They also applied for wheelchairs and walking sticks from the local federation for the disabled and gave them to physically challenged villagers.

Besides economic aid, the officials encouraged Semet to challenge himself and to use the Internet. Through interaction with other villagers as well as from partaking in

entertainment activities, Semet has now become more optimistic about his future.

Chances for cooperation

Thirty-year-old Mahmut Tursun, nicknamed Amu who is also from Kashgar Prefecture, is more fortunate than Abdu Semet. Amu was born into a farmer's family in Shufu County, 20 km from Kashgar City. He had met his parents' expectations to become a civil servant, and worked in Kashgar's customs office after graduating from college. He nonetheless quit three months later, after meeting Liu Jingwen.

Liu comes from south China's Guangdong Province, which is one of the 19 provinces and municipalities which answered the Central Government's call to support Xinjiang's overall development starting from 2010. The local governments promised to contribute 0.3 to 0.6 percent of their local fiscal revenue to help Xinjiang reach its goal of realizing a well-off society.

Liu came to Kashgar as a volunteer in a project which offered occupational training for disabled Uyghurs in 2011.

Amu also volunteered to be a Mandarin-Uyghur interpreter and guide for Liu and other volunteers during weekends. Liu then discovered that most high-quality dried fruits like red dates and walnuts couldn't sell well due to the lack of distribution channels.

"Farmers are at the bottom of the industry chain. The distributors usually offer lower prices since they figure that agricultural products can't be stored long," Liu said. Therefore, Liu and other volunteers decided to help sell those products on Taobao.com, China's largest online retail marketplace.

But at that time, local farmers didn't know what the Internet was, and knew little about selling their products on it. Amu understood Liu's plan and then persuaded farmers to try Liu's ideas.

Their first attempt was a success thanks to the help of some Internet celebrities' recommendations. They called their e-business "Vizdan," literally meaning "conscience" in Uyghur, considering that food safety is what customers care about.

"My team is made of people of different ethnic groups. Our products are worthy of our customers' trust," Amu said.

Amu is now responsible for finding new distribution channels and publishing farmers' information online after visiting them on-site, thus making farmers from far away more accessible. "In this way, we can help people know more about Xinjiang and us Uyghur people," Amu said.

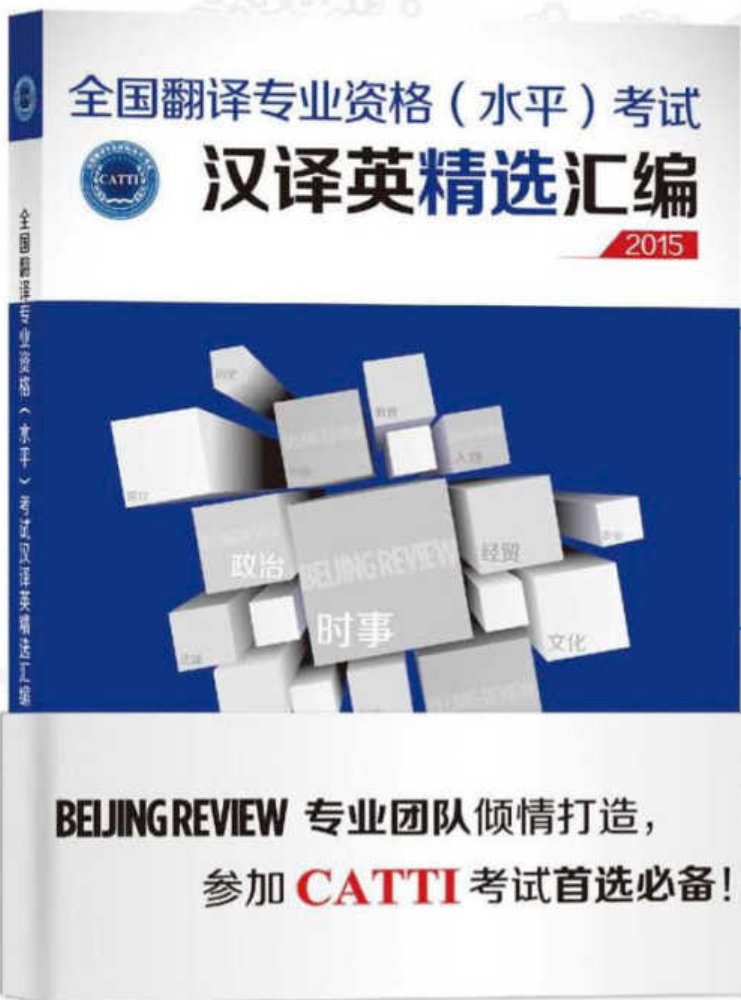
Amu claimed that after co-founding the Vizdan Trading Co. Ltd. in 2012, he has felt a sense of fulfillment.

On May 1, 2013, Vizdan launched a cooperative, promising to buy local farmers' quality produce at a price 10 percent higher than the market price, share the profits with cooperative members and provide training on farming techniques. In 2014, Vizdan sold 150 tons of products and had over 2,000 households listed as its sellers.

"I'm so grateful for these friends from Guangdong. There wouldn't be so many Uyghur farmers benefiting from e-business and farmers' cooperatives without them," Amu said.

"If farmers can benefit from our business, younger generations will choose to come back from cities to the farmland," Liu said. "They need more opportunities to enter the mainstream market, not just financial aid." ■

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



倾心打造

重磅推出

服务考生

提高水平

扫一扫，即可购买！



权威 严谨 实用

热线电话：010-68310644 68996318

Subscribe Now!

China Report ASEAN
(English Monthly)

China's first English journal on economic and trade relations between China and ASEAN
Serving the Belt and Road Initiative with the concept of
"amity, sincerity, mutual benefit and inclusiveness"

Supervisory Department: Information Office of the State Council of the PRC

Department in Charge: China International Publishing Group

Publisher: *China Report*

Co-Publisher: ASEAN-China Center, Information Office of the Yunnan Provincial People's Government



Columns:

Cover Story, Focus, Top Talk, Business & Industry, Finance, ASEAN-China Center, On the Road, Lifestyle

Unit Price: RMB ¥10 Annual Price (12 issues): RMB ¥120

Postal Distributing Code: 82-432 CN:10-1389/D ISSN:2096-1316

3

Deals

1 Free Delivery

2 Special Gifts

3 Readers' Club Membership

Gifts Options:

- I. a special storage disk at RMB ¥88
- II. A drinking water cup at RMB ¥88



Gifts only for annual subscriptions before March 31, 2016.



Subscription

In-Press

Hot Line: +86-10-68326097

POC: Zhou Qiuyue

Post Office

Available in all Post Offices in China

Hotline: +86-11185-5.

WeChat Shop

Scanning QR code on the right



Remittance Information

Post Office

Address: Circulation Department, China Report, No. 24 Baiwanzhuang Dajie, Xicheng District, Beijing, China 100037

Bank Account

0200001409014498431

China Report Press

ICBC Baiwanzhuang Branch



QR code,
WeChat Shop,
China Report Press

The Economy Matters More

Special U.S.-ASEAN meeting ducks declaration on the South China Sea By Yu Lintao

U.S. President Barack Obama announced a new U.S.-ASEAN Connect initiative at the two-day U.S.-ASEAN leaders' meeting held at the Sunnylands Center in Rancho Mirage, California, on February 16. The initiative will create a network of hubs to better coordinate U.S. economic engagement in the region and better connect entrepreneurs, investors, and businesses and generated positive responses from ASEAN members.

The meeting was symbolically significant in two ways. The first was that the location, Sunnylands, was also the same locale where Obama first hosted Chinese President Xi Jinping in 2013. The second and most obvious is that the timing of the meeting, which by definition excludes China, also comes against a backdrop of growing Chinese influence in the Asia-Pacific region.

Yet if the Obama administration had hoped that ASEAN nations would mention China and their territorial contests in the South China Sea in its joint statement at the end of the meeting, its wish was not granted.

In actuality, most ASEAN nations traditionally take a neutral stance in the power struggles between major countries, hoping to establish constructive relations with both China and the United States without taking sides.

The United States' carrot

From an economic perspective, closer cooperation between ASEAN and the United States can help achieve beneficial results for both sides. Though many ASEAN countries have witnessed rapid development in recent

years, some countries are still troubled by poverty and domestic conflicts. If the United States can increase its investment in ASEAN countries and boost bilateral economic activities, it will be of great help in accelerating the economic development of individual countries and the Southeast Asian region as a whole.

Despite the pockets of poverty, it is estimated that by 2030, ASEAN could have become the fourth largest economy in the world. And Southeast Asia, as a region with 620 million people and an average annual GDP growth rate reaching 4.6 percent, offers tremendous market potential, including for the United States. Therefore strengthening bilateral economic cooperation would also bring enormous economic benefits to American businesses.

Nonetheless, some observers claimed that the Obama administration's efforts to strengthen ties with ASEAN nations is not simply to achieve economic benefits, but also to solidify the American president's political legacy as he is in his last year in office.

In an article by Yu Xiang, a scholar on U.S. studies with the China Institutes of Contemporary International Relations (CICIR), published on the website of the *Outlook Weekly* magazine, the author said the United States' Asia-Pacific rebalancing strategy is one of the major priorities of Obama's foreign policy, and relations with ASEAN is one of its pillars. By hosting this special U.S.-ASEAN meeting, President Obama tried to consolidate his legacy as it is unknown if the subsequent administration will continue his policies.

Since the Obama administration announced the "pivot to Asia" strategy, Washington has attached an increased level of importance to relations with ASEAN countries. President Obama has paid seven visits to ASEAN countries since taking office in 2009 and has held six group meetings with ASEAN leaders. Last November, his administration also upgraded the U.S.-ASEAN relationship from partnership to strategic partnership.

Thai scholar Thitinan Pongsudhirak, Director of the Institute of Security and International Studies of the Chulalongkorn University, takes a similar view. In a recent opinion story published on the website of the *Bangkok Post*, Pongsudhirak claimed that the narrative and thrust of the United States' rebalancing strategy suggests that the recent Sunnylands meeting was therefore partly intended to boost Obama's foreign policy credentials even at this "lame duck" stage.

Jia Xiudong, a senior researcher with the

Malaysian Prime Minister Najib Razak (front left) hands over a declaration document to Secretary General of ASEAN Le Luong Minh (front right) on November 22, 2015, when the association announced to establish the ASEAN Community by the end of the year



China Institute of International Studies, told *Beijing Review* that the hosting of the special meeting underlines the strategic importance that Obama had placed on his strategy of rebalance to the Asia-Pacific region, and that he may be trying to leave an impression of “steadfastly continuing down the road he started.”

No side-taking

Prior to the meeting, some Western observers and news outlets tried to hype up that the South China Sea issue would be on top of the agenda. However, the final joint statement issued by the parties refrained from any kind of name-calling.

President Obama also did not specifically reference China, though he reiterated the United States’ position in regards to the dispute. Speaking at the conclusion of the meeting, Obama said that the American and ASEAN representatives “discussed the need for tangible steps in the South China Sea to lower tensions, including a halt to further

reclamation, new construction and militarization of disputed areas.

Zhou Yongsheng, a professor with China’s Foreign Affairs University told *Beijing Review* that it was reasonable that most ASEAN countries exercised restraint on the South China Sea issue during the meeting. Zhou explained that, though ASEAN countries hope to work with the United States, they are not willing to endorse Washington’s “provocative” policy to go against China.

In Jia’s analysis, China does not need to worry about the warmer relations between ASEAN and the United States, as China seeks non-exclusive cooperation in Southeast Asia. “ASEAN-China cooperation and ASEAN-U.S. cooperation do not repel each other. The three parties can surely cooperate and achieve trilateral benefits in the region,” he said.

In some ways, it seems that China has enjoyed closer relations with ASEAN in recent years than that of the United States. According to official statements, the China-

ASEAN relationship is currently moving from the “golden decade” to the “diamond decade.” There is significant interest in deepening cooperation between China and ASEAN. In fact, China has been the largest trading partner of ASEAN since 2009, and the current China-ASEAN trade volume doubles that between ASEAN and the United States.

In his article, Yu of the CICIR also noted that each of the 10 ASEAN member states have joined the China-initiated Asian Infrastructure Investment Bank, and most ASEAN countries have shown great interest in China’s initiative of building the Silk Road Economic Belt and the 21st-Century Maritime Silk Road, hoping that their own national development can share in the dividends.

So it is not surprising that most ASEAN members do not want their relations with China to hinge only on South China Sea island claims.

In January, when meeting with visiting U.S. Secretary of State John Kerry, Cambodian Prime Minister Hun Sen said, “for the South China Sea issue, we should not take gasoline to douse on fire, but try to encourage the countries concerned in the dispute to continue negotiations with each other because ASEAN has no rights to measure land for any sides.” He added that he believes Viet Nam and China, as well as China and the Philippines, should negotiate with each other.

That sentiment mirrors China’s position that ASEAN as an economic bloc is not a party to territorial disputes, so disagreements should be resolved bilaterally.

In an article published on February 15 by Xinhua News Agency, Ngeow Chow Bing, a scholar from the University of Malaya’s Institute of China Studies, said that the United States should think more toward economic cooperation with all Asia-Pacific countries, including China, in its Asia pivot rhetoric rather than focusing too much on territorial issues. Ngeow added that while all ASEAN countries would prefer the United States to continue to have at least some presence, that presence should not be seen as making ASEAN countries feel compelled to pick a side between the United States and China. ■



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

Progress in Transition

Ukraine tries to restore order after crisis

By Zhang Hong



The author is an associate researcher with the Institute of Russian, Eastern European and Central Asian Studies under the Chinese Academy of Social Sciences

Two years have elapsed since the outbreak of the Ukrainian crisis during which unrelenting conflicts brought the European country close to disaster. But looking back on 2015, Ukraine was not as out of control as some people had asserted. Despite numerous difficulties, it achieved relative political stability, avoided economic meltdown, as well as maintained a truce in the eastern part of the country.

Political reform

After Viktor Yanukovich was ousted from the presidency in February 2014, the political situation in Ukraine appeared to be in a state of disorder, but it began to change in 2015. President Petro Poroshenko and the Ukrainian Government controlled events and managed to combat the intervention in politics by powerful oligarchs, a long-term malady since Ukraine gained its independence after the disintegration of the Soviet Union in 1991.

In 2015, pressed by the International Monetary Fund (IMF) and the EU, the Ukrainian Government took actions to

break oligarchs' control of the economy, but the efforts met strong opposition. In March 2015, the private militia of oligarch Ihor Kolomoisky occupied offices of two state-owned energy companies in Kiev after the parliament moved to retake control of the companies from him. But in response to pressure from the public and Western countries, Kolomoisky resigned from the governorship of Dnipropetrovsk Oblast following a weeklong confrontation. Soon after the incident was resolved, the government scrapped many preferential tax policies for businesses controlled by oligarchs.

With the central government viewed as weak in the political crisis after February 2014, ultra-nationalist organizations began to grow in Ukraine. Some ultra-nationalist parties won seats in the national legislature in the October 2014 parliamentary election, exerting greater influence in politics and hampering President Poroshenko and the government's attempts at political reconciliation.

But in 2015, the influence of these parties started to decline. In local elections in October 2015, moderate center-right parties gained large support as more and more voters began to realize that a rational and peaceful resolution of the conflict in east Ukraine is the best choice, and increased autonomy for the region can serve as a basis for the final political reconciliation.

In the meantime, Ukraine has appointed foreign citizens to some high-ranking government posts and promoted many young officials with a Western educational back-

ground as a means to magnify the effect of its political reform.

Economic recovery

Due to the gloomy global economic situation, particularly the sharp fall in international commodity prices, Ukraine's GDP shrank by 10 percent in 2015. But timely international loans and EU aid, which came as a result of the Ukrainian Government's rigid implementation of the financial and energy policies set by the IMF and World Bank, helped the country escape from economic collapse and achieve a small balance of payments surplus, despite severe domestic inflation and a decline in international trade. Ukraine also reached agreements with its main creditors to restructure the country's huge foreign debt last year, thus avoiding a sovereign debt bankruptcy.

Ukraine's economy relies heavily on the export of metallurgy, chemical and agricultural products. Looking to the future, its exports are unlikely to continue nose-diving. After the validation of the EU-Ukraine Deep and Comprehensive Free Trade Area on January 1, the EU will remove tariffs and other barriers on imports from the country, which will facilitate Ukraine's economic recovery. Another piece of good news for the Ukrainian economy is that the EU's steel consumption is expected to rise in 2016.

Russia is a traditional trading partner of Ukraine. The tensions between the two countries, however, have resulted in a significant reduction in bilateral trade. Statistics for 2015 showed the share of trade with Russia, in terms of Ukraine's aggregate imports and exports, fell from 30 percent in the past to 15 percent. Ukraine has also reduced its energy dependence on Russia.

The focus of Ukraine's economic and trade cooperation is shifting from Russia to the EU and the Asia-Pacific region. Ukraine's trade with Asian countries grew rapidly in 2015, accounting for about 26.7 percent of its foreign trade. For example, against the backdrop of a 30-percent decline in total exports, Ukraine's exports to China grew by 0.5 percent in 2015, reaching \$2.13 billion.

In future, the negative factors that affect Ukraine's economy will gradually weaken and positive factors, such as EU integration and globalization, will play a bigger role.



Ukrainian President Petro Poroshenko (right), German Chancellor Angela Merkel (center) and French President François Hollande attend a joint press conference in Berlin, Germany, on August 24, 2015, after a trilateral summit on the full implementation of the new Minsk Agreement on resolving the conflict in east Ukraine



International Red Cross workers distribute relief materials to residents in a village in Donetsk, east Ukraine, on February 16

The Ukrainian economy is likely to rebound gradually in line with the slow recovery of the global economy.

Security situation

Since the signing of the new Minsk Agreement on resolving the conflict in east Ukraine in February 2015, a truce has been achieved in the region. Though fighting on a small scale still occurs from time to time, the

security situation has vastly improved.

After two years of fighting, both the government army and pro-independence insurgents in east Ukraine are unwilling to sustain higher casualties. And both sides are aware that neither of them can win a decisive battlefield victory. The lasting conflict has not only caused tremendous suffering to the Ukrainian people but also hindered the country's economic recovery.

In the meantime, the escalation of the

Syrian crisis and the rapid rise of the so-called "Islamic State" extremist group in the Middle East have provided opportunities for easing relations between Russia and the West, which are behind the warring parties in Ukraine. Their frosty relations have thawed slightly in the wake of the migrant crisis in Europe and the terrorist attacks in Paris last year. The two sides have not only tried to seek common ground in combating terrorism but also engaged in increasing dialogue on the Ukrainian crisis. The call for improving relations with Russia is on the rise within the EU. France has made clear that it will try to push the EU to lift its sanctions on Russia by summer this year.

The United States and the EU have also increased political pressure on the Ukrainian Government, calling on it to advance the stalled Constitution amendment process, thus creating a legal foundation for the final settlement of the conflict in east Ukraine.

When U.S. Secretary of State John Kerry visited Moscow last December, he said that once the new Minsk Agreement was fully implemented, the West would lift sanctions on Russia and restore relations with Moscow. Shortly after Kerry's Moscow trip, Russian President Vladimir Putin appointed Boris Gryzlov, a permanent member of Russia's Security Council, as Russia's representative on the so-called Contact Group that was set up in June 2014 to implement a peace plan announced by President Poroshenko. The peace plan failed but the Contact Group has continued to function as a venue for meetings between the Ukrainian Government and pro-independence insurgents in the eastern part of the country. In an interview with Russia's *Kommersant* newspaper on January 17, Gryzlov said that he was optimistic about the prospect of the implementation of the new Minsk Agreement.

In short, the Ukrainian issue is sending out some positive signals, bringing new hope for a political settlement. If Ukraine can effectively curb nationalistic tendencies at home and take advantage of the improved international environment to promote national reconciliation, it is possible the crisis may soon be brought to an end. ■

Copiedited by Calvin Palmer
Comments to liuyunyun@bjreview.com

Citizen Protection

Public security volunteers help keep Beijing's police informed and the city safe **By Tang Yuankai**

For quite some time, the identities of the informants behind celebrity drug stories have mystified Beijing's residents. News stories in local papers about such cases often begin with the phrase: "According to reports by Chaoyang people." Oftentimes, readers cannot help wondering who those informants are.

Chaoyang, the largest district in Beijing, is home to the city's Central Business District and the main venues of the 1990 Asian Games and the 2008 Olympic Games. It is also famed for the glamorous high-end residential areas and golf courses, and the Sanlitun Sub-District's numerous bars and nightclubs. Many movie stars have chosen to reside in this district, which also houses most of the foreign embassies in China.

Celebrities caught taking drugs in the district include the famous film director Zhang Yuan and Jaycee Chan, the son of the kungfu star, Jackie Chan.

Who are these informers that have been in contact with celebrities? Curious netizens eventually found out that those keeping the police informed are actually public security volunteers active in a variety of Beijing's communities.

Insiders disclosed that in 2015, public security volunteers in the district, nicknamed "Chaoyang people," provided more than 210,000 pieces of information to the police, including 851 tips about drug-taking and drug-trafficking. Most tips are about crimes committed by ordinary people, while those in-

volving celebrities went to the news and caught the public's attention.

Some netizens make jokes about these volunteers, calling them the world's fifth largest intelligence force, after the United States' CIA, former Soviet Union's KGB, Israel's MOSSAD, and the UK's Military Intelligence 6.

In Chaoyang, public security volunteers are omnipresent. They come in various forms: neighbors wearing red armbands, square dancers, elderly men and women doing grocery shopping, or security guards working at the parking lots of department stores or supermarkets. They can also be entertainment industry employees or students.

As of November 2015, Chaoyang had 130,000 registered public security volunteers. These volunteers, still growing in number, are the unsung heroes protecting residents in Chaoyang and other parts of Beijing through their vigilance. They report any abnormal objects or activities to the police, including traffic violations, thefts, drug-related crimes, prostitution, robberies and murders.

Sun Meixia is such a volunteer registered with the Beisanli Community of the Sanlitun Sub-District. She is very proud of her role. "To safeguard the safety of our community, we are highly alert," she said. Her daily job is mainly to patrol the neighborhood, usually for two hours at a time in the morning and the afternoon. During major holidays and events such as the

National Day holiday, she patrols for longer periods. In the Beisanli Community, there are more than 100 volunteers like Sun.

Police-public partnership

A cartoon featuring a policeman giving a thumbs-up to public security volunteers in Chaoyang was posted on the official micro-blog of the Beijing Municipal Public Security Bureau.

Public security volunteers are successful examples of public participation in public security management, said Zhou Xiaoping, a well-known news commentator in an article published on Cpd.com.cn, a police website.

Now, "Chaoyang people" has become an Internet buzzword. When used in news stories about the police and crimes, the phrase brings a touch of humor, lubricating the relations between the police and the general public.

The official micro-blog of Beijing's police has a post saying that the police will protect the privacy of "Chaoyang people" and welcome residents to tip off the police about various safety hazards.

On June 26, 2015, International Day Against Drug Abuse and Illicit Trafficking, a message was posted on the police micro-blog, instructing people how to keep the police informed.

"There are more than 100 registered public security volunteers in our community, while in reality, every resident can help us pre-



A police officer from the anti-drug squadron of Chaoyang District's Public Security Bureau tells public security volunteers how to recognize drugs



vent crime," said Wang Yang, a police officer stationed in Nongzhannanli Community in Chaoyang.

Yu Xiaohui, a volunteer in the community said that if volunteers detect any suspicious activity, they could call a hotline, after which the police would arrive within 10 minutes.

Yu has resided in the community, which houses nearly 10,000 residents, for 32 years. She said that the community has maintained a record of zero-crimes for 12 years in a row, even though only two police officers are stationed there.

The Panjiayuan Community in the district, located in the southeast of the city and adjacent to a large flea market of antiques or antique-looking stuff and a hospital for treating cancers, is known for its huge volume of traffic and flow of people. Every month, police stationed in the community host a meeting with public security volunteers, briefing them about recent high-incidence crime cases and the main aspects of crime prevention. Volunteers can also update police about a variety of situations concerning new tenants, new types of fraudulent instant messages sent to their cellphones, clashes between neighbors, and etc.

Public security volunteers are not only active in Chaoyang, but in other districts as well. Beijing has more than 850,000 public security volunteers, said Yan Mancheng, Deputy Party Chief of the Beijing Municipal Committee of

Political Science and Law, at a meeting held on December 18, 2015.

"To some extent, the crime-prevention net weaved by the public security volunteers is a strong complementing force to the police, and has played a very big role in maintaining social order in the capital," said Hong Daode, a professor with China University of Political Science and Law.

Beijing's crime prevention model has been copied in other parts of China. Baotou, a city in Inner Mongolia Autonomous Region, has mobilized 50,000 public security volunteers, including social workers, security guards and bus and taxi drivers, to prevent crime.

A police officer in Baotou told local media that the volunteers are like his eyes and ears, helping him gain a deeper understanding of the community.

Rewarding informants

On February 5, a security guard received an award of 50,000 yuan (\$7,670.7) from the Beijing Municipal Public Security Bureau for directing the police's attention toward a crime.

Shortly before that day, the security guard had spotted a man carrying hazardous materials trying to pry open the door of a hotel in Beijing's Xicheng District. The guard called the police, which soon arrived and apprehended the 47-year-old suspect Zhang. The native of

Hebei Province had allegedly prepared to take extreme actions, jeopardizing public security in order to take revenge for a personal dispute. Zhang was later taken into police custody.

A police executive in charge of anti-terrorist work in the Beijing Municipal Public Security Bureau said that the award was doled out according to China's Anti-terrorism Law that went into force in January, and the bureau's document on rewarding the public for reporting clues about terrorist activities.

The Anti-terrorism Law stipulates that any organization or individual has the obligation to report terrorist activities, and should be rewarded accordingly.

In fact, from as early as March 2014, Beijing has released a notice on rewarding those for reporting terrorism activities. In September of the same year, the city also published a rule on rewarding people for reporting drug-related crimes. So far, Beijing's police have awarded more than 500 residents who have successfully tipped off the police.

Most residents do not help the police for money. "I didn't do it for a reward. I did it for [my] safety," an 80-year-old resident in Chaoyang was reported saying.

She observed that her new neighbor had an odd schedule and that his home was often noisy at night, which made her feel uncomfortable, so she told the police about her findings. It turned out that the man was an escaped prisoner, and the police subsequently arrested him.

To encourage more citizens to help the police, more work should be done, said news commentator Wang Qing. Wang said that protecting informants and timely investigation of reported cases will motivate more people to tip off the police. ■

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

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



CAIF—The Bridge of
China-Africa Cooperation

Launched in 2009, the biennial forum has been held quartic, witnessing the signing of agreements on more than 300 investment and procurement projects. It has helped a large number of Chinese enterprises start business in Africa and African countries learn more about China.

The Authority Brand Forum Think Tank of China-Africa Cooperation



The First China Africa Industrial Forum kicked in Beijing in 2009.



The China Africa Industrial Forum with Beijing Review signed a strategic cooperation agreement.



Thousands of people from China and African countries took part in The Fourth China Africa Industrial Forum.



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



Seminar on Africa Energy and Mineral Resources



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

Tel : 010-82230805
 Fax : 010-82237011
 Web : www.zfhz.org
www.cwto.org

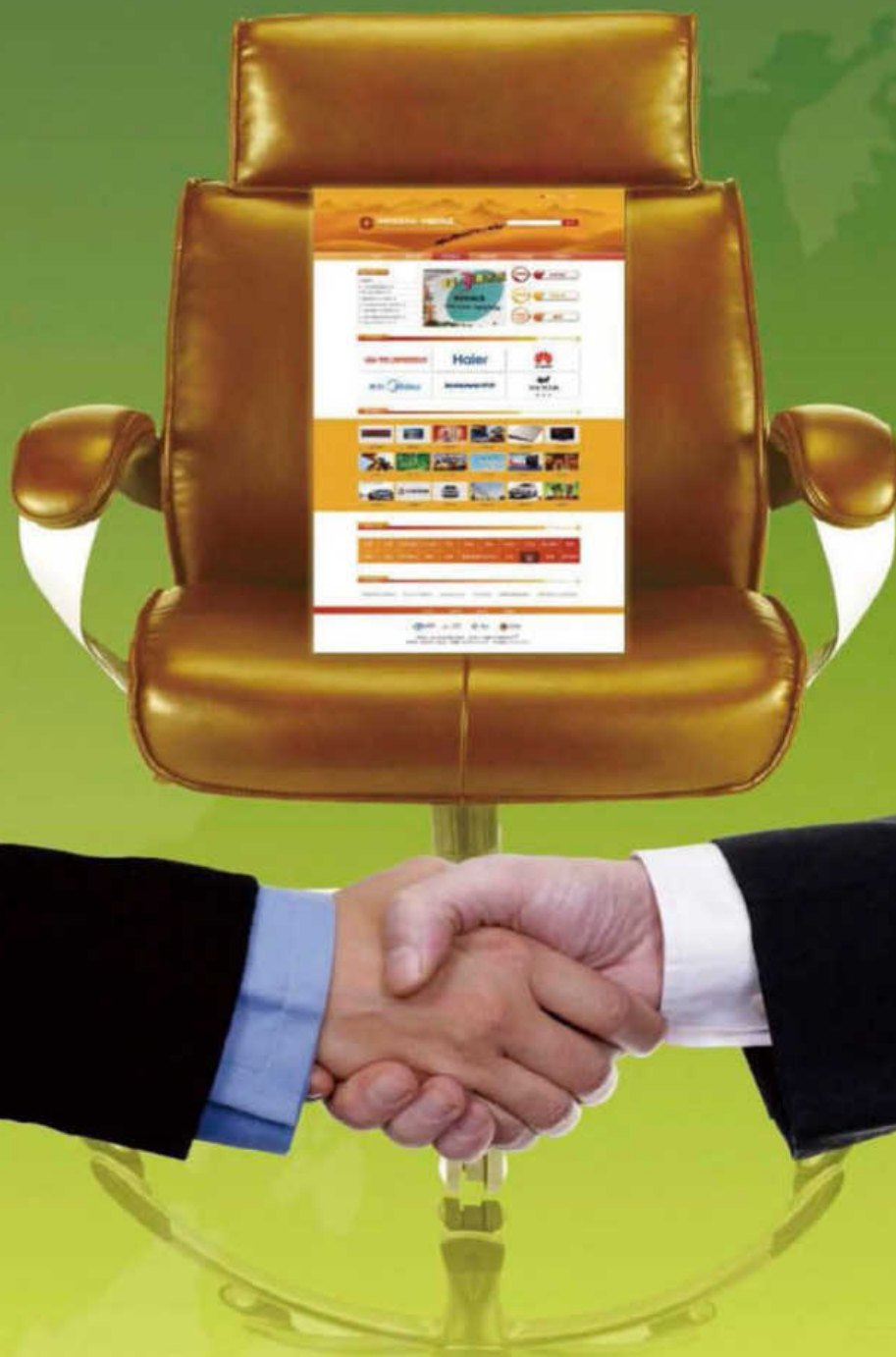


RichScan "Walking Into Africa"



中非贸易平台 | 中国好商品

China-Africa Trade Platform | Quality Products from China



电话：010-82230605 传真：010-82237011

中国好商品网址：www.zfhz.org/zfmypt

Is 'Made in China' Bust?

The manufacturing industry will undergo a disruptive, but creative period By Mei Xinyu



The author is an op-ed contributor to *Beijing Review* and a researcher with the Chinese Academy of International Trade and Economic Cooperation

China is facing challenges in its economic horizon. The sharp fluctuations of its stock and foreign exchange markets in January have cast a gloomy light on its financial situation, and George Soros' prediction of a China crash has aggravated the predicament. Top priority should therefore be given to stabilize the financial market as well as rectify investors' misinterpretations. China's manufacturing industry is even more misunderstood than its financial market. Quite a few market participants and spectators have greatly underestimated the adaptability of China's manufacturing industry and its capacity to absorb shocks. That has shaken their confidence in the stability and growth potential of China's financial system and macro economy.

Transition period

Indeed, the "Made in China" concept, which has underpinned China's economy for decades, is undergoing a difficult transition period as it goes through the throes of capacity reduction. On one hand, some labor-intensive manufacturing industries, say textile and garment for example,

have moved their production bases to other developing countries where labor costs are lower. This has caused an estimated 3-percentage-point dip in Chinese-made products' share of the U.S. textile and garment market. On the other hand, the rise of "Industry 4.0," put forward by Germany, may herald the bankruptcy of Made in China in the eyes of some people, since Industry 4.0 aims to increase productivity through the use of automation and information technology.

Rumors that China's manufacturing industry will experience all-encompassing failure have spread like a wildfire. The current overcapacity of traditional sectors such as building materials, and iron and steel, are deemed as the beginning of the end of China's manufacturing boom, and even its economy.

Does that reflect the actual situation, though? From the perspective of people who have carried out long-term investigations and know more about the true state of China's manufacturing industry, the answer is no. As a matter of fact, what China's manufacturing is undergoing is not a crash, but a disruptive yet simultaneously creative period.

While some traditional industries face pressures to cut overcapacity, competent enterprises have begun to stand out and new emerging industries are also sprouting. In 2015, hi-tech industries' value-added output, which accounted for 11.8 percent of the total industrial value-added output in that year, went up by 10.2 percent, which was higher than the

Workers produce mobile phone components at a plant in Huaying, southwest China's Sichuan Province, on July 22, 2015



6.1-percent growth of the entire industry. Last year, investment in coal mining and iron and steel witnessed a slump of more than 14 percent and 11 percent respectively. In contrast, investment in the computer, electronics and telecommunication equipment manufacturing and pharmaceutical industry climbed 13.3 percent and 12 percent, respectively. Even in traditional industries that have been dragged down by overcapacity, competent enterprises have come on top by cutting excess capacity.

The Industry 4.0 movement will give incentive for the proponents of Made in China to turn a new leaf, rather than diving into all-encompassing failure. Since 1978, when the reform and opening-up policies were adopted, many manufacturing sectors have been hit by several rounds of technological improvements. Despite temporary hardships, the whole manufacturing industry has always benefited from significant technological progress and an expanding market share. While companies that fixed their eyes on short-term profits are eliminated, forward-looking, persevering and steadfast manufacturers will survive. Why are we anxious about such a "crash"? Historical experience and reality have given us good reasons to believe in Made in China.

A case study

Let's have a look at the color television sector, which sits at the pinnacle of China's success story. In 1978, the output of color televisions was a mere 3,800 sets. But in 2010, its



Flat panel televisions are on display at the TCL headquarters in Huizhou, south China's Guangdong Province



output reached 118 million sets, accounting for 50 percent of the world's total output. In the following years, even though the global economy was volatile and capricious, China's television industry kept forging ahead steadily, with its output climbing year by year. Even amidst the sharp fluctuations of emerging markets and an economic slowdown in the past two years, the television sector has maintained a good momentum, with both output growth and sales-output ratio at a high level. According to a report released by WitsView under Trend Force, an electronics market research institute, in 2015, global sales of liquid crystal display (LCD) televisions shrunk by 0.6 percent. Meanwhile, the output of color televisions in China reached 162.07 million sets the same year, up 7.1 percent year-on-year. Furthermore, in the first three quarters of 2015, the sales-output ratio of color televisions in China hit 100 percent, up 0.4 percentage points year-on-year. During the same period, the sales ratio of industrial products in China stood at 97.5 percent, down 0.1 percentage point year-on-year.

In any case, Chinese color television companies no longer serve as the foundries of foreign brands, and some of them have grown into world-class giants and have seen their status ascending in the global market. According to a report by Trend Force, the top five LCD television brands in 2015 were Samsung, LG, TCL, Hisense and Sony, of which, three Japanese and South Korean brands had seen a decrease

in sales, while two Chinese brands were on the rise. Experts have predicted that one more Chinese manufacturer will nudge into the top five list in 2016.

Chinese manufacturers are not an assembly shop for their foreign counterparts any longer, since they are now capable of producing most of the components on their own, and related research and development have reached a high level as well. Without a doubt, China has become a manufacturing power for advanced generation LCD panels. TCL's China Star Optoelectronics Technology Co.'s (CSOT's) phase II project on the Gen 8.5 TV production line, which came into production in April 2015, is the largest and most lucrative in the world. By the end of June 2015, CSOT had maintained its global lead in operating profit ratio, product cycle and overall yield for nine quarters in a row. As the Economy, Trade and Information Commission of Shenzhen Municipality recently pointed out, CSOT's phase III on the Gen 11 TV line is going smoothly, and is the most advanced LCD panel production line in the world—as opposed to the fact that Chinese manufacturers were entirely dependent on TV imports several years ago.

Nonetheless, the color television industry was once severely impacted by the replacement of the kinescope with the modern digital flat panel. TCL, which is at present China's largest as well as the world's third largest LCD television brand, almost bit the dust because it had misread global trends in this regard. Taking

a fancy to its sales network, market influence and technology accumulation, TCL acquired Thomson SA of France in 2004.

At that time, the rapid popularization of LCD technology weeded out the kinescope, plasma and micro display rear projection technologies within a few years, which made the kinescope obsolete. TCL and its boss Li Dongsheng went through a tough time dealing with the fallout. The man, who was cited as one of the 25 most influential global business leaders by CNN and *Time* magazine, and commended as the Annual Economic Character in Asia, 2003 by *Fortune*, was subsequently rated as one of the "worst bosses" of China's listed companies of 2006.

Despite all that, China's color television industry has managed to recover. TCL now ranks third in LCD television shipment and fifth in LCD panel output worldwide.

TCL is not alone in reemerging from market opening and technological improvement. The same is true of China's mobile phone and telecommunications industries. Therefore, it seems hasty to claim that Chinese brands will collapse in the face of Industry 4.0.

Of course, some Chinese companies will suffer losses and will be shut down during this round of restructuring. Wouldn't it be good to eliminate reckless market players to make room for strong and competitive ones? ■

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

Aiming Higher

Chinese home appliance giant Haier acquires an American market through GE

By Corrie Dosh



Haier products get a thumbs up from a client at the 117th Canton Fair held in Guangzhou, capital of south China's Guangdong Province, from April to May 2015

"Haier has a good track record of acquisitions and of managing brands," GE Chairman and CEO Jeff Immelt said in a press release. "Haier has a stated focus to grow in the United States, build their manufacturing presence here, and to invest further in the business."

In addition, Immelt said, GE sees the deal as an opportunity to "work together to build the GE brand in China."

Haier also plans to invest \$72 million to expand its refrigerator plant in Camden, South Carolina. The company has unsuccessfully courted other appliance manufacturers throughout the past 20 years, including a bid for Maytag in 2004. Haier holds a 1.1-percent market stake in the United States.

GE said the \$5.4-billion deal values the appliance business at 10 times the past year in earnings before interest, taxes, depreciation and amortization. The deal includes the 48.4 percent stake that GE Appliances owns in Mabe, a Mexican appliances company.

"This is the chance of a lifetime for Haier to become big outside China and specifically in the United States, hence they are willing to pay this very high price tag," Kepler Cheuvreux analyst Johan Eliason told Reuters.

The acquisition is reminiscent of Chinese computer manufacturer Lenovo's purchase of IBM's PC business a decade ago for \$1.25 billion. Despite initial skepticism and surprise that such a well-known American brand would be acquired by a Chinese company, the arrangement has been a boon to Lenovo since it gave it an entry into international markets.

General Electric (GE)—the American behemoth of refrigerators, washing machines and other home goods manufacturing—has agreed to sell its appliance unit to its Chinese counterpart Haier for \$5.4 billion, according to an announcement by the two companies. The deal is the third largest acquisition of a U.S. company by Chinese investors.

Although unusual, the agreement "establishes a model for cross-border investment and cooperation between China and the United States," according to Haier officials. The Qingdao-based company will have the right to use the GE brand for its appliances for the next 40 years. In addition, the two will partner worldwide to expand their reach

in healthcare, advanced manufacturing and the industrial sectors.

"Haier is committed to investing in the United States. Furthermore, Haier and GE will explore opportunities for joint collaboration and, in doing so, establish a type of new alliance, with comprehensive strategic cooperation between two world-class enterprises, which reflects our common understanding of the opportunities brought by the Internet era," Haier Chairman and CEO Zhang Ruimin said in a statement.

The sale also enables GE to focus on the industrial sector such as its manufacture of jet engines and power turbines. The deal also prevents the loss of some 6,000 jobs at GE's plant in Louisville, Kentucky.

GE had been trying to unload its appliances division for months, including a \$3.3-billion agreement last December with Swedish giant Electrolux. However, opposition from American antitrust regulators sunk the deal. This latest accord is unlikely to raise similar concerns due to Haier's low market share, said analysts. While Haier is the largest retailer of major appliances around the world—dominating 10 percent of the global market—it remains relatively unknown in the United States.

"The GE deal would give Haier a stronger brand," James Roy, associate principal at the China Market Research Group in Shanghai, said. "The company is a big player, but it has struggled in brand positioning, particularly in the United States."

With the acquisition of the GE brand, Haier has the opportunity to elevate its own reputation for quality yet affordable goods, said Roy.

In the United States, Haier is mostly known for its line of dorm-sized refrigerators and cheap televisions—if Americans are aware of the brand at all. According to a survey by Millward Brown, HD Trade Services and JWTIntelligence, Haier was the second most recognized Chinese brand among American consumers in 2013, following Lenovo. The number of respondents who were able to name Haier as a brand with which they were most familiar, however was less than 1 percent. This is why Haier is expected to use its right to the GE brand as it expands internationally.

A way forward

Haier has always been known as an unusual company with strong leadership. CEO Zhang made headlines in 1984 when he was brought in to turn around the company—then a small, state-owned fridge factory. After learning that 20 percent of the company's fridges were defective, he used a sledgehammer to smash the faulty appliances in the factory yard—ushering in a new focus on higher standards. The hammer is now enshrined in Haier's Qingdao headquarters.

As the company grew, Haier also became one of the first Chinese brands to focus on customer service, setting up call centers and after-sales services. The company has long prided itself on its ability to adapt. When Haier discovered that Chinese potato farmers were using washing machines to clean their crops, they redesigned their appliances to better suit those customers.

The company has also insisted on retaining its Chinese name in its expansion into the international market, coining an advertising slogan "Haier and Higher." By 2014, Haier was listed as the world's biggest home appliances manufacturer.

The company is focused on developing "smart

Haier



Haier Group is the world's leading home appliance provider, with global sales amounting to 188.7 billion yuan (\$29 billion) and profits of 18 billion yuan (\$2.77 billion) in 2015. Its mission is to create innovative home appliances that anticipate the fast-changing needs of consumers all around the world.

Haier has been named the number one global home appliance brand every year for the last six years by Euromonitor International, a world leader in strategy research for consumer markets, and in 2012 the Boston Consulting Group named Haier as one of the 10 most innovative companies in the world as well as the most innovative company in the consumer and retail category.

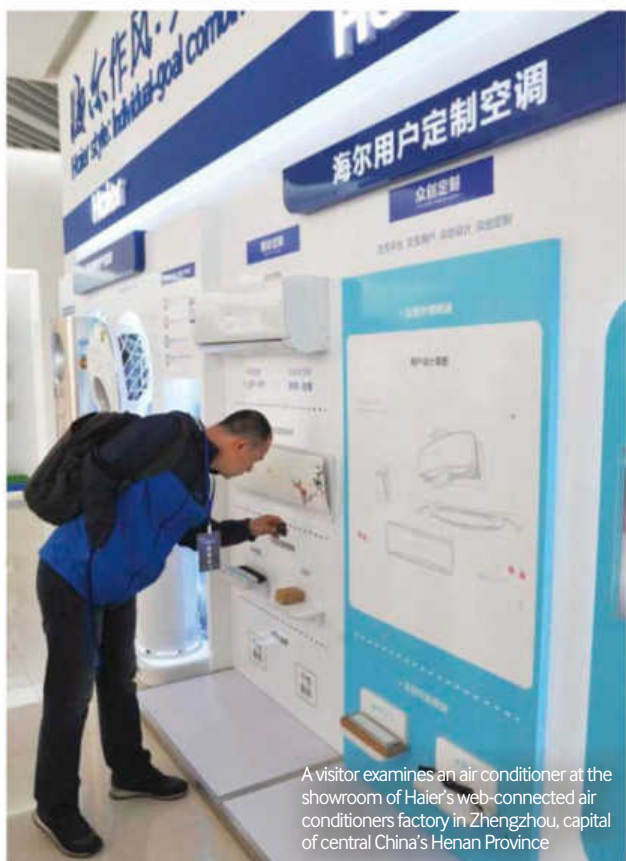
Its global headquarters are based in the coastal city of Qingdao, east China's Shandong Province, and it also has regional headquarters in both Paris and New York to serve its clients in Europe and America. Haier also has five R&D centers, 66 trading companies and 21 industrial parks worldwide.

Qingdao Haier Co. Ltd., a subsidiary of the Haier Group as listed on the Shanghai Stock Exchange, will acquire the GE Appliances business. Focusing on driving innovation in smart home technologies, Qingdao Haier acquired all the overseas operations of the Haier Group in June 2015, as part of the expansion strategy of Haier's global business.

(Source: Haier Group)

appliances" such as heaters you can turn on with your mobile phone, and washing machines that adapt automatically according to the clothing load.

"[Haier] has enormous scale that they can bring to our business" in areas such as research and development, said GE Appliances CEO Chip Blankenship at a press conference. ■



A visitor examines an air conditioner at the showroom of Haier's web-connected air conditioners factory in Zhengzhou, capital of central China's Henan Province.

OPINION

Africa Can Replicate China's Industrialization Success

China has achieved rapid economic growth because of its economic structure readjustment and successful transformation from a planned economy to a market economy. Though in the 1990s many other developing countries also undertook economic restructuring like China, many failed. So what are the real reasons for China's economic success?

In the 1950s, China began implementing an industrial development policy involving many capital-intensive industries. From the 1980s, it adjusted its industrial strategy to make use of its own advantages, by developing labor-intensive industries.

After shifting to its new development strategy, the Chinese Government continued to protect and cultivate enterprises that lacked competitiveness and comparative advantages. It also cut back on market access restrictions for private businesses and foreign investment into those with comparative advantages.

Meanwhile, China has established industrial parks, improving infrastructure and the business environment to reduce transaction costs in them. In this process, a gradual capital accumulation and industry upgrade has bolstered the industries' international competitiveness, and China has started to benefit from its comparative advantages.

China's experience teaches us that the source of economic growth is to develop one's own industries with comparative advantages and accumulate capital for the development of a higher level of industrial restructuring. It is very important to ensure the proper use of administrative intervention in the improvement of infrastructures that require substantial resources. In the context of limited resources, developing countries should first develop their industries with comparative advantages in pilot industrial parks, and then across the country.

Currently, Africa's economy is based on agriculture and mining, while the manu-

facturing industry's share in the GDP is declining. African countries have generally recognized the importance of economic restructuring, but steering the economy away from agriculture toward industry is easier said than done.

Industrial policy guidance plays a critical role in the process of economic restructuring in African countries, of which there are several aspects to economic restructuring.

First, Africa needs to find industries in advanced countries with similar resources structure. With the accumulation of capital, industries in the more advanced countries that have lost their comparative advantages could be taken over.

Second, after identifying the industries with comparative advantages, African countries must identify constraints, get rid of development hurdles, and help businesses reduce transaction costs, if they find the advantages of the domestic enterprises in these industries haven't been given full play.

Third, if there are no such enterprises, the countries could consider attracting investment from countries with more mature industries. It means acquiring new techniques for industrial development.

Fourth, if some established businesses discover opportunities in emerging industries, governments should help the development of these enterprises. For example, in the 1980s, some Indian companies discovered the opportunity in information technology outsourcing, and information services became a pillar industry of India with the government's support.

Fifth, African countries can attract investment through the establishment and development of special economic zones or industrial parks. These would become industry clusters, which can further reduce transaction costs and improve the overall business environment.

Finally, African governments need to give incentives to pioneer enterprises in

comparative advantage industries, such as tax reduction or exemption under certain conditions, helping enterprises directly invest in credit, or preferential policies for better access to foreign exchanges to meet the requirements for importing equipment.

Many African countries are looking to China for industrial transfer opportunities. The first of such industries is the light industry, which is labor-intensive.

Ethiopia has successfully taken over the shoe industry in China. The Chinese footwear industry created about 19 million jobs and yet lost its comparative advantage as wages began to rise. Ethiopia had independently developed footwear production capabilities but due to its poor infrastructure and business environment, international buyers lacked confidence in the country. They worried about product quality and delivery, which slowed down the development of Ethiopia's shoe-making businesses. The introduction of Chinese investment has greatly facilitated the rapid growth of Ethiopia's footwear trade.

Rwanda enjoys similar success. It is focusing on the development of its garment industry. Though developed a short time ago, Rwanda's garment products have international competitiveness because of their low cost.

Each country has its own advantages. It is crucial to find the correct field and change the previous methods. African countries have the ability to promote their industrialization process to achieve rapid growth. It is entirely possible for Africa to achieve the economic miracle that has happened in the rest of the world. ■

This is an edited excerpt of an article on the views of Justin Yifu Lin, honorary Dean of the National School of Development at Peking University and former World Bank chief economist, and published in *China Financial and Economic News*

Copiedited by Sudeshna Sarkar
Comments to yushujun@bjreview.com

NUMBERS

(\$1=6.6 yuan)

100 bln yuan

Conservative estimation of the profit generated by PetroChina's technological innovations in the past five years

19

Number of new inbound duty free shops approved by the State Council

43 gigawatts

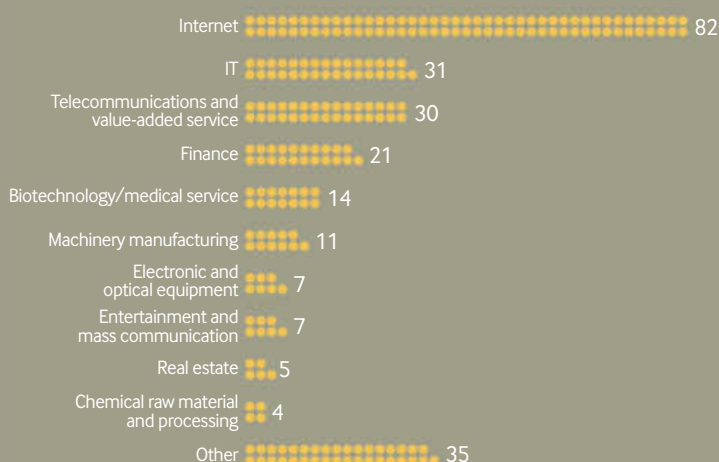
The installed generating capacity of new energy Xinjiang Uygur Autonomous Region is expected to have by 2020

54.1 bln yuan

Total investment of the 21 fixed-asset investment projects approved by the National Development and Reform Commission in January

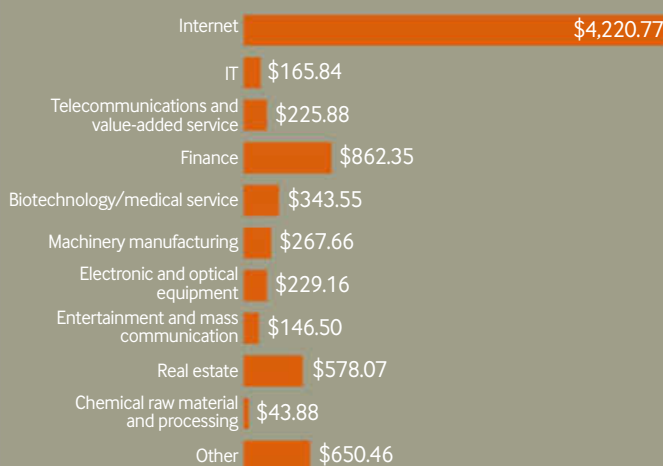
Private Equity and Venture Capital Investment Cases by Sector

Jan 2016

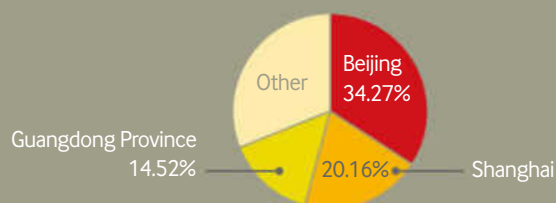


Private Equity and Venture Capital Investment Value by Sector

Jan 2016 (\$mln)



Distribution of Private Equity and Venture Capital Investment by Region



(Source: Zero2IPO)

\$54.4 bln

China's foreign exchange settlement deficit in January

304

Number of mergers and acquisitions in the Chinese market in January

75

Number of overseas economic and trade cooperation zones China has established under the Belt and Road Initiative

390 bln yuan

Huawei's revenue in 2015, a record high in its history

People celebrate the Dawuliang Singing Festival of the Dong Ethnic Group in Tongdao Dong Autonomous County on April 16, 2015



Hunan's Prosperity Roadmap

As of 2020, Hunan's gross regional product and per-capita income of its rural and urban residents will double from the level of 2010; modernization will be basically realized in the Changsha-Zhuzhou-Xiangtan region in central-eastern part of the province; impoverished counties in the province will be lifted out of poverty; and Hunan as a whole will take the lead nationwide in building a resource-efficient and environment-friendly society. All these efforts will make sure that a moderately prosperous society in all respects will be built in the province as scheduled and that local citizens will become more affluent.

Hunan's fast progress over the past decades, particularly in the 12th Five-Year Plan (2011-15) period, has laid a solid foundation to achieve these targets. In 2015, the province's gross regional product stood at 2.9 trillion yuan (\$444 billion), per-capita income of its urban and rural residents reached 28,838 yuan (\$4,415), and 10,993 yuan (\$1,683), value added of industrial enterprises above the designated size—principal business revenue of more than 20 million yuan (\$3 million) a year—totaled 1.1

trillion yuan (\$168 billion), and about 5.41 million people were lifted out of poverty.

New era

The 13th Five-Year Plan (2016-20) period is crucial for completing the building a moderately prosperous society in all respects, especially when the ongoing economic transformation faces an uphill road. Efforts should be made to dig into the changes of internal and external conditions, make clear the challenges faced on the path of regional development, actively cope with the economic growth slowdown, explore new advantages and persistently speed up development.

The outline of Hunan's 13th Five-Year Plan highlights the development concepts of innovation, coordination, environmental friendliness, opening up and sharing. It also clarifies Hunan's new role in national development that is the transitional zone between eastern coastal regions and central and western regions as well as the joint part of the Yangtze River Economic Belt and the Coastal Economic Belt. Major objectives listed in the document include elevating the economic aggregate, improving the quality of devel-

opment, increasing resident's per-capita income, as well as achieving synchronized progress in new industrialization, application of IT technology, urbanization, agricultural modernization and ecological conservation.

In the next five years, Hunan will energetically encourage scientific and technological innovation, with the aim to turn itself into a hub of innovation in central China.

As part of the ambitious strategy, the Changsha-Zhuzhou-Xiangtan National Independent Innovation Demonstration Zone will be established. As a result, by 2020, the value added of hi-tech industries in the zone will make up 40 percent of its gross regional product, and 10 innovative industrial clusters each with an annual output value of 100 billion yuan (\$15.31 billion) will be put in place. By 2020, all industrial enterprises above the designated size will have their own technological innovation units, and more than 90 percent of public scientific and technological innovation platforms will be connected. In addition to the core platform of the Changsha-Zhuzhou-Xiangtan National Independent Innovation Demonstration Zone, a program to develop an industrial technological innovation chain



Workers assemble the first high-speed train to be exported to Europe at a factory of the CRRC Zhuzhou Institute Co. Ltd. on August 26, 2015

will be carried out in 10 sectors such as high-end equipment manufacturing, new material and culture, and five major scientific and technological projects will be launched.

Public service platforms will be developed to facilitate mass entrepreneurship and innovation, including more than 150 provincial-level makerspaces, the same number of public service platforms for small, medium- and micro-sized enterprises, as well as 100 provincial-level business incubator bases. Incentives will also be provided to outsourcing, entrepreneurial support and crowdfunding.

In addition, a number of talent programs will be implemented. By 2020, Hunan is expected to build a talent pool of 7.7 million people.

During the 13th Five-Year Plan period, Hunan will reinforce reform in an all-round way, protect the legal rights and interests of all market players, and form a set of systems and mechanisms that are conducive to innovative development and economic transformation

and upgrading.

Efforts will be made to establish a modern property rights system, promote the development of enterprises with different types of ownership, improve the market and fiscal systems, as well as accelerate reform of the administrative system.

During the 13th Five-Year Plan period, Hunan will be committed to promoting supply-side structural reform while appropriately expanding gross demand. The authorities will impose less taxes and charges on enterprises and make efforts to lower their financing costs, in order to contribute to the real economy. Efforts will also be made to stoke housing and auto consumption, as well as support boost consumer spending on services, information, fashion as well as environmental protection.

Moreover, breakthroughs will be made in optimizing investment structure, diversifying destinations of private investment, innovating models for private investment and improving services for private investors.

By 2020, no less than five leading enterprises each with an annual output value exceeding 50 billion yuan (\$7.65 billion), 15 enterprises each with an annual output value exceeding 10 billion yuan (\$1.53 billion), and 30 enterprises each with an annual output value exceeding 5 billion yuan (\$765 million) will emerge in the private sector.

Opening up

During the 13th Five-Year Plan period, Hunan will attach equal importance to opening its market to investors from both the other parts of the country and foreign countries and regions. It will also expand both imports and exports, as well as intensify efforts to

attract foreign capital, technologies and professionals. Moreover, it will encourage local enterprises to broaden overseas presence in line with a strategy to build Hunan into a leading opening-up economy in central China.

In line with the building of the China-proposed Silk Road Economic Belt and the 21st-Century Maritime Silk Road, Hunan will expand its overland and air links with the outside world, in addition to promoting cross-border e-commerce and other fledgling formats of foreign trade as well as fueling the transformation and upgrading of processing trade. It will strengthen bilateral and multilateral policy coordination with trading partners in Southeast Asia, Europe, Central Asia, Africa and Latin America. The province plans to welcome 20 of the Fortune Global 500 enterprises and attract foreign investment of more than \$50 billion by 2020.

Hunan will actively participate in the building of the Yangtze River Economic Belt, with the focus on reinforcing the important status of the Changsha-Zhuzhou-Xiangtan city agglomeration in the city cluster along the middle reaches of the Yangtze. Other priorities on its agenda also include an opening-up and cooperation pilot zone with neighboring Jiangxi Province, cross-provincial cooperation in the pan-Pearl River Delta region, a cooperation demonstration zone with Guizhou Province in southwest China, as well as industrial, scientific and technological cooperation with other provinces in central China. In addition, to intensify integrated development and facilitate industrial transfer, Hunan will fix eyes on the Pearl River Delta, the Yangtze River Delta, the Beijing-Tianjin-Hebei Region, as well as Hong Kong, Macao and Taiwan, energetically draw investment revolving local industrial chains, introduce a bunch of large enterprises and projects, and attract multinationals to locate their regional headquarters, operation centers and research and development centers in the province.

In order to optimize its environment for opening up, Hunan is lobbying for the approval to carry out a national off-shore financial pilot scheme. It also plans to build a financial settlement center in central China, promote the establishment of a province-wide e-port platform, speed up the formation of a cross-border e-commerce service platform in the provincial capital Changsha and apply for the approval of the China (Changsha) Cross-Border E-commerce Comprehensive Pilot Area. ■



Ducks make up a graphic pattern in the Miluo River wetland on July 27, 2015

REGIONAL SPECIAL

A night view of Yinchuan, capital of Ningxia Hui Autonomous Region



PHOTOS COURTESY OF THE INFORMATION OFFICE OF THE NINGXIA HUI AUTONOMOUS REGIONAL GOVERNMENT



Ningxia's Course For the Future

In November last year, a song about Ningxia Hui Autonomous Region went viral online. "Let's go to Ningxia and depart before sunrise; Listening to songs sung by local girls and appreciating the rock paintings of the Helan Mountains," the lyrics go.

Ningxia is located in the northwestern part of inland China, in the upper and middle reaches of the Yellow River and the intersection between the desert and the Loess Plateau. It is adjoined to the Inner Mongolia Autonomous Region and Gansu and Shaanxi provinces.

As the catchy tune indicates, Ningxia is sandwiched between the Helan Mountains to the north and the Liupan Mountains to the south.

The region also boasts a long history and illustrious culture and is one of the cradles of the Chinese civilization. It used to be an important passage point for transit between east and west China, and was a critical stop on the ancient Silk Road. The region also hosts the largest number of people from the Hui ethnic group in China and is host to the country's largest concentration of Muslims.

Achievements

During the 12th Five-Year Plan (2011-15) pe-

riod, Ningxia implemented strategies aimed at boosting the development of the economic zone along the Yellow River, which runs along the northern part of the region, and lifted 1 million people out of poverty. The economic zone along the Yellow River was listed among the 18 key national development zones. Ningxia Inland Opening-Up Pilot Economic Zone was elevated to a national strategy. The China-Arab States Expo has become a platform for the country's opening-up initiatives. A comprehensive bonded area in Yinchuan was also put into operation, and the construction of the Ningdong Energy and Chemical Industry Base achieved remarkable progress. In addition, the grape corridor east of the Helan Mountains gained worldwide recognition. The aforementioned progress serves as the driving force for the people of different ethnic groups in the region to forge ahead.

"I work for the farm of the One Thai Animal Husbandry Co. in my village and get paid 2,700 yuan (\$414) per month. My wife works as a temporary worker at a nearby vineyard and makes 7,000 (\$1072) to 8,000 yuan (\$1226) per year. In addition, I receive 1,500 yuan (\$230) a year for renting out my land," said Ma Xiliang, a villager from the Yuanlong Village in Ningxia's Yongning County.

Ma added that he made only 10,000 yuan (\$1,532) a year through farming and herding before he moved from Qingshi, his village of origin in the city of Guyuan, to the village of Yuanlong. Ma moved in 2012 under a relocation plan aimed at reducing poverty. Four years after the relocation, Ma and his fellow villagers' lives have experienced sweeping changes. Now Ma is able to make 45,000 yuan (\$6,894) a year.

"It has become more convenient for our village's children to go to school. Before, they didn't attend school until the age of 8 because they had to walk 5 km of mountain roads to go to class," said Luo Jinfu, a 60-year-old villager.

"Now children go to kindergarten starting from the age of 4, since the school is only 500 meters away," Luo added.

"It has become more convenient to get water. In the past, villagers had to walk 1 km to fetch water. Now they all have access to running water. Transportation has also become more convenient. Previously, few households had bicycles. Now every household has electric bicycles and over 10 households have cars," said Luo.

During the 12th Five-Year Plan period, Ningxia had been dedicated to promoting the construction of a beautiful, open, prosperous



Sand Lake in Shizuishan



Western Xia imperial mausoleums in Yinchuan

and harmonious community, and social and economic development of the region has achieved substantial progress.

In the past five years, the region's GDP increased from 169 billion yuan (\$26 billion) in 2010 to 290 billion yuan (\$44 billion) last year, registering a 9.9-percent annual average growth rate. The per-capita disposable income of urban and rural residents increased by 10.8 percent and 12.3 percent respectively, with the income of rural residents increasing by a larger margin than their urban counterparts every year. A total of 350,000 people living under poverty were relocated out of consideration for environmental protection, and 650,000 people benefited from the poverty reduction plan.

A raft of problems concerning people's access to education, medical services, and drinkable water and lodging as well as transportation has effectively been resolved. The experiences of promoting ethnic unity and progress were shared at the central ethnic work conference. The fulfillment of the goals of the 12th Five-Year Plan period has laid a solid foundation for Ningxia's future development.

Goals

The primary goal for Ningxia during the 13th Five-Year Plan (2016-20) period is to double its GDP by 2020 against 2010 levels by keeping its GDP growth rate above 7.5 percent, keep public budget revenue in sync with economic growth, increase the region's fixed-asset investment by an annual average of 10 percent and increase the per-capita disposable income of urban and rural residents by an annual average of 8 percent and 9 percent, respectively.

Other goals include improving the region's capacity for innovation, achieving solid progress in industrial transformation and upgrading, continually improving the environment, making

major breakthroughs in reform and opening up, further lifting people's living standards as well as improving its citizens' moral standards. In order to realize the aforementioned goals, Ningxia will continue to transform its development models, accelerate innovation, and promote industrial transformation and upgrading. It will also attach equal importance to development and the advancement of people's livelihoods as well as economic growth and environmental protection. These measures are meant to improve the quality and efficiency of growth in the region.

Ningxia will also accelerate its opening up to the outside world. It will promote the construction of the pilot economic zone for the opening up of its hinterland. It will also foster the creation of a pilot zone for China-Arab cooperation, since Ningxia is a strategic juncture along the Silk Road Economic Belt. Ningxia will make full use of the China-Arab States Expo to achieve new breakthroughs in cooperation between China and Arab countries. It will also build a series of infrastructure construction projects involving roads, railways, airports, Internet and communications, and accelerate the construction of the land, aerial and maritime Silk Road. Moreover, the region also plans to launch a series of institutional reforms to create a better environment for investment.

Using innovation to drive the construction of a prosperous Ningxia, the region will work to upgrade its economy by encouraging mass entrepreneurship and innovation. It also encourages the acceleration of industrial transformation and upgrading, as well as the implementation of the industrial foundation consolidation project. Other planned measures include the agricultural quality and efficiency improvement project, the plan of accelerating the development of the service industry, as well as a slew of infrastructure construction,

industrial development and projects aimed at improving people's livelihoods. The region will also improve the management of its cities. It will step up the construction of intelligent cities, improve the standards for the construction of new villages, and promote the extension of public infrastructure as well as basic public services to rural areas.

Ningxia adheres to the principle of its residents building the region together and sharing in the development results as well as guaranteeing its people's livelihoods in order to build a harmonious society. Ningxia will implement a variety of projects to tackle poverty reduction and alleviation, the improvement of education quality, health and social welfare, and the increase of rural and urban residents' income. Its social development should take the lead in China. In terms of social governance, mediation organizations should be available in cities, counties and villages; in terms of ethnic unity and progress, the region will strengthen the management of religious affairs in accordance with the law and enable its ethnic and religious work to take the lead in China.

Finally, Ningxia will prioritize environmental protection and green development. It will accelerate the construction of major functional areas and promote the development of cities according to their functions. It will make the region cleaner by implementing plans aimed at treating air, water and soil pollution. The region will also launch projects for the protection of its forests and water as well as start ecology demonstration area constructions. That is in addition to plans to mend and add greenery to main thoroughfares as well as roads along the rivers and mountains, and also plans to strengthen the "beautiful village" construction project. ■

Copyedited by Bryan Michael Galvan



A Review Of the 20 Years Development History of HNA Group

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

HNA's African operations

Civil aviation operation

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

Logistics service

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





Ethiopian Airlines Cloud-9 Business Class
New 180° Flat Seat

Daily from Beijing Shanghai Guangzhou and HongKong
Connect More Than 50 Africa Destinations

Ethiopian Airlines

www.ethiopianairlines.com.cn

☎ 4008-071-787



Ethiopian_China



Ethiopianairlines



埃塞俄比亚航空公司中国

Ethiopian

የኢትዮጵያ

THE NEW SPIRIT OF AFRICA

A STAR ALLIANCE MEMBER 

Undated Elegance

The homely calendar turns over a new leaf and becomes a collector's item

By Zheng Yang



Calendar of the Forbidden City on display at the Beijing International Cultural and Creative Industry Expo in 2012

A big fan of digital technology, Wang Fan has been living a paper-free life for several years. Like his urbanized peers, the 27-year-old likes to schedule his life and work with a variety of apps on his smartphone.

But when 2015 drew to a close, Wang found himself among a crowd that was snapping up an old-fashioned calendar.

More than a calendar

The *Calendar of the Forbidden City: 2016* is no mere calendar. It is a collector's item. After hitting the market in November 2015, it soon jumped to the bestsellers' list of many bookstores and online markets.

"It's definitely not for the calendar part, because my phone is more convenient," Wang said. "It's about a nostalgic sentiment, about culture and aesthetics. That's something your phone can never provide."

It could be one explanation for the "cultural calendar" fever. The delicate cultural calendars combine the functions of the calendar with informative content, usually themed on an aspect of Chinese culture and works of art. Their price is double or three times that of ordinary calendars, ranging from 60 to 200 yuan (\$9-30).

Among the most sought-after cultural calendars is the *Calendar of the Forbidden City*



A calendar produced by Guokr.com featuring plants



Calendar of the Forbidden City: 2016

compiled by the Forbidden City Publishing House owned by the Palace Museum, which is home to 1.8 million cultural artifacts.

Each page of the calendar presents a work of art selected from over 380 items in the collection of the Palace Museum in Beijing, also known as the Forbidden City, the imperial palace of the Ming (1368-1644) and Qing (1644-1911) dynasties, as well as other renowned museums at home and abroad. They include the Shaanxi History Museum in northwest China, the National Museum of China, the Chicago Gallery of Fine Art and University of Pennsylvania's Penn Museum.

To bring home the "red block," netizens' name for the calendar because of its traditional red hard cover, the buyer will need to shell out 66 yuan (\$10) and lots of patience. There was a presale before the official release and the calendar sold out like hot cakes.

"It took me a week to get it, but I knew it was worth the wait when I saw it," said Zhang Feifei, a 31-year-old who bought two copies, one for a friend and one for herself. "The design looks classic, more like a work of art than a calendar."

Many proud buyers posted photographs of their coveted calendar on Weibo, a Chinese social media network, and praised it lavishly.

Until late January, according to the publisher, about 280,000 copies of the calendar were sold through bookstores and online markets. On JD.com, one of the biggest online markets in China, it has remained a bestseller among art books.

The first Forbidden City calendar dates back to 1932. It was published for five consecutive years before the project came to an end in 1937. The calendar was popular with the literati of that time.

In 2010, it was re-launched by the Forbidden City Publishing House and immediately garnered attention. This year, as buyers were snapping up copies of the 2016 calendar, the price of the 2010 calendar, now a collectible, shot up to 2,000 yuan (\$304), 30 times its original price, in the second-hand book market.

A new trend

The popularity of the Forbidden City calendar has given rise to a new booming niche market. More and more publishers have seen the growing trend and are vying to get a slice of the pie.

The Zhonghua Book Co., for example, has begun to produce a calendar themed on *A Dream of Red Mansions*, the Chinese literary masterpiece written in the 18th century, since 2014. The 2016 calendar published in

November 2015 contains more than 100 poems from the novel and their interpretation, as well as over 100 ancient Chinese paintings and calligraphy samples. The first print order was for 50,000 copies, which sold out in less than two months. In the company's online poll, the calendar was voted one of the top 10 books of 2015.

"We have been pressing the printer for additional copies but it's impossible to force the pace because the calendar has to be bound by hand," said Zhu Zhenhua, a representative of the publisher.

Another product from Zhonghua, a calendar called *The Beauty of Chinese Characters*, provides information on the Chinese characters used for writing, their origin, and the evolution of Chinese chirography. It too has been a resounding success.

As the market keeps growing, organizations other than traditional publishers have been testing the waters, and adding more variety.

For example, this year Guokr.com, a popular social networking website for science and technology education, has produced a calendar devoted to plants. Each page contains a picture of a plant and a brief introduction. ■

Copyedited by Sudeshna Sarkar
Comments to yanwei@bjreview.com

Do Digital Red Envelopes Tarnish Tradition?

Giving *hongbaos*—red envelopes filled with money—to junior family members as a Spring Festival gift has long been a tradition in China. In recent years, sending digital *hongbaos* via mobile platforms such as WeChat and Alipay has become a popular way of celebrating the Chinese Lunar New Year.

WeChat, an instant messaging platform owned by the Chinese Internet giant Tencent, launched its digital *hongbao* feature during the 2014 Spring Festival. WeChat users can bind their bank accounts to the platform and send out *hongbaos* to an individual or a group of friends. The senders type in the amount of money they want to send as well as the number of packets they want to distribute the money in. On the recipients' chat window, an image of a red envelope is displayed, on which an "open" button can be pressed to access the money inside, the amount of which can be randomized. Besides the digital red envelopes sent by individuals, companies can also send out *hongbaos* to customers in the form of cash or coupons.

When WeChat first launched its red envelope service in 2014, 5 million people used the feature. The number increased this year to 516 million. According to Tencent, the number of red envelopes sent and received from February 7 to 12 reached 32.1 billion, a 10-fold year-on-year increase.

Online payment services such as Alibaba's Alipay and Baidu's Baidu Wallet then followed suit and launched their own red envelope services during the 2015 Spring Festival and 2016 New Year's Eve, respectively.

Over 100 million Alipay users shared the 800 million yuan (\$123 million) worth of electronic red envelopes offered by Alipay during the China Central Television's Spring Festival Gala this year, an over-four-hour annual program broadcast live on the eve of the Lunar New Year. This year, Alipay spent 268.8 million yuan (\$41 million) in sponsoring the event, which attracted over 1 billion viewers.

Digital red envelopes have revolutionized the *hongbao* tradition in China. Previously,

only the senior members of one's family gave red envelopes to their juniors. Now, digital red envelopes can be sent and received by anyone, including friends, family and strangers.

The craze for the new online activity has stirred controversy. Some commentators have applauded the new feature for adding to the fun of the Spring Festival, while others are worried that it is diluting China's traditions.

Embracing new technologies

Jiang Qiping (People's Daily): The popularity of digital *hongbaos* can be attributed to traditional Chinese culture. Compared with other Internet products that first gained popularity in the United States before being introduced to China, digital red envelopes are popular only in China because the Chinese attach great cultural importance to them.

Electronic red envelopes have digitized the *hongbao* culture, though that may not necessarily alienate one's family members. On the contrary, digital *hongbaos* have enabled more frequent interpersonal communication. People of different ages are able to communicate with each other in a friendly manner through the sending of digital red envelopes.

Through WeChat, a digital networking platform, getting to know strangers through one's social circles is a frequent occurrence. Such a network not only influences people's lives but also promotes entrepreneurship. A lot of business opportunities will be created through such a large number of users.

Lian Jun (www.cnr.cn): It has taken just two years for digital *hongbaos* to pervade people's lives. During the Spring Festival, not only young people but also middle-aged and senior citizens took part in the carnival of grabbing red envelopes online. The new invention has contributed to the festival's fun.

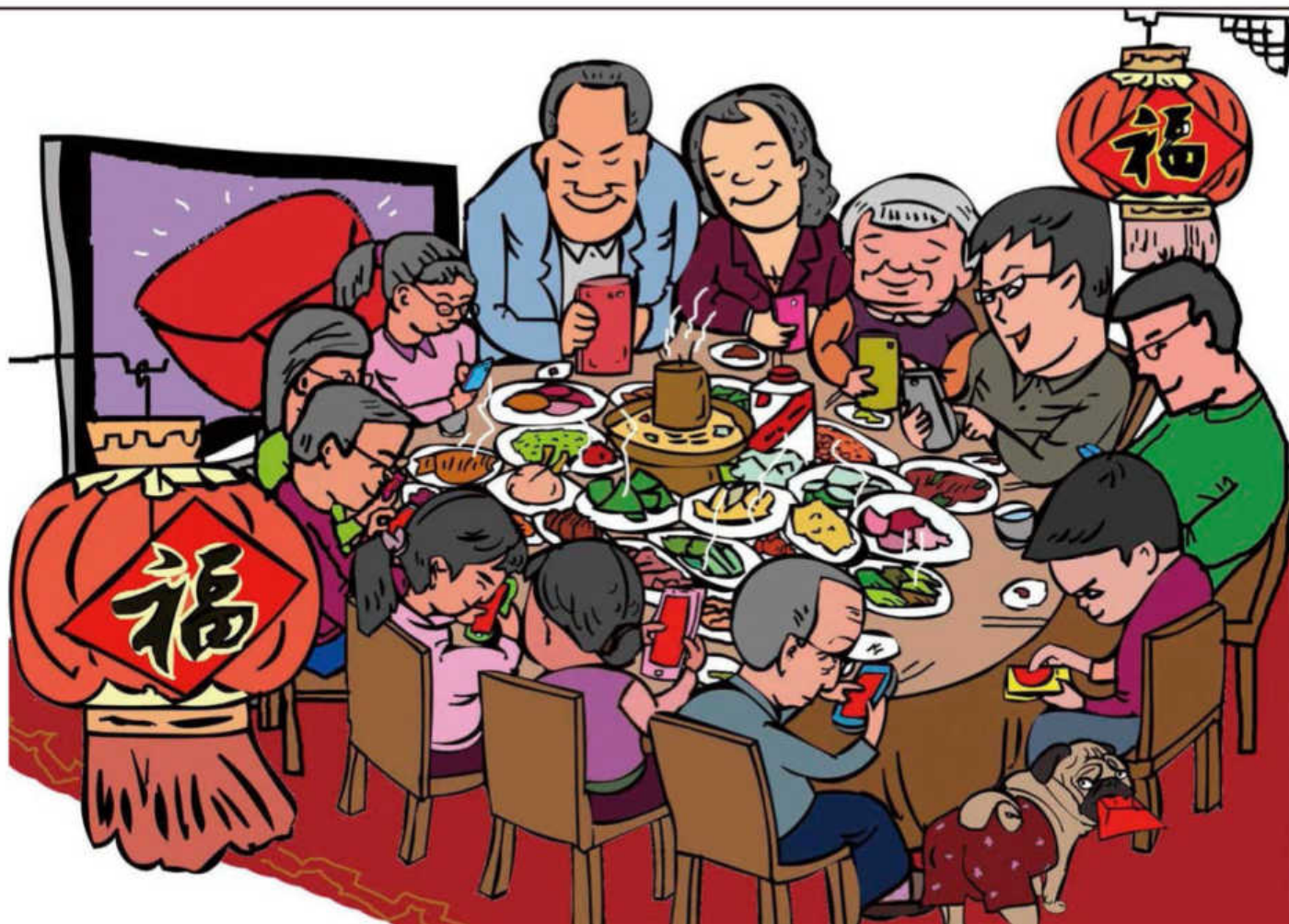
However, some are worried that the practice of scrambling for digital red envelopes may erode original Spring Festival traditions. Such concerns need not be heeded, since the Spring Festival is a tradition that has lasted several

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



thousand years—it's questionable whether the current digital fad will last.

People are actually more concerned with the changes brought about to their lives by the Internet. It's natural for traditional festivals to adapt to China's increasingly Internet-permeated society. The public is advised to accommodate their lifestyle to welcome new technologies rather than resisting them.

Preventing adverse impacts

Lu Li (Gdzh.wenming.cn): Is it really worth applauding that so many people are engaged in grabbing up electronic *hongbaos*?

The Spring Festival is meant for family reunions—if family members are all focused on obtaining red envelopes through their phones, there will be little communication between them. If this form of entertainment becomes the primary aspect of celebrating the festival, the tradition will lose its original meaning.

We should not allow these digital *hongbaos* to occupy too much of our time. To preserve Spring Festival traditions, we should spend more time with our families and less time in receiving electronic red envelopes.

Ren Xiaolan (*The Mirror*): Safety risks concerning digital *hongbaos* are worth considering.

Ensuring the safety of the money being sent through red envelopes online is of vital importance as the popularity of the activity increases. Online payment users may suffer huge financial losses due to the loss of their phones, online fraud, or theft of their personal information.

According to the Law on the Protection of the Rights and Interests of Consumers, companies should take technical and other necessary measures to protect the safety of consumers' information and prevent it from getting leaked or lost.

Since WeChat and other online platform users have to bind their bank accounts to the applications in order to use the digital red envelope service, the organizations behind the platforms should guarantee their users' information security.

Moreover, as money is transacted through the help of third-party payment platforms such as Alipay when people send and receive *hongbaos*, a large pool of capital flows through these organizations. According to the law, the interest generated by this pool of capital belongs to users

of the *hongbao* function. However, in reality, the users receive no profits from the interest.

I recommend that the interest accrued through these transactions be used to establish a risk fund so as to cover the potential losses posed by digital *hongbao* activities.

Cui Wenjia (*Beijing Daily*): For many users, obtaining digital *hongbaos* is only a game. However, for operators of online payment platforms, digital red envelopes can bring them tangible profits. Digital *hongbaos* have increased active users' reliance on online payment platforms while also attracting new users to these services. As users befriend each other on online payment applications, these platforms have the potential to transform into social networking arenas.

Nonetheless, the business opportunities brought by digital red envelopes aside, they have also opened up new avenues for illicit activities such as bribery and corruption. The technology itself is innocuous. Even so, we should use it properly in order to avoid incurring negative impacts. ■

Copyedited by Bryan Michael Galvan

From Ebola to Zika

By Sajjad Malik



Last year, it was the Ebola virus that threatened world health; this year, the buzzword is Zika. The trend of increasing amounts of microbial threats has highlighted the potentially catastrophic consequences of a globalized society.

The Zika infection is linked to the cases of microcephaly, a rare neurological condition in which an infant's head is significantly smaller than it should be.

The brains of infected babies remain underdeveloped throughout their lives.

The spread of the virus has become quite alarming in the Americas, throughout which people in a number of countries have been exposed. In Brazil alone, there have been more than 4,000 reported cases of suspected microcephaly since last October.

Between 2015 and 2016, 36 countries reported local transmissions of the Zika virus, according to a World Health Organization (WHO) report on February 19, raising fears that a pandemic could emerge.

The threat is being taken very seriously, and the WHO has declared a global public health emergency to deal with it. The WHO was quick to respond, especially after it faced heavy criticism for its delay in declaring a health emergency following the Ebola outbreak.

The WHO has placed the Zika virus in the same high-level category of concern as that of the Ebola virus at its peak. That means that global efforts are now underway to try to deal with the problem before it is too late.

If Zika goes global it could become tough to control since there is currently no vaccine or effective medicine available to combat it.

The current emphasis is mostly on precautions designed to avoid catching the disease. The basic measure is to avoid contact with the Aedes mosquito that carries the virus and can transmit it to healthy people. Travelers are also being advised to delay or cancel trips to countries where the disease is already prevalent.

Those who are living in the countries with high infection rates need to adopt the usual approach to avoiding mosquito bites—wearing clothing that fully covers their

arms and legs and using a good mosquito repellent.

Pregnant mothers have been advised to be extremely careful as their babies are particularly vulnerable to the devastating effects of the virus.

As the WHO and other organizations plan actions to control and ultimately eliminate the threat, there should be special focus on research to develop vaccines and drugs to treat the disease. Special target-oriented research projects should also be encouraged to mitigate the spread of the infection on both a short-term and long-term basis.

International cooperation and coordination are important. Instead of several countries working on identical projects, efforts and expertise should be pooled.

Zika has already spread to Asia, with a couple of confirmed cases having been reported in China. An uncontrolled outbreak, coupled with the region's relative lack of resources and its burgeoning population, could spell disaster for Asia.

Countries like China that have the essential technical knowledge and matching resources can play a vital role to spread awareness of precautionary measures, as well as institute practical steps in the region to face the Zika challenge.

The Zika virus, like the previous Ebola epidemic, once again shines the spotlight on countries with weaker health services across the world. Countries throughout the globe need to band together to confront this problem.

The reform of the health system and focus on research will be important to control global outbreaks of deadly and dangerous diseases. Educating everyone about viral outbreaks is also important—especially individuals in less developed countries with less access to health education and care—in order to prepare against future challenges. ■

**The world
needs to band
together to
confront the
Zika challenge**

The author is a Pakistan-based columnist with China.org.cn, on which the article was first published
Copyedited by Bryan Michael Galvan
Comments to yanwei@bjreview.com



揭秘南非，感受鹰谷。

如何才能超越时空，去体验豪旷兼逸致的文化之旅？
这一次，我们将带您去一趟遥远的南非，
去品味有着三百多年历史的不凡佳酿，
这是一次精神之旅。

路标？

毫无疑问，它就是鹰谷葡萄酒。

青岛鹰谷国际贸易有限公司
Eagle Canyon International Trading Qingdao Co., Ltd.



Http: www.eaglewine.com.cn
Tel: +86(532)83878266

CHINAfrica

中國與非洲



12 issues a year at a subscription rate of 180 RMB/R360

An Africa-oriented English monthly covering China and Africa published by BEIJING REVIEW, *ChinAfrica* is the leading publication in China featuring news, views and analysis for an African audience.

WWW.CHINAfrica.CN

SUBSCRIPTION HOTLINES

(8610) 6831 0644, +27 (0)71 613 2053

Email: circulation@bjreview.com.cn

casa201208@hotmail.com