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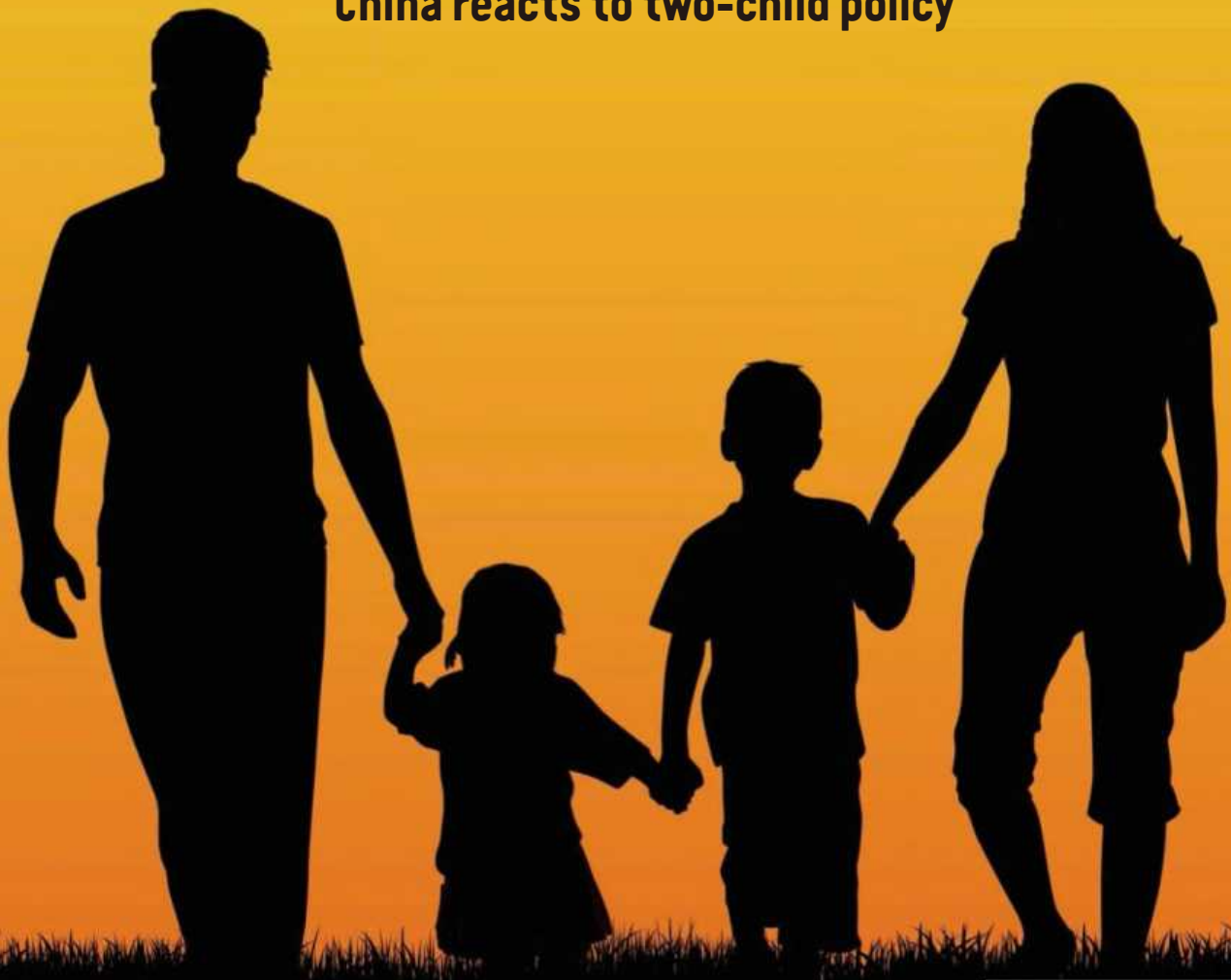
# BEIJING REVIEW

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## NEW ADDITION

China reacts to two-child policy




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Starting in 2016, *Beijing Review* will publish 50 issues each year. Two issues during the National Day Holiday (October 1-7) and Chinese New Year (in late January or February) will not be issued.

Cover Design: Cui Xiaodong

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# EDITOR'S DESK

## China's Growing Family

The new family-planning policy under which all couples may have two children has been a hot topic of discussion since it was announced in late October. The change marks another major family planning policy shift.

The policy has evolved over the past decades. Beginning in the late 1970s, most urban couples were limited to one child, and most rural couples to two children if the first child was a girl. The government eased the policy in the early 21st century to allow parents to have a second child if they were both only children before being further relaxed in 2013 to allow couples to have two children if either of them was an only child. The latest relaxation not only reflects the public's wishes but also concerns about the country's future development.

Official statistics show the number of people over 60 years old had reached 212 million at the end of 2014, accounting for 15.5 percent of China's total population. According to the UN, a country or region with people aged upward of 60 accounting for over 10 percent of the total population can be defined as an aging society.

Thus, China is already an aging society. If China's demographic policy is not adjusted accordingly, its senior population will peak by the middle of this century to surpass 400

million. By then, there will be one senior citizen for every three people.

This family planning policy change will also have a big impact on the economy's growth rate. The demographic dividend represented by the large proportion of working-age population to the total population has contributed to China's rapid economic growth in recent decades. However, as aging becomes a prominent problem with the change of the population structure, the demographic dividend is disappearing. From the economic growth perspective, the "two-child policy" will help provide a larger workforce and keep the talent pool stable.

Additionally, the new policy is beneficial for children's personal development. One of the major controversies surrounding the one-child generation is that children grow up in an environment without siblings. Such an environment is often blamed for problems in regard to social skills and norms relating to value systems, such as sharing. The new policy will fundamentally change this situation.

In light of these economic and social considerations, the latest shift in China's family planning policy is a timely change that conforms to the laws of demographics, sociology and economics. ■

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## READY FOR TAKEOFF

The C919, China's first homemade large passenger jet, rolls off the assembly line in Shanghai on November 2.

The plane, developed by the Commercial Aircraft Corp. of China, will make its maiden flight next year. It will then undergo about three years of test flights before being put into commercial use.

The single-aisle jet, with 158 seats and a standard range of 4,075 km, is expected to compete with the Airbus 320 and the Boeing 737.



## Olympics Preparation

Members of an International Olympic Committee (IOC) delegation attend a two-day Orientation Seminar with the Beijing 2022 Olympic Winter Games organizers in Beijing on November 3.

It was the first IOC meeting with the 2022 team since Beijing won the right to host the Games in August.

## Historic Meeting

Xi Jinping and Ma Ying-jeou, in their capacity as "leaders of the two sides" of the Taiwan Straits, would meet in Singapore on November 7 to exchange views on promoting peaceful development of cross-Straits relations and discuss major issues in deepening cooperation in the region and improving people's welfare, the minister of the Taiwan Affairs Office of the State Council announced in Beijing on November 4.

In line with the one-China principle, the Chinese mainland and Taiwan reached the pragmatic arrangement, showing their willingness to push aside their differences while respecting one another, said Zhang Zhijun, who is also head of the Taiwan Work Office of the Communist Party of China (CPC) Central Committee.

He added that the meeting will "create new space" for ties and lift cross-Straits exchanges and interaction to a new level.

The Kuomintang, Taiwan's ruling

party, said in an online statement that the meeting will be "a major watershed" for the two sides to realize mutually beneficial cooperation.

## Green Fund

China will establish the Green Development Fund to promote clean production and sustainable growth, according to a document issued by the CPC on November 3.

China will steer traditional manufacturing toward an environment-friendly path, establish a low-carbon circular production system and encourage businesses to upgrade their technology, according to proposals released by the CPC Central Committee on formulating the 13th Five-Year Plan (2016-20) for national economic and social development.

The document was adopted at the Fifth Plenary Session of the 18th CPC Central Committee, which ended on October 29.

China will encourage low-carbon

development by promoting clean energy, green transport, controlling carbon emissions in major industries and boosting the circular economy, the document said.

## Less Pollution

Beijing's environment authority said on November 2 that the city's PM2.5 density, an indicator of air pollution, has dropped by over 20 percent during the first 10 months of the year from the same period of last year.

The average density of PM2.5, airborne particles smaller than 2.5 microns in diameter, was 69.7 micrograms per cubic meters in Beijing, down 21.8 percent year on year. Meanwhile, the density of PM10, sulfur dioxide, and nitrogen dioxide fell by 21 percent, 39.8 percent and 17.1 percent, respectively, according to the Beijing Environmental Protection Bureau.

During the first nine months, Beijing's number of days with good air quality grew by 31 from last year, and the number of days with heavy pollution dropped by 16.

The bureau attributed the improvement to air pollution control measures and favorable weather conditions.

The city removed some 280,000 old cars from roads, closed 315 polluting companies, and increased green areas by 6,000 hectares during the first 10 months.

## Recording History

*The Comprehensive History of Tibet* compiled by China's official academic institute was published on October 30.

With eight volumes and more than 9 million Chinese characters, it is the first book introducing the comprehensive history of Tibet in a systematic way, according to Editor in Chief Lhapa Phuntsog.

"The book is conducive to inheriting and developing excellent national cultural traditions, as well as cultivating the awareness of the Chinese national community and serving the stability and development of Tibet," he said at a premiere event.

The China Tibetology Research Center led the compilation work as a state-level key project.

## OPERA IN PARIS

A Peking Opera performance is held at UNESCO Headquarters in Paris in celebration of the organization's 70th anniversary





## 'Chinese Corners'

A total of 50 overseas "Chinese corners" have been set up in 50 libraries in 35 countries worldwide, the headquarters of China's Confucius Institute said on November 3.

According to China Educational Publication Import & Export Corp., which helps establish the language study, 20 of the 35 "Chinese corners" are in countries along the Silk Road Economic Belt and the 21st-Century Maritime Silk Road proposed by China. Many have been operating for over a year.

Zhu Hongtao, general manager of the company, said that "Chinese corners" have become a display window for refined Chinese textbooks and publications and a platform for foreign Chinese fans to learn and communicate.

## World-Record Robot

A quadruped robot in the southwestern municipality of Chongqing walked its way on to the pages of the *Guinness World Records* book on November 1.

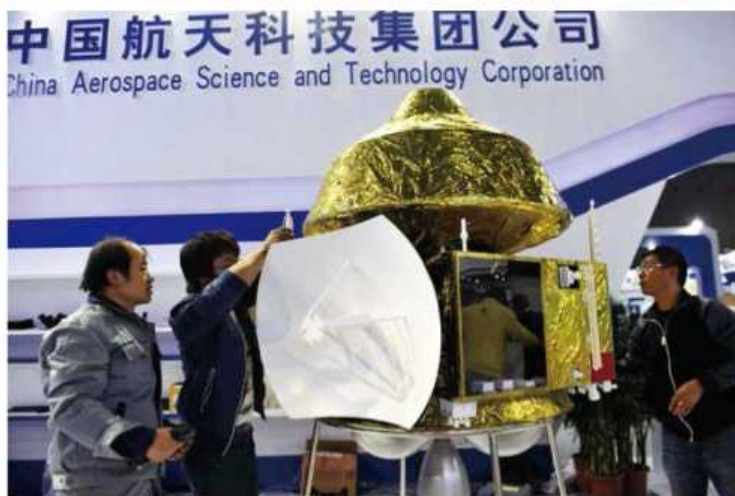
*Xingzhe No.1* was developed by Li Qingdu, a professor at Chongqing University of Post and Telecommunications' College of Automation. Starting on October 24, it took 340,000 continuous steps over 54 hours, covering a distance of 134.03 km and using 0.8 kwh of power.

The previous record was set by *Ranger*, a quadruped robot developed by Cornell University in the United States, which walked 65 km in 30 hours consuming 0.5 kwh of power.

Li and his team began developing

"We can apply the technology and processes involved [in developing *Xingzhe No.1* quadruped robot] to a wide range of robotic devices to make them more efficient, durable and reliable."

Li Qingdu,  
a professor at  
Chongqing University  
of Post and  
Telecommunications



## Model for Mars

Working staff install a Mars probe model before the 17th China International Industry Fair kicked off in Shanghai on November 3.

The golden model, which is a third of its real size, consists of an orbiter and a lander.

the robot in November 2014. The first prototype was produced in January.

## Expedition Vehicle

China's first all-terrain vehicle to work in polar conditions will join the country's 32nd Antarctic expedition that set off on November 7.

The vehicle, developed by the Polar Research Institute of China and Guizhou Jonyang Kinetics Co. Ltd., was delivered to the expedition team in Shanghai on November 4.

The amphibious vehicle has

excellent maneuverability and can run in snowfields, deserts, beaches and mountainous regions at a maximum speed of 60 km per hour and 5 km per hour in water, said Lyu Qian, President of Guizhou Jonyang Kinetics.

It can also cross 0.6-meter vertical barriers and 1.5-meter ditches and work in environments between negative 41 degrees and 40 degrees Celsius, said Lyu.

The vehicle is equipped with a low-carbon-emission engine and a computer system that can transmit operation data from the Antarctic back to China for analysis, he added.

## Oil Spill Case

A court in Tianjin on October 30 orders American oil giant Conoco Phillips to pay 1.68 million yuan (\$265,000) to 21 fishermen, who claimed their fishing interests and livelihood were severely damaged by the 2011 Bohai Bay oil spill.

The accident involved a subsidiary of Conoco Phillips in China.

It is the first case brought by a social organization over maritime pollution since China changed its law to allow registered non-profit organizations, which have been dealing with environmental issues for at least five years, to sue heavy polluters.



## A Lower Target

Chinese President Xi Jinping said on November 3 that China needs its economy to grow at a rate of at least 6.5 percent in the coming years to become “moderately prosperous.”

The statements were made following the Fifth Plenary Session of the 18th CPC Central Committee held on October 26-29, at which Party leaders promised to make the world's second largest economy more productive and to raise people's living standards.

GDP growth of “no less than 6.5 percent” is required to achieve the Party's goal of doubling the economy's size by 2020 from its 2010 level, President Xi said.

It is the latest indication that the Party might reduce its official GDP growth target, which has been fixed at 7 percent since 2011. Last year's figure was 7.4 percent, while this year it is expected to come in at just below 7 percent.

“In the next five years, China's development should not just be focused on growth pace, but also growth volume, and, more importantly, growth quality.”

The service sector's GDP contribution will continue to rise, while domestic consumption will play a much larger role as China aims to become an innovation-driven country with a more talented workforce.

It will take time to eliminate excessive production capacity, optimize the economic structure and achieve innovation-driven development, President Xi said. As a result, it will not be easy to maintain relatively fast growth.

China's economy grew by 6.9 percent in this year's third quarter, its slowest quarterly rate in six years.

## October PMI

Official data show China's factory activity held steady in October as the



## FALL RICE HARVEST

A worker packs rice in Helan County, northwest China's Ningxia Hui Autonomous Region, on November 4

country's manufacturing sector saw improved but still weak demand.

The manufacturing purchasing managers' index (PMI) came in at 49.8 in October—the same pace as September—lagging market expectations of 50.0, according to data released on November 1 by the National Bureau of Statistics and the China Federation of Logistics and Purchasing.

A reading above 50 points indicates an expansion in activity on a monthly basis, while one below that points to a contraction.

Growth in the country's services industry cooled, as the PMI for the non-manufacturing sector fell to 53.1 in October, a 0.3-percentage-point down from September. The activity reading, while still robust, is the lowest since 2009.

Non-manufacturing PMI tracks business activities in the service and construction industries.

## JD-Alibaba Row

JD.com Inc., China's second largest e-commerce site, filed a complaint to industry authorities claiming that its rival Alibaba Group Holding Ltd. was disrupting the market order.

In a complaint filed on November 3 to the State Administration of Industry and Commerce (SAIC), the Beijing-based company said Alibaba told retailers to pick a side in the upcoming Singles Day, China's largest online shopping festival, which falls on November 11 each year.

“Alibaba conveyed a message to retailers that if they participated in its Tmall promotion campaign on the Singles Day, they will not be allowed to attend similar events held by rival sites,” JD said in a statement.

Alibaba threatened to direct less traffic to retailers who were unwilling to follow its demands, JD claimed, adding “such behavior poses barriers to market competition and severely undermines consumers' interests.”

In response, Alibaba said it lets consumers decide which platforms they are willing to choose.

JD.com said SAIC had accepted the complaint and was looking into the matter. The SAIC has not yet commented on the issue.



## Far From Germany

Local customs officials examine milk powder imported from Germany in Fuzhou, capital of southeast China's Fujian Province, on November 3.

That day, cross-border e-commerce businesses started operating in Fuzhou sub-zone of the China (Fujian) Pilot Free Trade Zone, which was inaugurated in April.





## Robotic Production

A visitor views an assembly line operated solely by robots at the China International Industry Fair, which opened in Shanghai on November 3.

The five-day fair, with themes of innovation, intelligence and green development, attracted over 2,200 companies to exhibit their latest industrial technologies.

## SOE Reform

The State Council unveiled guidelines for reforming the management of the country's colossal state-owned assets.

The guidelines, released on November 4, specified plans to establish an investment firm to manage the state's capital and restructure state-owned enterprises (SOEs). It was a supporting document for a previous State Council guideline released in September on advancing SOE reform.

China will set up a firm in charge of capital investment and operations by either transferring state equities and budgets to a new company or by transforming a qualified wholly state-owned enterprise that already exists, according to the guidelines.

The firm can increase the value of state capital by managing equity, management staff and fund movements or optimizing layout through investment and financing, industrial support and

## GREEN HEATING

Workers examine the 16 natural gas-powered heat supply units in Shijiazhuang, capital of Hebei Province, on November 4.

This winter, the city's newly added area, totaling 8.23 million square meters, will be powered by more environmentally friendly means



capital integration.

The country will also accelerate its elimination of outdated and excessive SOE capacity and dispose of inefficient assets. State capital will be removed from some SOEs, while others will be restructured or upgraded based on innovation.

The newly distributed capital will be concentrated in key sectors, major infrastructure, forward-looking and strategic industries, key areas in the industrial chain, and firms with strong competitiveness.

In the process of establishing the investment firm and restructuring SOEs, the government will transfer some state equities into the hands of social security funds, so that proceeds from those equities can be used to make up for a shortfall in pension funds, according to the guidelines.

The restructuring of unprofitable SOEs will free up the current constraints on non-business operations, such as

schools and hospitals, to enhance industrial profits.

The State Council meeting also decided to speed up the restructuring of "zombie enterprises" to encourage the market-oriented allocation of resources. "Zombie enterprises" generally refer to unprofitable businesses, which could be companies burdened by debt, mismanagement or overcapacity.

## EV Roadmap

Details on a new energy vehicles roadmap under the Made in China 2025 strategy were unveiled to Chinese media on November 2.

It has been reported that the annual sales volume of China's new-energy vehicles will reach 20 percent of total demand in the automobile market up to 2025.

Annual sales volume of self-owned new energy vehicles is set to exceed 1 million.

In line with the new plan, independent new energy vehicles will have more than 80 percent of the market share.

The government will encourage innovation and a new-energy vehicle development plan linked with other industries to achieve this goal.

## Cross-Border Payment

Lakala, China's largest Internet finance and community e-commerce company, has signed an agreement with Britain's largest bill payment service company, it announced on November 4.

Lakala and Allpay Ltd. will establish a cross-border financial service platform and create community convenience services, smart wearable devices and cross-border e-commerce, according to Lakala Chairman and President Sun Taoran.

The company will export some of its payment hardware devices and software to Europe because, as Sun observed, China is a leading player in the Internet finance market.

Lakala's cross-border payment service covers over 20 currencies and the majority market in Asia and now is making forays into the European and North American markets.



## EGYPT

People pay tribute on November 2 in Cairo to the victims of the crash of a Russian airliner on October 31 in the country's Sinai Peninsula



## RUSSIA

A man in a bear suit walks past a soldier during the parade commemorating National Unity Day in Moscow on November 4



## CANADA

Prime Minister Justin Trudeau at his swearing-in ceremony at Rideau Hall in Ottawa, on November 4





## ROMANIA

Firemen work at the site of a nightclub fire in Bucharest on October 31 that killed more than 30 people and led to the resignation of Prime Minister Victor Ponta



## IRAQ

People attend a pizza-eating contest named "away from violence" in Baghdad on October 31



## AUSTRIA

Russian Foreign Minister Sergei Lavrov, UN Special Envoy for Syria Staffan de Mistura and U.S. Secretary of State John Kerry (left to right) attend a press conference after their meetings in Vienna on October 30 when they reached consensus on a peace process for Syria



## ↓ EDITOR SACKED FOR VIOLATING PARTY RULES

**Zhao Xinwei**, Party Secretary and Editor in Chief of the Urumqi-based *Xinjiang Daily*, was recently expelled from the Party and removed from his post following local authorities' investigations into his suspected serious disciplinary violations.

The Xinjiang anti-graft watchdog said Zhao deliberately made decisions that ran counter to major work arrangements made by central and local Party authorities and failed to be in keeping with the Party authorities on major issues, such as opposing ethnic separatism, violence, terrorism and religious extremism. Zhao was also found to have wasted and embezzled public funds.

*Xinjiang Daily* is a Party newspaper overseen by the Xinjiang Uygur Autonomous Regional Party Committee's Publicity Department. In October, the Central Commission for Discipline Inspection issued revised regulations on disciplinary punishments, under which Party members who contravene the Party's major policy decisions and damage its unity will be subject to punishment.



## Criminal Law Amendment

**People's Daily**  
**November 2**

Spreading false information online, sitting an exam on behalf of others, beating doctors and abusing the elderly and the vulnerable are all considered offenses punishable under the Criminal Law, according to ninth amendment of the law that came into effect on November 1. Although these behaviors were deemed illegal in the past, the new amendment has increased punishment for them.

It is the first time in the past decade or so that so many new criminal offenses have drawn such wide attention from the public. The Criminal Law used to be regarded as distant from ordinary people's lives as few of them would violate it. This amendment however, regulated more common wrongdoing, and therefore made headlines and garnered significant attention.

As a matter of fact, drunk driving included in the eighth amendment of the Criminal Law in 2011 also concerns ordinary people's lives. The criminalization of drunk driving has deterred many from committing the offence and increases public safety. Similarly, the recent amendment serves to safeguard people's livelihoods.

The establishment of harsher punishments of crimes aims to prevent such offences. Strict enforcement of the new amendment is also necessary.

## Taking the Lead in 5G Research

**Caixin Weekly**  
**October 26**

Those who haven't connected to 4G networks yet will soon find themselves further outdated as 5G, or fifth-generation mobile communication technology, is on the horizon. According to a timetable mapped out by the International Telecommunication Union, 5G is expected to be put into commercial use by 2020.

What will be the era of 5G like? The most direct impression is that a large quantity of data can be transmitted within a blink of an eye. Internet users will be able to download a movie, a video or a game within seconds.

More importantly, the new technology will make it easier to realize the Internet of Things. Problems existing in the interconnectivity of smart devices caused by the transmission efficiency of the current communication network will be solved. 5G will not only be a technological revolution but also a commercial one as it will nurture new industries and new business models. It will not be realized by a single technology but by a set of key technologies.

China is trying to gain a competitive edge in 5G technologies. However, whether the country can succeed depends on the

**"Safety is the most important thing in the delivery industry. Even though more checks have slashed efficiency, they will contribute to the sustainable development of the industry."**

**Guo Junhua**, an economics professor at East China Jiaotong University in Nanchang, Jiangxi Province, commenting on a new government directive requiring parcel delivery companies to take senders' personal information and check the contents of their packages

**"The scheduled meeting of Xi Jinping and Ma Ying-jeou, in their capacity as leaders of the two sides of the Taiwan Straits, is a milestone in nearly seven decades for cross-Straits relations."**

**Zhang Zhijun**, Minister of the Taiwan Affairs Office of the State Council, speaking ahead of the widely watched November 7 meeting between Xi and Ma in Singapore



capacities of its telecommunication companies. At present, companies such as Huawei, ZTE and China Mobile are all engaged in research and development of 5G technologies. Huawei, for instance, announced an investment of \$600 million for 5G research over five years, beginning in 2013. Having caught up with advanced countries in the 4G era, China aims to take the lead in 5G research.

## Business Jet Market Cooling Down

### **Oriental Outlook** **October 29**

Since Hainan Airlines imported China's first business jet in 1995, the presence of such jets has increased rapidly in China, most notably from 2009 to 2013, when their number soared from 36 to 202.

China's rapid economic growth has given rise to a group of nouveau riche—the main consumers of these luxurious items. Other buyers include companies and airlines offering charter flight services. In a sense, China's business jets are exclusively the rich's game. In addition to their high prices and taxes, owners have to pay an annual management fee amounting to 10 to 15 percent of

the plane's cost.

Worse still, the complicated application procedures for a flight to be made and the crowded parking space and airspace have made it difficult for a business jet to actually fly. Such inconveniences contributed to the slowdown of the growth of the business jet market in China last year. In 2014, the utilization rate of each business jet in China was only 0.7 to 0.8 hours a day, compared to two hours in developed countries such as the United States.

Business jets are transportation tools rather than money-consuming machines. The government should help create favorable conditions to facilitate their operation. Every year general aviation, including the use of business jets, contributes over \$150 billion to the U.S. economy and provides 1.2 million jobs. Likewise, the business jet market in China will have great potential once it gets rid of the shackles restricting its development.



## ↓ SCULPTOR HITS BACK

Sculptor **Chen Dapeng**'s newly made bust of the British queen unveiled at London's Winter Olympia Art and Antiques Fair has been criticized by the *Daily Telegraph*'s art critic Mark Hudson as "rather out of proportion." Chen's agent in Britain, Paul Harris, hit back at critics, inviting them to come and see the bust for themselves.



The 20-kg artwork, which took three months and 13 tries by a dozen technicians to fire, is the largest porcelain sculpture in China. Chen hosted exhibitions simultaneously at the Winter Olympia Art and Antiques Fair and the British Museum from November 2 to 11 to showcase 50 of his works in recent years, as part of the thriving Sino-British cultural exchanges carried out this year.

The 53-year-old artist hails from central China's Hunan Province. He learned the practice on his own before studying at the Guangzhou Academy of Fine Arts.

**"Ignoring consumers' rights and selling counterfeits are very prominent in the online shopping industry."**

**Yan Junqi**, Vice Chairwoman of the Standing Committee of the National People's Congress, China's top legislature, responding to a report released on November 2 by a law enforcement team under the committee, which revealed that most complaints made by Chinese consumers last year regarded online shopping

**"I can't describe how happy I am. We were in a difficult situation but when there is an investor like Chen, everything changes."**

Former Espanyol President **Daniel Sanchez Llibre**, explaining his decision to sell the majority of his stake in the Spanish soccer club to the Chinese company Raster Group led by Chen Yansheng at a recent press conference

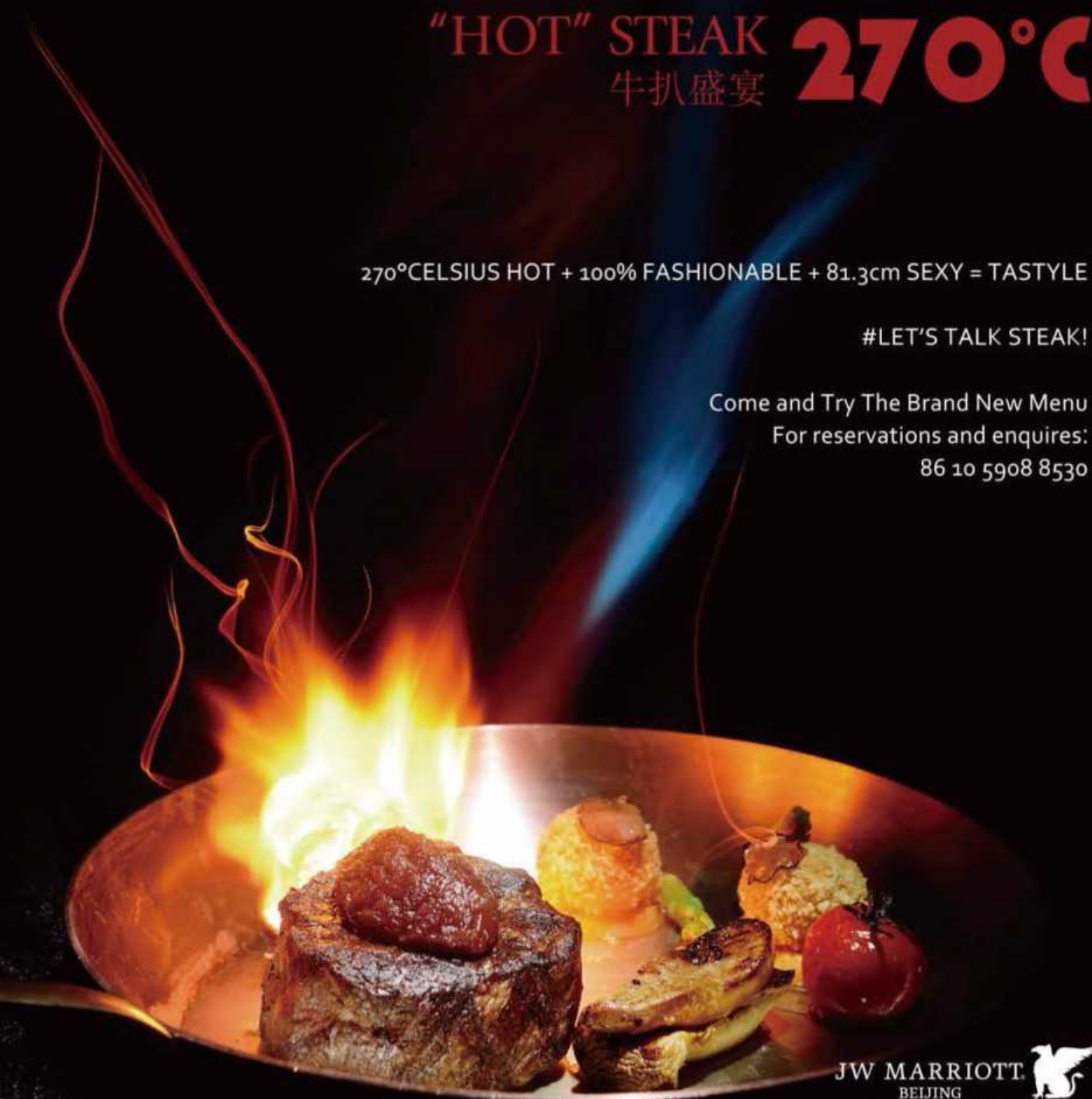
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COVER STORY

# BABY BOOM?

China further relaxes restrictions, allowing all couples to have a second child

By Wang Hairong



The evening of October 29 unexpectedly turned sensational in China as the ruling Party announced plans to relax the country's birth rule.

"We should comprehensively implement the policy that allows every couple to have two children," read an inconspicuous line lying at the end of a lengthy paragraph in the nearly 6,000-word communiqué released at the conclusion of the Fifth Plenary Session of the 18th Central

Committee of the Communist Party of China held in Beijing on October 26-29.

The simply worded line quickly excited the nation. People poured jokes and witty remarks into social media platforms, called family and friends, and had discussions with their partners about what it would mean for their own family's future.

"People all over the country spent a sleepless night. Those born in the 50s and 60s wondered about whether they would have another child or grandchild, those born in the 70s about whether to have one more child or not, those born in the 80s about who they should take care of first if their partner and mother give birth at the same time, and those born in the 90s and 00s about whether they should call a kid brother or uncle in the future," read a post widely circulated on the popular social networking service WeChat.

The new policy will formally take effect nationwide after the national legislature revises the Population and Family Planning Law, said Yang Wenzhuang, a senior official with the National Health and Family Planning Commission (NHFPC), in an interview with China National Radio on November 4.

China introduced the family planning policy in the 1970s to curb the population explosion. In 1982, it was made a basic national policy and coded into the Constitution. In the ensuing decades, the policy, which restricted most couples to only one child, was strictly enforced, with exceptions made for rural couples whose first child was a girl, families with a handicapped first child, and ethnic minority couples.

There had been growing calls for adjusting the policy in recent years, especially given the realities of an aging society and its complications.

Since late 2002, couples across the country who are themselves both only children have been allowed to have two children. Restrictions were further loosened at the end of 2013 by allowing parents to have a second baby if at least one of them is an only child.

## One or two?

Ninety million couples all over the country will be eligible to have a second child under the new policy, said Wang Peian, Vice Minister of the NHFPC, on October 30.

He said that in the next few years, the total number of births will increase, and the annual number of babies born in China is expected to peak at more than 20 million. According to the National Bureau of Statistics, China's mainland had a population of 1.367 billion in 2014 and 16.87 million children were born that year.

Some demographers and economists have

given a more detailed forecast.

Had the universal two-child policy been implemented simultaneously across China from November 1, an estimated 2.3 million additional babies would be born next year under the new policy, said Wang Guangzhou, a demographer with the Institute of Population and Labor Economics under the Chinese Academy of Social Sciences. The number of additional newborns may peak in 2017 at around 4.3 million, he told Shanghai-based *China Business News*.

For a couple in their early 30s living in Beijing's Haidian District, the policy is very timely. Wu and his wife both work for joint-venture IT companies and have a 5-year-old son. They had been ineligible to have a second child because neither of them is an only child.

"With the new policy we are ready to go," Wu told *Beijing Review*. He said that they recently switched their one-bedroom apartment to a three-bedroom and their parents just reached retirement age and are ready to help. Besides, with their decent salaries, they do not worry about the expenses of raising an additional child.

Twenty-seven-year old Jiang and his wife are very happy to hear the news, too. The newlywed plan to have two in the future.

Li, 38, is also glad to learn that the new policy makes her eligible for a second child, although she and her husband do not want to change their current lifestyle. She teaches in a prestigious middle school in Beijing and her husband works for an insurance company. Their son is in second grade. The couple has enrolled their child in a number of pricy afterschool courses and plans to take him to see different places around the world during school holidays. "We do not want to be tied down by another baby," Li said.

When asked whether he would like to have a second child, 46-year-old Han in Shandong Province dismissed the idea outright. "My wife would not agree," he said. He has a 17-year-old daughter and he is very happy with her. "She has never made any trouble," Han said.

Some eligible couples may be too old to have a second child. Vice Minister Wang revealed that about 60 percent of the eligible women are over 35 years old. Approximately 40 percent of married women who are of child-bearing age and have only one child are older than 40, according to Wang Guangzhou.

A poll conducted on news portal 163.com on October 29-30 showed that among the 4,000 respondents, 24 percent answered that they planned to welcome a second child, 29.5 percent were still mulling if their conditions allow for it and 43.7 percent ruled out any possibilities for an additional birth.

Another poll posted at Cnfol.com, a busi- ►►



A pregnant woman in Beijing uses dolls to simulate the two fetuses in her womb on November 8, 2013





Yang Bin, a resident in Hongze County of Jiangsu Province, with his wife and two daughters on January 31. The couple welcomed their second child after China relaxed birth control measures in 2013



ness news website, revealed that among the 315 participants, 39.37 percent replied that they would have a second child while 60.63 percent answered “no.” Of the total who said “no,” 51.11 percent said that they would not have energy for a second child. When asked about the benefit of having a second child, 71.11 percent of all participants said that they would want two children to keep each other company, while 17.46 percent answered there would be one more child to take care of them when they get old.

Lu Jiehua, a sociology professor with Peking University, said that the age group that will benefit the most from the universal two-child policy is those born in the 1970s, though those born in the 80s and 90s will account for a larger share of those giving birth to two children, whereas for those born in the 1950s and 60s, the policy comes too late.

## Why now?

In the past four decades, China’s family planning policy has effectively curbed the rate of population growth, and the country’s current fertility rate is now equivalent to that of developed countries, said Wang Peian.

He said that family planning had created a demographic dividend, which refers to a relatively larger share of working-age people coupled with a smaller share of dependents, for quite a long time, providing abundant labor forces to fuel China’s rapid economic development. Research shows in the past three plus decades the demographic dividend has contributed to more than 20 percent of the growth in

per-capita income in China.

However, the vice minister admitted, as the demographic structure changes significantly, new challenges have arisen. The number of women of child-bearing age has gradually reduced, with the number of those aged 20-29 dropping particularly fast, the working-age population has dwindled, the population is aging, and the gender ratio has long been imbalanced.

Multiple sources found that China’s total fertility rate already dropped to below the internationally accepted replacement level of 2.1 births per woman in the early 1990s. Replacement level fertility is defined as the total fertility rate required for the population to replace itself in the long term, without migration.

“The average fertility rate in China was 1.513 children per woman in 2013 and 1.579 in 2014,” said Zhai Zhenwu, Vice President of the China Population Association and a sociology professor with Renmin University of China.

Moreover, official statistics show that in 2014, 15.5 percent of China’s population was at least 60 years old. According to international standards, a country or region is considered to have an “aging society” when the number of people at and above 60 reaches 10 percent or more of its total population.

“Because of the small size of households, their traditional function in caring for the elderly and young has been weakened,” Wang Peian said.

Previous media reports also warned that China’s demographic dividend has been shrinking since 2012, which will have significant

impacts on economic growth.

In the next few years, labor resources will still be relatively abundant in China, and the social burden for taking care of dependents will be relatively light, so it is a good time to adjust the family planning policy, Wang Peian commented.

Many demographic scholars believe the ineffectiveness of the birth policy adjustment in 2013 in substantially boosting the birth rate had prompted policymakers to further relax controls. Since then, parents have been allowed to have one more child as long as one of them is an only child.

According to official statistics, 11 million couples are currently eligible to have a second child under the policy, 70 percent of whom were born in the 1980s. When the policy was launched, it was expected that 2 million additional children would be born every year as a result. By September of 2015, only 1.76 million eligible couples across the country had submitted applications to have a second child, while 470,000 babies were born under that policy in 2014.

That the previous policy has not fully reached its expected goal is an important reason that the universal two-child policy was announced at this point in time, remarked Lu.

## Expected impact

Wang Peian said that in the short run, the universal two-child policy will boost demand for women and children’s health services, baby products, child-care and education; and in the long run it will increase the work-age



A nurse takes care of an elderly man in a nursing home in Xinyu, Jiangxi Province, on October 11

population between 15 and 59 by about 30 million by the year 2050. It will also help stabilize expectations about economic growth.

Assuming an annual additional 2.5 million babies will be born and an average of 30,000 yuan (\$4,740) is spent per baby per year, James Liang, the founder of Ctrip.com and an economics professor at Peking University, predicted that the new policy will generate consumption of 75 billion yuan (\$11.82 billion) per annum. In addition, the baby boom is expected to generate 225 billion yuan (\$35.48 billion) of investment every year in housing, education and other sectors in the next five to 10 years. Adding the two figures together, Liang estimated that the new policy will increase China's annual GDP by approximately 0.5 percent.

While population growth will boost consumption, it will also add pressure on the environment and available resources. Wang Peian said that China's population is expected to reach 1.45 billion by 2030, so China will remain a populous country, and the relation between the population and the environment will be strained. According to the estimation of relevant government departments, energy and food supply in China is at a level that the country can afford the universal two-child policy.

He argued that the demand for medical care and childcare services and for education can be met through increasing investment and making good of existing facilities. ■

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

## Timeline: China's Family-Planning Policies

1949

After the founding of the People's Republic of China, the government encouraged population growth and rewarded mothers bearing many children.

1954

The country started to promote birth control.

1960

The government proposed moderate control of the natural birth rate in cities and densely-populated rural areas and recommended late marriage.

1971

The State Council approved a report on family planning and launched a slogan advocating for each couple to have no more than two children.

March 1978

The family planning policy was included in the Constitution for the first time.

September 1982

The 12th Communist Party of China (CPC) National Congress made family-planning a basic national policy.

1984

The family-planning policy was amended by allowing the birth of a second child for rural couples with only a daughter.

2002

The Population and Family Planning Law came into force. Couples were allowed to have a second child if they are both only children.

The Third Plenum of the 18th CPC Central Committee decided to further loosen birth control measures by allowing parents to have a second child if one of them is an only child in order to encourage long-term demographic development. The Standing Committee of the National People's Congress passed a resolution on the adjustment later in December.

November 2013

October 2015

The Fifth Plenum of the 18th CPC Central Committee decided to remove the one-child birth rule and allow all couples to have two children, a measure aiming at balancing population development and addressing the challenge of an aging population. A final plan is to be ratified by the national legislature.

(Source: Xinhua News Agency, designed by Pamela Tobey)

COVER STORY

# LEFT WITH NO WAY UP

High-end education and child bearing make it hard for China's birth rate to grow  
By Zhang Xiaoxiao

Children play in a newly-built kindergarten in Huanxian County, Gansu Province, on September 11



Few people realize that a declining birth rate might not ever go up again. Data from contemporary countries—be them developed or developing—show that when the birth rate goes down, policies enacted to increase it have a limited impact. Why? Because a declining birth rate creates a high-end, luxury market for parents raising children.

Luxury doesn't just refer to how much money a family spends, but also the time and energy they are expected to devote to child rearing. No matter how much the government encourages families to have more children, the luxury market already created will keep the policies from being effective.

One example of how the declining birth rate and the family planning policy in China

have created a luxury market is education. For example, if a family only has 200,000 yuan (\$31,600), the parents will borrow money so they can spend 300,000 yuan (\$47,400) on sending their only child to the best possible middle school. Many families would pay even more if they could choose their children's school. Families with more than one child would be unable to do this.



If families have more than one child, our education system would be completely different from the current one. In this scenario, the education market will become as diversified as those of ordinary commodities, which provide economical and luxury options with

only the wealthy able to afford the latter.

When it comes to having children, many wealthy urban Chinese families will spare no effort in purchasing milk powder abroad due to skeptical food safety records of domestic brands. Those who can afford it buy all for-

eign products for their babies. Parents spend every penny they have to give the best to their children. This is the logic of a luxury market.

In addition, the huge amount of energy it takes to raise a child is a fundamental reason the birth rate in developed countries is decreasing. This is also the case in today's China.

One of my friends and his wife drive their child to a one-hour English class every weekend. The couple wanders around the area nearby when their kid is in class and then spend another hour driving home. This fixed arrangement eats up an entire Saturday afternoon for the whole family. They are able to do this because they only have one child, but it would be nearly impossible if they had two.

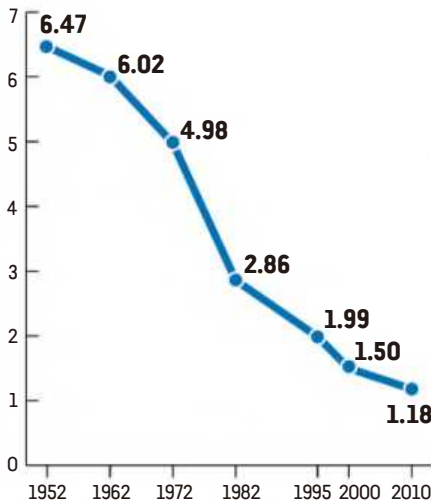
When a family of six adults—four grandparents and two parents—spends all of their energy, time and money on one child, the kid lives a more luxurious life and gets a higher quality education. When every family can provide these opportunities, a luxury, high-end market is formed and leaves very little room for an alternative low-cost marketplace.

Having a second child is harder today because the one-child policy has created a high standard for how children should be raised in cities, what opportunities they should be given and how much time and energy a family should give to a child. Families will face greater pressure today. Except for those living at the top of the social pyramid, every family gives everything they have to their children and the high pressure to provide more will continue until the children become adults. However, the family will have to give even more then, especially to boys, when it's time for the children to marry.

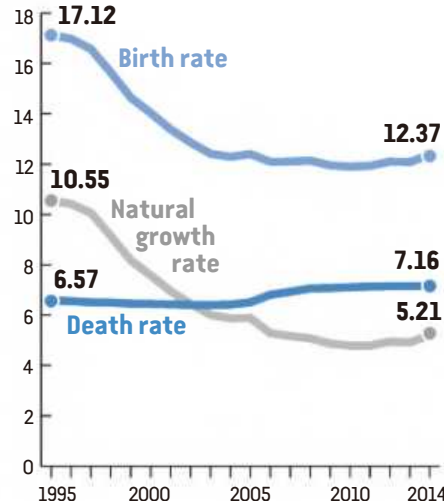
Many scholars blame the decreasing birth rate on a decline in the social benefits of traditional family life. This is not a convincing argument. Take this analogy: The social benefits of marriage are also declining, but we have not seen a large drop in the marriage rate. The real reason, as I have laid out, lies in the high-end education and child rearing market the one-child generation created. ■

## China's Demographic Changes

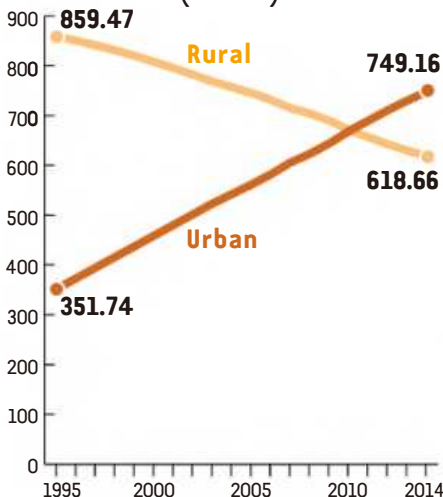
**Total Fertility Rate Among Women**



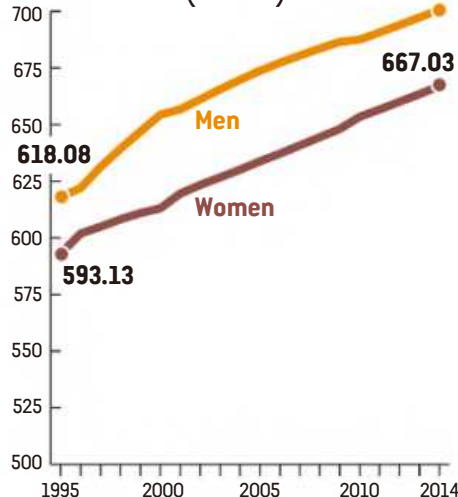
**Birth, Death and Natural Growth Rates (‰)**



**Urban and Rural Population (In mln)**



**Population of Men and Women (In mln)**



(Source: National Bureau of Statistics)

# Trilateral Cooperation Reboot

China-Japan-South Korea dialogue resumes after freeze thaws By Bai Shi



Chinese Premier Li Keqiang, South Korean President Park Geun-hye and Japanese Prime Minister Shinzo Abe (from right to left) pose for a group photo at the sixth China-Japan-South Korea leaders' meeting in Seoul on November 1



After over three years of suspension, the leaders' meeting of China, Japan and South Korea finally resumed, signaling the continuation of cooperation among the three major countries in Northeast Asia. In a joint declaration issued after the sixth trilateral summit meeting held in Seoul on November 1, Chinese Premier Li Keqiang, Japanese Prime Minister Shinzo Abe and South Korean President Park Geun Hye pledged to make efforts for peace and cooperation in the region.

The trilateral cooperation started in 1999 with the establishment of the Association of Southeastern Asian Nations (ASEAN) plus China, Japan and South Korea Summit. Since 2008, the three-party leaders' meeting has been held independently from ASEAN+3. In 2011, the Trilateral Cooperation Secretariat (TCS) was established for further institutionalizing of the trilateral meeting.

The fifth trilateral summit was last hosted by Beijing in 2012. The summit was since suspended as relations between China and Japan and those between South Korea and Japan strained.

Yang Bojiang, deputy head of the Institute of Japan Studies under the Chinese Academy of Social Sciences, said, "The Japanese Government should be held responsible for the interruption of the meeting."

The right-leaning Japanese Government has adopted many hardline policies toward China and South Korea over territorial disputes and historical issues since 2012, which led to tensions in China-Japan and South Korea-Japan relations, Yang said.

In September 2012, Japan announced the so-called "purchase" of the Diaoyu Islands in the East China Sea that China claims as its own territory. Japan's unilateral action triggered strong protest from China. Meanwhile, Japan had intensified rows with South Korea on the sovereignty of Dokdo Island (the Japanese call it Takeshima), though Dokdo is controlled by South Korea.

Apart from territorial disputes, the Japanese Government's attitude toward historical issues continues to cause frustration on the part of China and South Korea. Japanese leaders are reluctant to recognize Japan's wartime atrocities and historic colonial occupation. In particular, the Japanese Government refuses to acknowledge the Nanjing Massacre and the Japanese army's practice of subjugating sex slaves among Chinese and Korean women. Its refusal to ac-

knowledge its crimes and the pain they have caused continue to draw sharp criticism from Chinese and South Korean government leaders and the public.

## Positive developments

According to Zhou Yongsheng, a professor of Japan studies at China Foreign Affairs University, the trilateral relations of China, Japan and South Korea have been improving gradually since the 22nd Asia-Pacific Economic Cooperation (APEC) Economic Leaders Meeting held in Beijing last November.

Several days prior to the APEC meeting, China and Japan reached a four-point consensus on dealing with sensitive issues and improving bilateral relations. In doing so, Sino-Japanese relations began moving toward détente.

At the same time, South Korea and Japan have engaged in continuous dialogue around a number of issues. The South Korean president expressed her willingness to resume the trilateral summit on the ASEAN+3 meeting last November.

"The resumption of the trilateral meeting signifies that the cooperation among the three countries is back to normal," Zhou concluded.

During the summit, the three leaders reached broad consensus on specific agenda items. They agreed to work together on enhancing understanding, building trust and expanding cooperation on trade and cultural exchange as well as promoting sustainable development. The leaders also reaffirmed that the trilateral summit meeting should be held annually moving forward.

Ruan Zongze, Vice President of China Institute of International Studies (CIIS), told Xinhua News Agency that the resumption of the meeting doesn't mean all issues between the nations can be solved. But it shows that the parties are willing to improve their ties and control disputes.

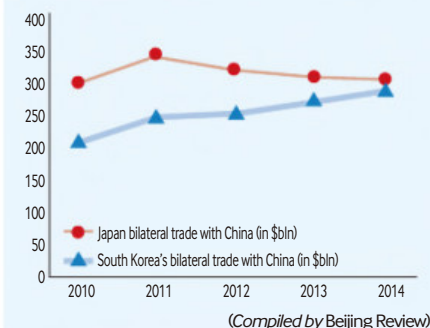
"The leaders' meeting created a sound atmosphere of cooperation, which will encourage the three governments to continue their efforts of improving ties and maintaining regional peace and stability," Ruan said.

## Economic interests align

The three governments' joint declaration as a result of the recent meeting vowed to encourage over 50 intergovernmental consultative mechanisms, including around 20

## Facts and Figures About China, Japan and South Korea

			
<b>GDP</b> (\$ trn)	10.3	4.9	1.4
<b>Population</b> (mln)	1,400	127	50.6
<b>Area</b> (mln square km)	9.63	0.387	0.1



ministerial-level talks.

Tang Qifang, researcher of CIIS told the Hong Kong-based newspaper *Ta Kung Pao* that cooperation among the three countries is not only vital to regional peace and development in East Asia, but is also of great significance to the economic recovery of Asia and the world.

The three countries have established a total of 50 multi-level intergovernmental cooperation mechanisms since 1999. The most remarkable outcome of their cooperation is on economic ties, Tang noted.

China and Japan are respectively the second and third largest economies in the world. According to the World Bank, South Korea ranks 14th or 15th in terms of GDP in the world. The GDP of the three countries totaled over \$1.6 trillion, accounting for one fifth of the world's total.

Data from China's Ministry of Commerce show that trade volume among the three countries has reached near \$700 billion in 2014, accounting for over 20 percent of global trade. China has become the largest trading partner for both Japan and South Korea in recent years.

"Therefore, the China-Japan-South Korea cooperation is very important to regional cooperation in the Asia-Pacific," remarked Jiang ▶▶

Ruiping of China Foreign Affairs University.

The three countries have also been making steps toward economic integration in East Asia. The investment agreement of China, Japan and South Korea went into effect in 2014. As a result of the concerted efforts of governments, businesses and academics in the three countries, the research work on the feasibility of free trade agreement (FTA) was completed in 2011, with the first round of FTA talks held in Seoul in 2013.

In 2011, ASEAN proposed to build a Regional Comprehensive Economic Partnership (RCEP) in East Asia. The multilateral free trade pact involves China, Japan, South Korea and all 10 ASEAN member states as well as India, Australia and New Zealand. Supported by all participating members, the RCEP talks kicked off in 2012.

The RCEP talks mark the significant progress of regional economic integration and lay the foundation to build a Free Trade Area of the Asia-Pacific (FTAAP) in the future. At the Seoul summit, the three leaders agreed to try to speed up negotiations and reach agreements on both the China-Japan-South Korea free trade area and the RCEP.

## Three-legged stool

However, the trilateral economic cooperation has been affected by bilateral tensions

in recent years, with politics often getting in the way of progress. Case in point: China-Japan economic cooperation has stagnated as the political relations of the two countries dropped to a record low in the last three years.

In contrast, China and South Korea have embraced efforts to strengthen their economic ties. On June 1, China and South Korea inked a free trade agreement after three years of talks. The bilateral annual trade volume is expected to double 2014's numbers within the next five years.

According to China's Ministry of Commerce, China's trade with South Korea reached \$235.4 billion in 2014. Today China is South Korea's largest trading partner, export market and overseas investment destination. South Korea is China's third largest trading partner.

Chinese Premier Li Keqiang's recent visit to South Korea following the trilateral summit will further promote China-South Korea cooperation on technological innovation, manufacturing and jointly developing a third-party market. The rapid development of China-South Korea relations in recent years mainly benefits from sound political ties, Jiang said.

The turns and twists of China-Japan-South Korea cooperation have shown that

good political and close economic ties are two wheels that must rotate in tandem, said Tang.

Many people once believed that by achieving progress under trilateral economic cooperation framework, China and Japan, as well as South Korea and Japan could solve problems in their bilateral relations. They were not worried about the weird phenomenon that China and Japan maintained warm economic ties but their political relations were frozen.

Eventually, however, deteriorated political relations extended to the economic sector as tensions intensified. Leaders' meeting and ministerial dialogues were unable to continue. Although economic interdependency among China, Japan and South Korea is a natural drive for their cooperation, it could not sustain high levels at the same time that their diplomatic relations are ice cold, Tang believes.

The data released by China's Ministry of Commerce this January show that Japan's direct investment in China had dropped an unprecedented 38.8 percent to \$4.33 billion in 2014.

China, Japan and South Korea are neighboring countries with highly dependent needs of trade and people-to-people exchanges. But in the bilateral relations of China-Japan and Japan-South Korea, there are unsolved territorial disputes. Both China and South Korea have not reached reconciliation with Japan over historical issues.

According to Tang, only with a strong and honest political will to cooperate with each other can the three countries maintain mutually beneficial relationships, economic and otherwise. The approach of dividing economic cooperation from political confrontation can lead to nowhere but a dead end.

Therefore, the three countries should make efforts to enhance mutual trust and cherish current progress of cooperation, Tang said.

"Without a stable political basis, the trilateral cooperation can't go well," Yang agreed.

As long as Japan faces up to history and properly handles historical and other sensitive issues, the trilateral cooperation will continue to develop smoothly in the future, added Yang. ■



Chinese Premier Li Keqiang (center) visits the Gyeonggi Center for a Creative Economy and Innovation in South Korea on November 2





Chinese workers lay lighted buoys on waters near China's Yongxing Island in the South China Sea to facilitate ship navigation on August 4

# Muddy Waters

U.S. action in the South China Sea stirs up new trouble in the region By Chu Yin



The author is an associate professor at the University of International Relations in Beijing

**T**he U.S.S. *Lassen's* entry into waters near the relevant islands and reefs of China's Nansha Islands in late October triggered a wave of protest in China. Mainstream opinion held that the move by the American battleship was provocative as regards China's territorial sovereignty in the region.

It is well-known that territorial disputes over islands and reefs in the South China Sea exist between China and some Southeast Asian countries. The fundamental root of these disputes is the contention

that China's territories in the South China Sea have been nibbled away at by neighboring countries over the past few decades. China retook these islands in 1945 when Japan surrendered at the end of World War II. However, owing to the civil war that continued thereafter, China did not have the necessary strength nor resources to safeguard these landmasses. By the time the country tried to protect its maritime territories in the 1970s, invasion had already occurred.

At present, a total of 42 Chinese islands and reefs in the South China Sea are occupied by other countries. Nearly 30 of these islands and reefs have been claimed by Viet Nam. Nevertheless, China has indisputable sovereignty over the Nansha Islands and has ample historical and jurisprudential evidences to support this claim.

The sovereignty of every inch of soil precludes the legality of a land invasion. But when it comes to waters, a basic difference

is that international law permits vessels the legal right to sail upon them.

For a long time, China demarcated its sovereignty with the nine-dash line in the South China Sea, emphasizing historical evidence of the veracity of its territorial claim. Therefore, the sovereignty of islands and reefs in the South China Sea represents a core interest that the country must defend. As for surrounding waters, the Chinese Government has always stressed that it respects and safeguards navigation freedom and overflight across the South China Sea.

China is willing to resolve these problems through negotiations with countries directly involved. However, some countries are eager to find any evidence to validate the so-called "China threat" theory in the region. They try to cover up their invasion of Chinese islands using this perceived threat as an excuse. The United States is not helping. The reported plan to deploy U.S. Navy to navigate through waters in the South China Sea "about twice a quarter or a little more than that" represents a clear irritation to China.

Clamoring for war under the pretense of freedom of navigation does not help to solve the issue but, conversely, represents zero-sum thinking. China has never feared war but at the same time has no lust for it. Its most devout wish is peace and development because the country believes that this is the only way to achieve prosperity and win-win outcomes in the region. In short, China hopes to be a proactive player in global governance rather than a challenger to the present global status quo.

For this reason, China is pursuing a prudent and moderate policy on the South China Sea issue. It is trying to build a community of common destiny with Southeast Asian countries through promoting initiatives such as the Belt and Road Initiative. Meanwhile, the United States seeks to enhance security ties with Southeast Asian countries as part of its strategy of shifting the balance of power to the Asia-Pacific. Making trouble for China in the South China Sea will make Southeast Asian countries further reliant on the United States but will not be conducive to resolving regional tensions. ■

Copiedited by Eric Daly  
Comments to liuyunyun@bjreview.com

# Obama's Change Of Course

Delay of U.S. troop withdrawal from Afghanistan shows regional instability

By An Gang



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

Last month, U.S. President Barack Obama announced that he will realign his troop withdrawal plan from Afghanistan, maintaining the current number of 9,800 U.S. forces through most of 2016. The new strategy will leave 5,500 U.S. troops in place by the time President Obama leaves office in January 2017, meaning his successor will inherit responsibility for both the troops' security and also the larger, complicated legacy of continued U.S. involvement in the country.

The troops are reportedly to be stationed throughout Afghanistan: in Kabul, Bagram, Jalalabad in the east, and Kandahar in the south. Afghanistan President Ashraf Ghani welcomed Obama's commitment and said that Afghanistan and the United States will continue to strengthen cooperation based on common interests and mitigate future risks.

## Against his wishes

Obama explained that while the Afghan military has made significant gains, it is still not as strong as it needs to be to provide functional security to the Afghan public.

"The security situation is still very fragile, and in some places there is risk of deterioration," Obama cautioned. He warned that if the military fails, it will threaten the security of all Afghans.

The recent decision is a major political re-

versal from Obama's campaign promises that he would withdraw all but a small U.S.-embassy based force in the capital, Kabul.

As an important part of the United States' strategy against terrorism, the Afghanistan war is the longest overseas military engagement that the United States has ever been involved in. The war efforts have cost the United States nearly \$1 trillion and have claimed the lives of more than 2,000 American soldiers.

During the presidential campaign season of 2007-08, then U.S. Senator Barack Obama pledged to end the wars in Iraq and Afghanistan as soon as possible. After taking office, the Obama administration announced a New Strategy for Afghanistan and Pakistan in response to the complexity of the situation in Afghanistan and its relevance to Pakistan.

On May 2, 2012, the one-year anniversary of Osama bin Laden being killed by U.S. Special Forces in Pakistan, Obama made a surprise visit to Afghanistan. After signing a strategic partnership agreement with the Afghan Government, Obama said at the Bagram Air Force Base that the war in Afghanistan would soon be over.

In May 2014, Obama announced his plan to withdraw all troops from Afghanistan. According to the military strategy, NATO combat forces would withdraw from Afghanistan before the end of 2014, and the United States would reduce its forces to 9,800 by the end of 2015. All U.S. forces would be withdrawn from Afghanistan by the end of 2016, and only 1,000 contingency troops would be stationed in Kabul to safeguard the U.S. Embassy.

"It is time to turn the page on a decade in which so much of our foreign policy was focused on the wars in Afghanistan and Iraq,"

Obama said at the time. "Americans have learned that it is harder to end wars than to begin them, yet this is how wars end in the 21st century."

However, over the past year, the situation in Afghanistan has not developed as the Obama administration had hoped. Taliban militants have continued to attack Afghanistan's northern region of Kunduz, with government forces suffering serious setbacks.

Moreover, under the often inefficient and perhaps incompetent Afghan Government, the security forces are largely unprofessional, and have limited power. Enormous pieces of Afghan land are still under the control of local tribal forces or different factions of Taliban militants.

In September 2015, by temporarily controlling Kunduz City, the capital of Afghanistan's Kunduz area, the Taliban gained the biggest victory since its initial collapse 14 years ago. This highlights the political instability that still exists in Afghanistan. In fact, statistics provided by the Pentagon show that this year nearly 4,700 Afghan soldiers have been killed with 7,800 injured, a significant increase from the previous year.

## Larger context

At the same time, the regional situation in the Middle East is undergoing the most profound changes since President Obama took office. The White House has subsequently had to put far more efforts toward addressing the threats brought by the so-called Islamic State (ISIS) in Iraq and Syria as well as Russia's military intervention in Syria.

The Obama administration is extremely worried that if Afghanistan is in chaos, it is possible for the ISIS and Taliban to join forces. Further





U.S. soldiers fire a 120-mm mortar during an exercise on forward operating base Gamberi in the Laghman Province of Afghanistan on December 24, 2014

troubling is that the United States' major rivals in the region—Iran, Syria and Russia—may also expand their cooperation, which would result in the total collapse of Washington's Middle East strategy.

Obama's change of course in regards to keeping troops in Afghanistan may also be motivated by domestic political considerations. The U.S. military community was initially unhappy with the Obama administration's defense budget cuts and they wanted to keep manpower in Afghanistan. According to President George W. Bush's former National Security Advisor Stephen Hadley, Obama's slowing down the pace of troop withdrawal may now reduce the number of defense-related topics Republicans could use to try to attack Democrats ahead of the 2016 general election.

Many Republicans have already accused Obama for his "hasty" withdrawal of troops from Iraq, saying that it is to blame for the instability of the country. In order to try to cope with the disastrous situation since the rise of extremist organizations like ISIS, Obama has sent some U.S. troops back to Iraq.

There are both strengths and weaknesses in Obama's foreign policies. The nuclear deal reached with Iran, and the ending of protracted hostilities with Cuba, are clearly successful legacies Obama should be proud of.

Washington's Middle East policy however can hardly be seen as a success. While President Obama hoped to be seen as someone who ended America's ongoing wars, the volatile situation in the Middle East may make that impossible.

## Great import

The most recent withdrawal plan has added new variables into the Afghan situation. It also brought uncertainty to the negotiations between the Taliban and the Afghan Government, and now the Afghan people worry that the Taliban may launch more attacks against innocents in retaliation for continued American intervention.

Still, the majority of the Afghan people support their government's efforts to fight extremism and restore order. According to the Asia Foundation's 2014 survey, almost 87 percent of Afghans had high expectations and a positive view of the army, and 73 percent felt the same way about the police. Undeterred by grinding poverty, corruption, and criminality, almost 55 percent of Afghans in the survey thought their country was moving in the right direction.

According to an article written by Michael Van Wyk issued in *Foreign Policy*, the White House and the U.S. military are

now confounded by a kind of "sunk cost effect," worrying that the United States' reduction of military and economic support to Afghanistan may undermine the progress the country had made and result in the expansion of both the Taliban and ISIS.

Where the Afghan situation will go is of great concern. The rough turbulence in Afghanistan could encourage a rebound of extremist forces worldwide, further compound the crisis in the Middle East, as well as spread violence to South Asia and Central Asia.

As its neighbor, China has a great stake in the stability of Afghanistan. China has always been an important force in supporting Afghanistan's national reconciliation and construction. Intergovernmental relations between the two countries have seen rapid development in recent years. In the meantime, China also keeps in close communication with the United States on the security situation in Afghanistan.

Fortunately, as both China and the United States pin their hopes on a more stable political situation in Afghanistan, their interaction on the issue is much more cooperative than competitive. ■

Copiedited by Mara Lee Durrell  
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# Neighbors of War

Syrian refugee crisis plagues Jordan and surrounding countries

By Kathryn Lee & Mara Lee Durrell

As the world's attention shifted from the impact of the Syrian refugee crisis in the Middle East itself to its effects on Europe, those countries that continue to bear the brunt of supporting refugees have largely been left to do so without adequate funding. With the world's attention went resources, resulting in dire situations for both refugees and their hosts as they struggle to keep their economies afloat, citizens healthy and conflict at bay.

Every day the war in Syria continues provides new challenges to the humanitarian efforts to deliver aid to those who have fled their homes and crossed international borders. More than 200,000 Syrians had been killed as a result of the country's civil war that is well into its fifth year, with no signs of resolution, according to a June report called the Regional Refugee and Resilience Plan (3RP) that was released by a coalition of countries and organizations working to address the crisis.

Turkey, Lebanon and Jordan all border Syria and have taken in the majority of its refugees since the civil unrest broke out in 2012. The number of refugees in the countries that share a border with Syria is expected to reach 4.7 million by December, according to UN projections.

Like their European counterparts, these Middle Eastern countries are struggling to absorb the massive population influx, which has put an enormous strain on resources. Unlike their European colleagues, however, countries like Jordan were not self-sustaining in the first place, meaning the additional constraints are putting the entire country's welfare at risk.

## Resource strains

Jordan opened its borders to Syrians seeking asylum in the wake of the conflict. According to the UN High Commissioner for Refugees (UNHCR), the Jordanian Government has dedicated land, resources and personnel to host the 629,152 registered refugees in its care. But as the *Jordan Times* reported, there is a massive discrepancy between the number of registered

and actual refugees, with several sources believing the real number exceeds 1.5 million, more than double the official statistic.

The conflict in Syria has exacerbated an already unstable situation in the country. As one of the most arid in the world, Jordan has limited agricultural land and a scarce water supply, according to the UN's World Food Program (WFP).

The World Bank estimates a population must have access to 1,000 cubic meters per capita to fulfill its annual needs for drinking water, sanitation, agriculture and industry. In the mid-20th century, Jordan had access to 3,600 cubic meters per person, per year. Since then, population growth, climate change and economic development have reduced the annual yield to 145 cubic meters per capita in 2008.

According to predictions made before the conflict in Syria, Jordan was anticipated to be restricted to a mere 90.5 cubic meters of water per person per year by 2020. Mercy Corps, an international aid agency working in the region, reported Jordan's annual per person water share continues to fall, and the rate of depletion has increased in recent years due to the refugee crisis.

In addition to water shortages, Jordan also lacks other natural resources, including oil, making it one of the smallest economies in the Middle East. A recent WFP report noted that over the past five years, Jordan's economic situation has deteriorated. It pointed to the region's volatile security situation as a source for this economic downturn.

The World Factbook report on Jordan compiled by the U.S. Central Intelligence Agency asserts that Jordanian King Abdullah II's fiscal reforms over the past few years have had a positive effect by reducing the budget deficit and increasing government revenues "even as an influx of over 620,000 Syrian refugees since 2011 put additional pressure on expenditures." But Jordan cannot make ends meet without significant international support.

## Health at risk

Efforts to provide humanitarian aid and health-care for Syrian refugees have encountered obstacles that are common to refugee situations, but organizations are also encountering new and unforeseen challenges. Providing basic needs such as food, water, shelter and fuel is a priority just as in other humanitarian crises, but the Syrian refugees also suffer from non-communicable diseases (NCDs) at high rates, further complicating the traditional model of refugee healthcare.

"Seventy-seven percent of all mortality is due to NCDs," Jon Gunnarsson of Médecins Sans Frontières (MSF), who works as a nurse with refugees in Jordan, said in an interview with science and development website SciDev.Net. He went on to say that NCDs represent one of the most urgent, yet underfunded, health crises facing Syrian refugees





who have been displaced by the country's civil war. According to MSF, no funding is typically allotted for long-term care for NCDs, and traditionally, humanitarian medical aid has focused on emergency care and communicable diseases.

MSF, known in English as Doctors Without Borders, and its partners believe as many Syrians are dying from NCDs as from the war. They have been working to increase the ability to provide care for NCDs, such as diabetes and ischemic heart disease.

According to the most recent UNHCR published data, 5.6 percent of all Syrian refugees have a documented serious medical condition, along with 8.5 percent of registered Iraqi refugees. Meanwhile, the World Factbook reports that Jordan is able to spend just 7.2 percent of its GDP on healthcare. It reveals that there are only an average of 2.5 physicians and 1.8 hospital beds per 1,000 citizens in Jordan.

## Treatment needed

Health services in Jordan nearest the Syrian border are often overwhelmed with caring

for the injured and in turn ignore the sick. "There is treatment of violent injuries, but other medical problems are completely neglected," researcher Talha Burki wrote in a report published in medical journal *The Lancet*.

As one of the main focal points in refugee healthcare, preventing infectious diseases cannot be ignored. According to several sources, including Burki, there have been confirmed cases of measles, mumps, hepatitis A and hepatitis B among refugee populations. A documented Typhoid epidemic in Idlib, Syria has raised concerns that typhoid could spread to the refugee populations in Jordan.

Other normally treatable infections are causing more damage than necessary due to lack of access to care. For example, many refugees are no longer able to access treatment for *cutaneous leishmaniasis*, a skin disease, Burki reported.

UNHCR and its international partners have called for an increase in resources to provide the preventive care needed to thwart infectious disease outbreaks. Vaccination campaigns are necessary to protect the vulnerable populations, and a targeted campaign can have a considerable impact, it claims. In November 2012, Jordan led a successful measles vaccination campaign that reached 125,000 urban-dwelling refugees.

Since the crisis is likely to continue, and the living conditions and health-care system continues to deteriorate, experts have warned that rates of infectious disease may rise. Burki forecasts, "As time passes, the degradation to the healthcare system will have an increasingly marked effect on infectious disease."

Currently, only 60 percent of refugees get their healthcare needs met in urban settings. This figure includes pregnant women, who will be forced to cover their own care during pregnancy and delivery even though the majority can't afford it, according to the 3RP report. The 3RP coalition also estimates that in the refugee camps, approximately 20 percent of pre- and post-maternity care is not covered, while only 50 percent of war-wounded refugees in Jordan are receiving the nursing and convalescent care they need.

## Financial requirements

The Syrian situation is the biggest humanitarian and development crisis in recent history, with implications for global peace and security. There are dozens of organizations aiding Jordan to deliver health services to an existing and ever-growing refugee population, and increasingly, to vulnerable host country nationals, as well. The 200 partners in the 3RP believe "the international community has no choice but to continue responding to the ever-growing needs of refugees and the needs of the communities and states that host them."

The coalition reports that more than \$5.8 billion has been donated to aid agencies since the first regional response plan was released in March 2012, including just over \$1 billion through the end of May. But 3RP partners urge "more funds continue to be required for urgent interventions to meet immediate humanitarian needs and to strengthen the resilience of individuals, communities and institutions."

The international community has pledged \$4.5 billion to the 3RP comprehensive plan, but as of this summer, only 23 percent of the funds had been delivered. This makes it incredibly difficult for organizations to provide services effectively, because they are in constant trepidation as to whether or not the funding will exist to carry out their plans.

Changing the trajectory of this complex humanitarian crisis, to assuage the burden on this vulnerable population and better the standard of care is an enormous task. This is especially true in a place like Jordan, where 3RP reports that of the 628,000 Syrian refugees, approximately 84 percent live outside refugee camps in urban and rural areas across the country in increasingly overcrowded or otherwise sub-standard accommodations. Without urgent, significant funding from the international community, getting care to those who need it will be increasingly difficult. ■



A Syrian woman escapes a fire with her child in her arms in a refugee camp in Jordan on March 8, 2013

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# HOTEL INFORMATION



## Nourishing Cantonese Soup

Slow-cooked soup, a unique Cantonese specialty, is the ideal choice for nourishing the body. Chef Kang and the culinary team at Noble Court will prepare a selection of nourishing Cantonese soups to warm up your winter, perfectly combining the traditional Chinese medicinal theory. Highlights include double-boiled soft-shell turtle soup with American ginseng and cordyceps flowers, double boiled pigeon soup with Dangshen and sea horse.

### **Noble Court**

Inspired by a southern Chinese nobleman's home, Noble Court offers a tranquil and pleasant ambience, and features the finest Cantonese cuisine prepared exquisitely by our master chefs. Seven private dining rooms are available for functions from six to 18 people.





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388 yuan plus a 15-percent service charge, including free flow soft drinks, coffee, tea and a glass of selected red or white wine.

For reservations call 86-10-66297810.



# Born to Choose

Chinese mothers making the choice to give birth out of wedlock are faced with a raft of challenges **By Zheng Yang**

**A**s single women rush headlong toward their 40s, many are faced with an ultimatum. With their fertility clocks winding down and prospects of giving birth on the wane, it's a time for tough choices. And while "Mr. Right" may appear in their lives later, the knowledge that the patter of little feet could only be a dream has pushed some in this age group to seek other alternatives.

Actress and director Xu Jinglei, 41, said that she had her eggs frozen in the United States two years ago as a backup plan should she ever want a family.

It seemed like an enlightening move to Chinese women who have the same concerns, until they were reminded by a report on China Central Television (CCTV), the state-run TV station, that single women are not allowed to freeze their eggs in China.

The topic soon went viral. A CCTV post on the regulation was forwarded by 100,000 microbloggers and received 30,000 comments in the first two days after its release, with critics not holding back.

In China, the right to have a baby has always been bound up with the idea of marriage, but the idea is increasingly challenged as society embraces cultural and social diversity.

## Increasing demand

Egg freezing, according to a regulation released by China's National Health and Family Planning Commission in 2013, is only accessible under two conditions: when a married woman or her husband suffers from fertility difficulties and before a cancer patient undergoes radiation therapy. In other cases, if any, the applicant is required to provide a marriage certificate. In other words, a single woman is not qualified.

As a result, although the egg-freezing

technique was introduced to China decades ago, the practice has been limited to a very small group. According to Li Rong, a doctor at Peking University Third Hospital in Beijing, the reproduction center she works for has carried out less than 100 egg-freezing procedures. But, she admitted, inquiries for the technique have been increasing, mainly from single women above 35 years old.

Government statistics show that more women in China are choosing to delay marriage. In Shanghai, for example, the average age when women get married increased from 26.43 in 2006 to 28.14 years old in 2014, according to the Shanghai Civil Affairs Bureau.

"The phenomenon of late marriage emerges at the same time as the sense of independence arises among the new gen-

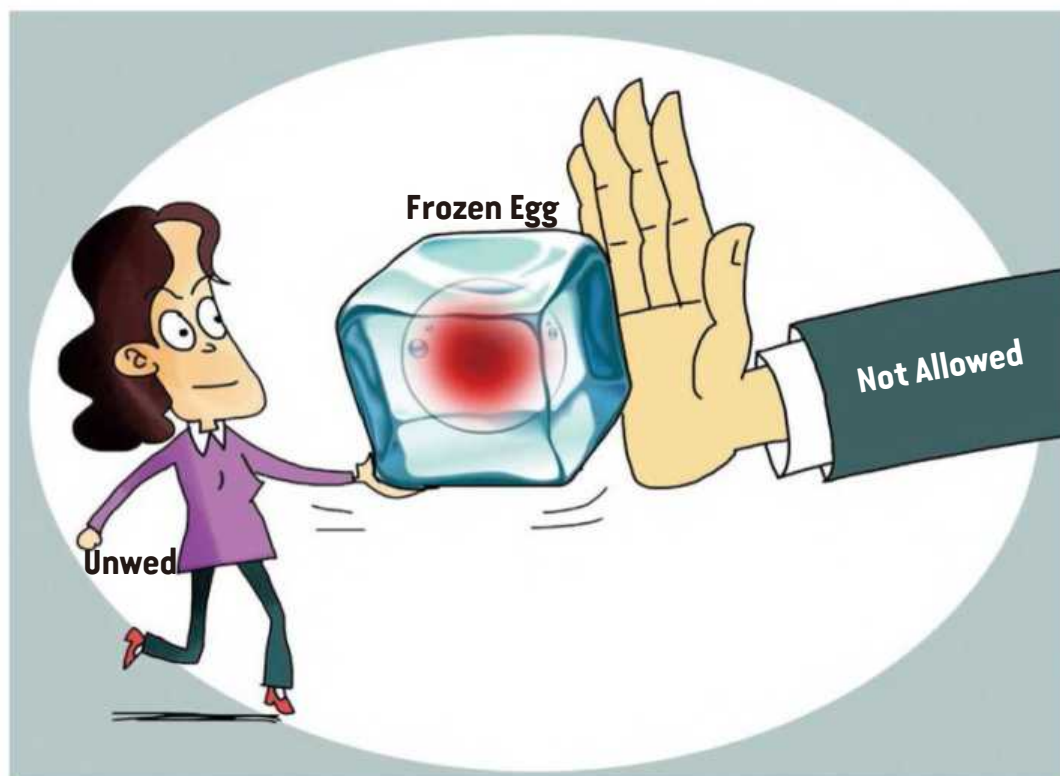
eration of women who earn higher incomes and hold more senior positions in the career market," said Chen Yan, a professor at Shanghai-based Fudan University. Chen added that the increased access to education resources and participation in social affairs has also changed women's role in society with the unmarried rate higher among well-educated women.

The 30-year-old doctoral candidate Cheng Linlin is preparing to get her degree next year. Like most well-educated women in China, her plan is to secure a good job first, then find a husband and have a baby. "But let's face it. You have to be very lucky to be able to get all those done within five years. Otherwise, you have to make a choice," she said. "Freezing eggs might not be the perfect solution, but it will be such a support for



Xu Jinglei attends a Chinese film festival in Paris, France, on May 11. The 41-year-old actress and director said that she had her eggs frozen in the United States two years ago as a backup plan should she ever want a family





women who want to build a serious career to know they have that option.”

## Out of wedlock

Apart from the choice to freeze eggs as an option, giving birth out of wedlock holds many other challenges. When Wu Xia and her boyfriend Shen Bolun ended their relationship, she was four months pregnant. Remaining friends, the two decided to raise the baby together. This June, Wu gave birth, but she soon realized that the first challenge of motherhood was a penalty from the government.

The assessment under the name of a “social compensation fee,” according to government regulations, will be imposed on the parents in the first year after they give birth to a baby born out of wedlock. In Wu’s case, it was around 44,000 yuan (\$6,900).

In July, Wu and her ex-boyfriend launched a project on crowd-funding website Dreamore.com, asking people to donate up to 10 yuan (\$1.58) to help them pay the penalty. The move immediately created a

sensation, but the project was removed from the website 16 hours later.

Shen explained that what they want to raise is not money, but public awareness of the difficulty confronting the parents of children born out of wedlock.

On China’s biggest online community Tieba.baidu.com, a forum under the name of Unwed Mom has 1.31 million posts and over 40,000 members. Most of the posts tell sad stories.

Xiao Yun is one of those. Her boyfriend left during her pregnancy. Now she has to raise the child alone. Her family members are ashamed of her and refused to offer any support, and the company she works for has begun to recruit a replacement to fill her position. Xiao believes everything will be alright when the baby is old enough to go to kindergarten, so she can get a new job. “But I’m so scared now when thinking about how I can survive the first one or two years after giving birth.”

China’s Marriage Law states that children born out of wedlock shall enjoy the same rights as children born in wedlock. No one may harm

or discriminate against them. But in reality, unwed mothers are not eligible for paid maternity leave or medical costs incurred while giving birth. Moreover, if the father cannot prove his relationship with the baby, the residential registration for the baby will also be a problem.

Huang Xihua, a deputy to the National People’s Congress suggested scrapping the social compensation fee imposed on children born out of wedlock, and many social organizations are appealing for equal benefits for unwed mothers.

But for most women in this situation, the more difficult part is the pressure from social opinion. In an online survey on [www.qq.com](http://www.qq.com), one of China’s biggest Internet portal websites, up to 36 percent still believe that social values will be affected if the residential registration opens up to children born out of wedlock.

“I hope society can have a more tolerant attitude toward diversified lifestyle and individual choices,” said Shen. ■

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# Breaking the Silence

Two decades after it was proposed, China's anti-domestic violence law set to become a reality **By Ni Yanshuo**

In the eyes of her friends and neighbors, Li Fang (her real name has been withheld to protect her identity) had been living a perfect life of domestic bliss. So when she filed for divorce in early September, it took them by surprise as few had known about the dark cloud hanging over her marriage.

"Many people think I have a happy family as I have two lovely children and my husband owns a big company," said Li, who comes from Lianyungang, a city in east China's Jiangsu Province. "But actually, no. I hid my pain as I was loath to tell anyone."

The pain was the violence she was subjected to by her husband. "There was a very popular TV series, *Don't Respond to Strangers*, about a husband who pretended to love his wife in front of neighbors and friends but beat her when they were alone at home. My husband was just like him," Li said.

At first, she was reluctant to talk as she felt what happens inside the family should stay inside the family. But when she learned that the national legislature was about to pass the country's first anti-domestic violence law to punish those who abuse family members, she changed her mind. "The law comes late, but better [late] than never," she said.

Though the anti-domestic violence law was proposed more than 20 years ago, the draft was submitted to the Standing Committee of



the National People's Congress for review in late August.

"Once the law comes through, I believe more people will stand up and speak about their hidden pain, like what I am doing," said Li.

## Out in the open

There is a saying in China that no one can settle family disputes, not even the best judge. Swayed by that traditional concept, many women try to maintain the image of a "happy family" even when experiencing serious domestic violence. Indeed, many even think the police should not interfere in Chinese family affairs. So the role of the po-

lice is usually limited to trying to persuade the abusers to stop, instead of investigating such cases and bringing the guilty to justice.

"This law, once it becomes effective, will encourage more people—especially women and children, who are the usual victims of domestic violence—to break the silence so that those who abuse them can be punished," said Cao Dongmei, Director of the Anhui Provincial Lawyers' Association's Marriage and Family Law Committee. Cao has been dealing with family disputes for 25 years, half of which are related to domestic violence.

The draft legislation says it is not just the victims and their relatives who should report incidents of domestic abuse to the police; other parties—such as schools, kindergartens and

hospitals—should also report such incidents or suspected domestic violence.

"Domestic violence usually happens secretly in private places, making it hard for outsiders to detect it. But schools and hospitals can discover tell-tale signs," said Li Dajin, Director of the Beijing Lawyers' Association. "It is the responsibility and obligation of school and hospital staff to report domestic violence and suspected domestic violence cases to police."

Neighbors and even casual witnesses should also report domestic violence if they have seen or heard such incidents, Cao added. "The draft sends a strong signal to the whole

of society: domestic violence is not a private issue," she said.

## More protection needed

The law defines domestic violence as activities that violate the rights of family members, such as beatings, tying them up, injuring them and restraining them.

However, observers have pointed out that the definition is too narrow and doesn't cover all those who need to be protected. According to China's current laws, cohabitants—couples who live together without legal formalities—are not considered family members and are, therefore, not protected by the Marriage Law. But in reality, violence occurs between cohabitants as well.

"Cohabitants should not be ignored by the law," said Xia Yinlan, a professor at the China University of Political Science and Law in Beijing. "Cohabitants are in a relationship just as couples are; only, they are not registered in government departments."

But there are different views on this. Tang Xinbo, a professor at Beijing-based Renmin University of China, argues that cohabitants should not be covered by the anti-domestic violence law. According to him, violence during the cohabitation period can be resolved by one party moving away. In countries such as the United States, South Africa, Spain and France, anti-domestic violence laws apply to cohabitants as well.

"In China, cohabitation relationships are not recognized by the Marriage Law, so cohabitants are not covered by the anti-domestic violence law," explained Li Mingshun, a professor at China Women's University in Beijing. "They do not go through marriage registration procedures and cannot be regarded as family members."

## Restraining order

Li Li (not her real name), an abused wife in Changsha, capital of central China's Hunan Province, divorced her husband in 2008.



Staff of a domestic violence complaint center in Shenyang, Liaoning Province, receive people seeking their help and protection

Knowing his fierce temper, she applied for a restraining order to protect herself. She said she took the right step.

"With the restraining order, my ex-husband has not beaten or threatened me even though we still live quite near," Li Li said. "He knows what the court will do to him if he attacks or threatens me again."

Restraining orders are a benefit of the draft law. According to Article 23 of the draft, any victim of domestic violence and those threatened by domestic violence can file for a restraining order, and the court must grant it or deny the request within 48 hours.

The new thing about restraining orders in the draft law is that unlike in the pilot project, it is no longer related to lawsuits, which means victims of domestic violence can apply for it any time without having to file a lawsuit. "This is the most notable highlight in the draft law," said Chen Min, a researcher with the China Institute of Applied Jurisprudence.

According to her research in the Yuelu District Court in Changsha, more than 98 percent of the orders issued by the court

can be carried out. "The seven-year pilot project has garnered abundant experience for the system's formal launch," Chen said.

Of the 35 articles in the draft law, nine are related to the restraining order. The law also makes it clear that once the restraining order is granted, not complying with it will constitute a violation. Any violation of a restraining order will be subject to a fine of up to 1,000 yuan (\$158) or detention for up to 15 days. A restraining order will be effective for six months.

The restraining order system, formally stipulated in the draft law for the first time, was tested in a pilot project in August 2008. In the seven years since then, more than 500 such orders have been granted. A high-profile case is that of Li Yang, founder of Crazy English, a popular English language training program in China. His American wife Kim Lee applied for a restraining order while filing for divorce in February 2013, alleging he beat her. ■



# A New Class of Investors

Under the new Shanghai FTZ reform, individuals can invest overseas By Wang Jun

**D**omestic investors will soon be able to set up individual accounts to buy foreign assets under a pilot scheme that will advance the reforming of the China (Shanghai) Free Trade Zone (FTZ) in a bid to make the metropolis a global financial center.

The central bank, the People's Bank of China (PBOC), launched the scheme on October 30, though a timetable for when the reforms would take place was not released.

Zhang Zhi, a bank clerk, plans to invest in e-commerce giant Alibaba, which is listed on the New York Stock Exchange. "I've been waiting a long time to buy Alibaba stock, and now the opportunity is coming," he told *International Finance News*, a weekly newspaper published in Shanghai.

Under the new guidelines, the Shanghai FTZ will spearhead the country's initiative to make the yuan a fully convertible currency. The zone will also take a leading role in the qualified domestic individual investor (QDII2) scheme and allow qualified individuals to directly invest in overseas businesses, real estate and financial products, according to a PBOC statement detailing the pilot scheme. Additional institutions and individuals will be allowed to trade securities and futures in domestic and foreign markets in the zone, which will also support establishing overseas private equity funds, according to the statement.

Making the yuan fully convertible and reviewing QDII2 are the major reforms detailed in the statement and are expected to be carried out during the first half of 2016, Chen Bo, Secretary General of the Institute

of Free Trade Zone at Shanghai University of Finance and Economics, told *International Finance News*.

## Looking abroad

The PBOC launched a free trade account in Shanghai in June 2014. Companies registered in the FTZ can use the account for financing, investment and other cross-border transactions.

The account allows free convertibility between domestic and foreign currencies based on that day's exchange rate. Under current regulations, companies operating in the zone can borrow up to double their capital in foreign markets, which can then be fully converted into the yuan.

The new rules and QDII2 will extend those benefits to individuals and further loosen curbs on offshore borrowing. Individuals are currently allowed to exchange \$50,000 worth of renminbi each year for traveling or spending, but Chen told *International Finance News* he expects this quota to increase with the new regulations.

In fact, he sees QDII2 as a type of innovation. Various reform measures have been carried out over the past year, but QDII2 is the most substantial advancement China has made toward improving individual investments, he said.

Chen said that he anticipates additional legitimate channels to be opened to allow domestic investors to put money in foreign stock markets and buy overseas-listed stocks, insurance or wealth management products.

"Overseas investment under the QDII2 system will bring a lot more business to financial institutions engaged in wealth management. After the system is issued, most of the investment will be made in financial, industrial and real estate sectors in foreign markets," Xiao Benhua, a professor with Shanghai Finance University, told *International Finance News*.

## Risks

While individuals will now be able to invest in overseas markets, the real winners of the reform are financial institutions that will be permitted to push their money abroad, Chen said in the article.

"But huge opportunities are also followed by huge risks," he said.

The biggest challenge in making the yuan a fully convertible currency is supervision. Once the currency is liberalized, a large amount of capital will flow into China, causing the yuan's exchange rate to fluctuate. To make the exchange rate more flexible, the PBOC will have to relinquish more controls to allow the fluctuations in the exchange rate. This raises concerns over whether the Shanghai FTZ is capable of controlling cross-border capital flow, according to Chen.

Indeed, some scholars say the yuan won't be fully convertible anytime soon because of the possible consequences of letting go of the controls. Xi Junyang, Deputy Director of the Research Center of Modern Finance at Shanghai University of

Finance and Economics, told *International Finance News* that the controls prevent both a large amount of outbound capital that would impact China's sustainable economic development and a sudden inflow of foreign speculative capital that would impact the country's financial stability.

Sun Lijian, Director of the Financial Research Center at Fudan University, thinks now isn't the right time to make the yuan fully convertible.

"Considering the history and China's current conditions, I think the disadvantages will outweigh the advantages if we advance free convertibility of renminbi now," said Sun, in an interview with *International Finance News*. "Industry and finance are most important for a country, with industries being the base. If industries are not well developed and people are making money only through investment, this is speculation, which is not healthy. But this is exactly the situation in China."

China doesn't have enough publicly-listed companies with good performance histories, Sun said. And once transnational corporations withdraw their money, Chinese companies will be left to operate independently. It would be dangerous, he said, for the government to make the yuan fully convertible now.

While Sun and other academics think it's too soon, timing is of the essence for the government to free the currency as it is currently trying to get the yuan accepted into the IMF's basket of global reserve currencies.

Media reports published in October say the IMF plans to add the yuan to the Special



An aerial view of the China (Shanghai) Free Trade Zone

Drawing Rights, which is used as a supplement for IMF member countries' official money reserves and can be used for emergency payouts. The U.S. dollar, pound, yen and euro currently make up the reserve.

Zhou Xiaochuan, Governor of the PBOC, said at the IMF's annual meeting in April that China has achieved full or partial convertibility in 35 out of the 40 items the IMF uses to classify capital account transactions.

An HSBC report on renminbi published on October 20 said the yuan "ticks all the

right boxes" to be included in the reserve.

"Others set the stage for the renminbi to play a more important global role over the longer term," Paul Mackel, the report's author, wrote.

"Confidence in the renminbi and, hence, voluntary reserve diversification flows into China could rise with the endorsement of SDR inclusion." ■

Copiedited by Jordyn Dahl  
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# A Way Out of Recession

Japan has a lot to gain from China's outbound travel boom By Zhou Xiaoyan

**W**u Tie, a 29-year-old architect living in Beijing, is an avid fan of travel. After going to Taiwan last October and to Europe in June with his wife, he decided to spend this year's National Day holiday (October 1-7) in a country he has always been yearning to see—Japan.

The eight-day trip cost Wu and his wife 16,000 yuan (\$2,525) for air tickets, food and accommodations in the three cities they visited: Osaka, Nara and Kyoto. But the best part, Wu said, was the shopping.

"We spent nearly 20,000 yuan (\$3,156) shopping on stuff like cosmetics for my wife and watches, sunglasses, thermos bottles and electronic manometers for my parents and in-laws," he told *Beijing Review*.

Electronic products and cosmetics are typically cheaper in Japan than in China, with some products costing just half of or a third of the price.

"All the shopping malls and cosmetics stores are filled with Chinese customers. Some of them were open till 3:00 a.m. to meet surging demand during the holiday," Wu said.

The shopping atmosphere attracted hundreds of thousands of Chinese during the National Day holiday, a peak season for outbound tourism.

Japan's newfound popularity as a vacation hub for neighboring Chinese could prove to be a much-needed boon to both economies and signal a thawing in relations between the two countries, which have es-

calated in recent years due to a dispute over the Diaoyu islands and the Japanese right wings' attitude toward historical issues.

## Travel boom

Chinese consumers who are becoming increasingly more affluent are often choosing to spend their cash on travel. More than 100 million Chinese traveled abroad in 2014, and Japan has become one of the main beneficiaries of the boom.

Japan is the most popular overseas destination for Chinese mainland tourists during the National Day holiday, supplanting traditional hot spots like South Korea, Thailand, Hong Kong, Taiwan and the United States, according to a report from Ctrip, China's largest online travel agency.

More than 400,000 Chinese visited Japan during the recent holiday, each spending 25,000 yuan (\$3,945) on average, including travel expenses and shopping, according to data from the Tourism Industry Association of Japan. Ctrip expects more than 4 million Chinese tourists to visit Japan in 2015, spending more than 100 billion yuan (\$15.78 billion) in the country.

During the holiday, Chinese customers queued up at Japanese malls to buy made-in-Japan goods, which are seen as higher quality. The most popular goods that Chinese tourists scramble for include cosmetics, high-end electronic products, medical drugs, and household



items like thermos bottles, clothes, jewelry and baby products, according to the Ctrip report. Many stores even had to put a limit on the quantity that each customer could purchase, fearing they would run out of stock.

A 20-year-old saleswoman at a Burberry flagship store on Ginza Street, a bustling commercial street in Tokyo, told *Beijing Review* that 80 percent of its clients are Chinese.

"The number of Chinese customers has increased rapidly since the end of 2014, presumably due to the depreciation of the Japanese yen. They are shopping here almost every day," she said.

Today, one out of four foreign tourists in Japan is Chinese, according to the Japan Tourism Agency. About 3 million Chinese tourists visited Japan in the first eight months of this year, more than double the number during the same time last year, according to the agency's data.

The influx of Chinese visitors has been a welcome shot in the arm for Japan's economy. Tokyo's hotel occupancy rate increased to



A shop with welcome signs written in Chinese in Tokyo's Akihabara shopping district on October 4

93.5 percent in early October, 14.8 percentage points higher than the same period last year, marking a bounce back to pre-depression levels, according to a report from the Tourism Industry Association of Japan.

Chinese airlines are increasing their flights between the two countries to meet the demand. China Southern Airlines said it would open 30 new direct flights between China and Japan this year.

For its part, retailers in Japan are becoming more accommodating to Chinese shoppers by introducing Chinese-speaking shopping assistants and welcome signs written in Chinese. Some of the duty-free stores have redecorated to be one-stop shopping malls.

It hasn't always been this sunny for the countries. Economic and trade ties between China and Japan have worsened over the past

three years because of a disagreement over the Diaoyu islands.

China is Japan's largest trading partner, the second largest export destination and the largest import source, according to data from Japan Customs.

Bilateral goods trade between the two countries totaled \$285 billion in the first nine months of the year, up 0.4 percent year on year, according to China's Ministry of Commerce. However, Japanese investment in China dropped by 25.2 percent in the first nine months of 2015, compared with the same period last year.

## Complementary economies

Neither country benefits from increased tensions in the region and both should strive to eliminate them through cooperation, Fu Ying, Chairwoman of the Foreign Affairs Committee of the National People's Congress, China's top legislature, said at the 11th Beijing-Tokyo Forum held in Beijing from October 23 to 25.

"A backward trend in the East Asian cooperation platform will undermine the competitiveness of the region," Fu said, calling for both sides to work together to push the region to regain momentum.

The necessity and urgency of increased collaboration between Beijing and Tokyo are more demanding than ever, and the two sides should take steps toward furthering ties, former Japanese Prime Minister Yasuo Fukuda said at the forum.

"In particular, as Japan and China are two major economic powers, it is ludicrous for them to be hostile to each other," Fukuda said.

Wei Jianguo, Vice Chairman of China Center for International Economic Exchanges, said the two nation's current economic conditions provide an opportune moment for an increase in ties.

"China needs to improve its productivity and service industry, whereas Japan has experienced this and has a lot of experience that China can learn from. The two sides have a lot to work together on, such as developing a green economy, health-related industries, modern agriculture, new technologies and material," Wei said.

He also proposed that Japanese businesses use China's push to move its

economy from a manufacturing-based one to a service-based one as a foothold to expand their presence in China.

Hirohide Yamaguchi, former Deputy Governor of the Bank of Japan, the country's central bank, also sees an opportunity for economic cooperation to benefit both sides, along with other East Asian countries.

"The Japanese economy needs to be vitalized with fresh power. To avoid the middle-income trap, China needs to increase its labor productivity and develop its high value-added industries. The two sides have a lot to work together on," Yamaguchi said.

Some progress to this effect has already been made.

The Sixth Trilateral Summit Meeting of China, Japan and South Korea was held in Seoul on November 1, a significant step forward for East Asia cooperation and another sign of warming ties between Beijing and Tokyo.

The trilateral summit, which has been held five times from 2008 to 2012, was suspended following a chill in relations between Japan and its neighbors. Resumption of the trilateral talks is expected to push for substantive progress of a widely anticipated trilateral free trade agreement, which would be a boon for both economies and its citizens like Wu, the 29-year-old architect living in Beijing.

"I had always wanted to go to Japan. After the National Day holiday trip, I have a very good impression of the country. The Japanese people are really well-mannered. It's a clean, tidy and civilized country," Wu said.

It's also cheaper than traveling in Europe and more convenient, he added.

"It's not only a paradise for shopping, but also rich in cultural heritage. When we visited Kyoto, we can see the country's careful observation of cultural heritage from the remains of China's Tang Dynasty culture in Japan's time-honored architectures," he said. "To any of my friends who are considering going to the country, I would say they should definitely go." ■

(Miao Xiaoyang also contributed to the story)

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Comments to [zhouxiaoyan@bjreview.com](mailto:zhouxiaoyan@bjreview.com)



# In for The Long Haul

China's frontier province looks to boost development with its neighbor **By Yu Lintao**



Workers load containers at the Harbin railway container distribution center in Harbin, capital of northeast China's Heilongjiang Province

**T**he 500-km train ride from Harbin, the capital city of northeast China's Heilongjiang Province, to Suifenhe, the province's main trade port with Russia, currently takes about 12 hours. But soon, that will no longer be the case. The travel time will be cut in half thanks to the upgrading and reconstruction of the Mudanjiang-Suifenhe section, part of the Harbin-Suifenhe line, that is scheduled to be

complete by the end of this year.

The rail line from Mudanjiang to Suifenhe is a project under the construction plan of the Heilongjiang Land and Maritime Silk Road Economic Belt within the China-Mongolia-Russia Economic Corridor. It is part of the country's Belt and Road Initiative and aims to strengthen ties between the province and its neighboring countries—Mongolia

and Russia. The Heilongjiang economic belt will involve a large number of railway and port construction and development of the logistics industry—particularly cross-border railway services.

Heilongjiang borders Russia to the north and east for a stretch of 2,981 km. The upgraded Mudanjiang-Suifenhe railway is expected to consolidate Heilongjiang's status as the cornerstone of China's trade with its northeastern neighbor and a key hub for the country's opening up to northeast Asia.

China was Russia's largest trading partner for a fifth consecutive year in 2014, while Russia was China's ninth largest trading partner. Bilateral trade rose 6.8 percent in 2014 from the previous year, recording a high of \$95.28 billion, according to statistics from China Customs. Data from Heilongjiang authorities also show that the province's trade with Russia in 2014 accounted for 24.4 percent of total trade volume between China and Russia and its investment in Russia accounted for more than 30 percent of China's investment there.

## Enhancing land connectivity

The economic belt will rely on railways, including a route from Harbin to Heihe, a border city in Heilongjiang, and the Trans-Siberian Railway in Russia, as well as highways, waterways and air routes for cargo transportation. The province also plans to build the Heihe Highway Bridge, which will connect the border city with Blagoveshchensk, the third biggest city in Russia's Far East.

Building the Heilongjiang economic belt is an opportunity to speed up infrastructure construction to strengthen connectivity with Russian cities bordering Heilongjiang, said Zhao Wanshan, Deputy Secretary General of Heilongjiang Provincial Government.

High-speed railway service reduces transport costs by around 75 percent compared with air transportation, according to official estimates. The province will construct and upgrade its railway lines and high-speed railways linking its capital city Harbin with several bordering cities to Russian and Mongolian cities, according to an implementation plan made by the Heilongjiang Provincial Government in April. By the end of the year when the upgrading project of the Mudanjiang-Suifenhe railway is completed, it will increase its annual freightage capacity

from 12 million to 33 million tons.

The Ha'ou Route, a freight train service between Harbin and Europe, launched in June, opens a new trade route between China and Europe. The trains pass through Russia on the way to Germany and Poland with containers full of electronics, mechanical processing tools, auto parts and chemical products. According to Ha'ou International Logistics, the route's operator, the route is the most economical one traveling from China to the rest of Asia and Europe in terms of cost, distance and time. The train runs once a week with each trip taking 15 days. The train is expected to make 26 trips by the end of this year.

A major supporting facility—the Harbin railway container distribution center—came into service shortly after the route launched. It is one of China's 18 key railway container hubs and the largest of its kind in northeast China, serving as an international logistics platform to provide inspection, quarantine and customs services.

For its part, Russia is planning to create 14 leading development areas in its far eastern region, reconstruct its Siberian Railway and build a free port in Vladivostok to promote economic cooperation with China, according to Sha Yuchao, an official with the Heilongjiang Provincial Government's Information Office.

Russia also anticipates building a high-speed railway that will link Moscow and Beijing via Heilongjiang. Many Japanese and South Korean enterprises have also shown an interest in expanding trade with Russia and other European countries through the northern passage across Eurasia.

## Reviving the old base

As one of China's old industrial bases, Heilongjiang reached a plateau over the last two years because of its heavy reliance on the traditional energy industries, such as oil production and coal mining. The energy industry currently accounts for 70 percent of

the province's industrial value-added output. Seven of the 13 prefecture-level cities under Heilongjiang's jurisdiction are resource-oriented and rely on coal mining and oil and timber production. The large fluctuations in international energy prices during the past two years have directly impacted Heilongjiang's economic growth. Last year, the province's GDP growth was a mere 5.6 percent, ranking last nationwide.

"The implementation of the initiative will effectively expand the development space of Heilongjiang, making full use of both international and domestic markets and resources, which will pave the road for the province's industrial transformation and sustainable development," said Zhao, the deputy secretary general.

Several industry districts focusing on organic food, new energy, the modern service industry, and free trade zones for northeast Asian countries and Russia will also be built.

A small town—China South City—is currently under construction on the east side of Harbin. The developer, China South City Holdings, said the project will create a large-scale integrated logistics and trade center for organic food and Russian products in Harbin.

Zhao also stressed that Heilongjiang is advancing its own economic transformation and upgrading its industries. The province will also commit to developing its IT industry and eco-tourism, along with organic foods, he said. In 2014, the city was recognized by the Central Government as the sixth pilot city for developing cloud-computing service. A large cloud-computer center is being built in Harbin.

Although Heilongjiang's growth rate in the industrial sector has slowed down in the past two years, the agricultural and service sectors are experiencing rapid growth higher than the nation's average, said Zhang Xiaolian, head of the Publicity Department of the CPC Heilongjiang Provincial Committee, during a media conference.

The new initiative is expected to revive the old industrial base by reducing raw material and transportation costs and expanding the market, said Zhang. ■

## Quick Facts About Heilongjiang (2014)

**Population:** 38.33 million

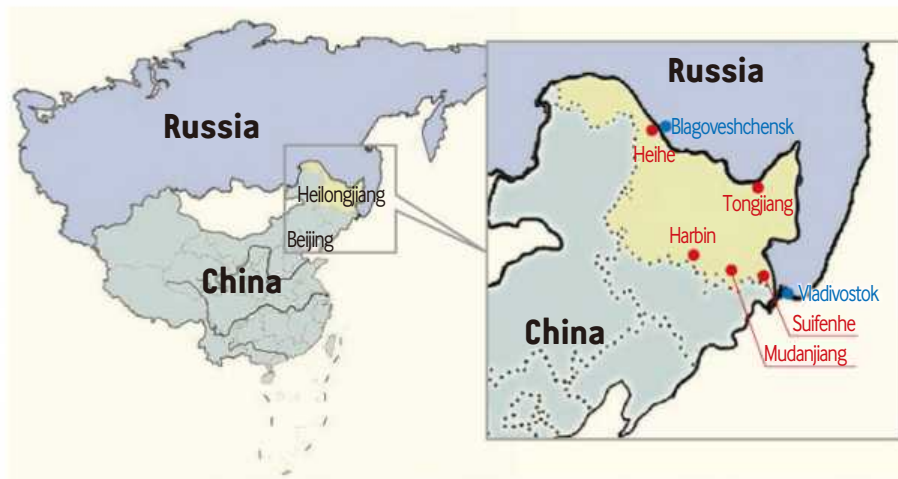
**GDP:** 1.5 trillion yuan (\$236.76 billion), up 5.6 percent over 2013

**Industrial value-added output:** 474.18 billion yuan (\$74.83 billion), up 3 percent over 2013

**Trade with Russia:** \$23.28 billion, accounting for 24.4 percent of the country's total trade volume with Russia

**Investment in Russia:** \$1 billion, accounting for 30 percent of the country's total investment in Russia

(Source: Heilongjiang Provincial Government)





## OPINION

### SDR Basket Needs the Yuan

**T**he International Monetary Fund (IMF) will decide at the end of November whether to include the yuan in the Special Drawing Rights (SDR) basket. The market acknowledges that the yuan is capable of joining the currency basket. Once the IMF approves the inclusion, demand for yuan-nominated assets will be stimulated.

The SDR attracts unprecedented attention from the Chinese because of the yuan's increasing use in the international market. The SDR includes all the major world currencies—the U.S. dollar, euro, pound and Japanese yen—and represents the soft power of the IMF and a structure dominated by the Western world.

After the financial crisis of 2008 had a severe impact on the world economy, the Group of Seven (G7) failed in its rescue attempts and had to cooperate with emerging markets, turning it into the Group of 20 (G20). As the world's second largest economy, China acts as a main engine of the global economy. From BRICS (Brazil, Russia, India, China and South Africa) to G20, China and its currency play an increasingly important and responsible role.

In 2010, the IMF started quota reform and reviewed new currency weights for the SDR valuation basket. At that time, the world economy was in deep recession, so it was also a time when the SDR basket urgently needed the yuan. The reform and new currency weights were supported by most countries but blocked by the United States.

As the U.S. economy recovered, the White House was still unenthusiastic about pushing Congress to pass the IMF's reform

plan. A decision on the yuan's inclusion in the SDR basket was then delayed to November of this year.

The good news is that the IMF has declared that the yuan has a fair valuation. With the establishment of the Asian Infrastructure Investment Bank, China's contribution to the global economy has been accepted by Europe, and major European countries are clearly in favor of the yuan's inclusion to the SDR basket.

During President Xi Jinping's visit to the United States at the end of September, China received conditional support from the United States for the yuan to join the SDR. When Premier Li Keqiang attended the Sixth Trilateral Summit in Seoul on November 1, Japan also gave conditional support to the yuan joining the SDR.

This conditional support has been achieved on the back of China's financial reforms and performance of the yuan. The market-oriented reform of interest rate has concluded, while the similar reform of the exchange rate is advancing. While the IMF and the global market are pushing forward reform of the yuan's exchange rate formation, the reform is also an internal demand for China to improve its economic governance.

The accelerating internationalization of the yuan has seen it overtake the Japanese yen to become the world's fourth largest payment currency, which is a further indication that the SDR currency basket needs the yuan.

The United States seeks to dominate the IMF, but the IMF recognizes the need to reform its organizational structure in order to

ensure its global leadership. China is one of the leaders of the new international order, so the IMF and China, the SDR and the yuan, will share the same interests.

The yuan's inclusion in the SDR basket will signify confirmation by the international community that the yuan is an international currency. Its inclusion will also increase the IMF's global leadership.

Two conditions will however determine whether the yuan can be included in the SDR basket: the yuan's weight in international trade payment and its free convertibility. China has no problem in meeting the first requirement and is working to meet the second.

Political reasons could also block the yuan's inclusion in the SDR basket. Both the United States and Japan have given their conditional support, and they have 16.7 percent and 6.2 percent respectively of voting rights in the IMF. The United States can unilaterally veto major IMF decisions by requiring a majority of 85 percent.

Additionally, however, the IMF will take into consideration the time spent reviewing the status of currencies within the SDR every five years. The IMF will also play a key role in whether the yuan is included in the SDR and can make some compromises, such as adding a provisional review next year if the yuan is unable to be included in the SDR this year. All these efforts will be worthwhile. ■

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

Copyedited by Calvin Palmer  
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## NUMBERS

(\$1=6.3 yuan)

### \$12 bln

Additional consumption that China's new two-child policy is projected to bring

### \$27.01 bln

Value of export deals reached at the 118th China Import and Export Fair, known as the Canton Fair, which ended on November 4

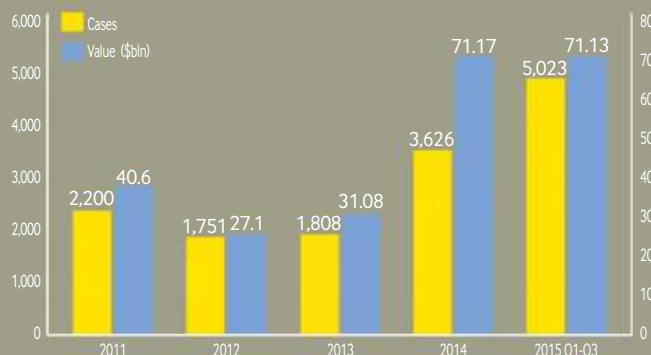
### 223

Number of PPP projects—collaborative projects between governments and private companies that are mainly funded and operated by the latter—that China has approved since the end of 2013

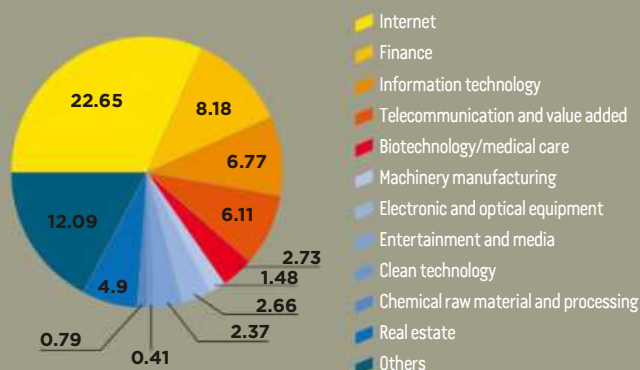
### 814 tons

China's gold consumption in the first nine months of the year, up 7.83 percent year on year

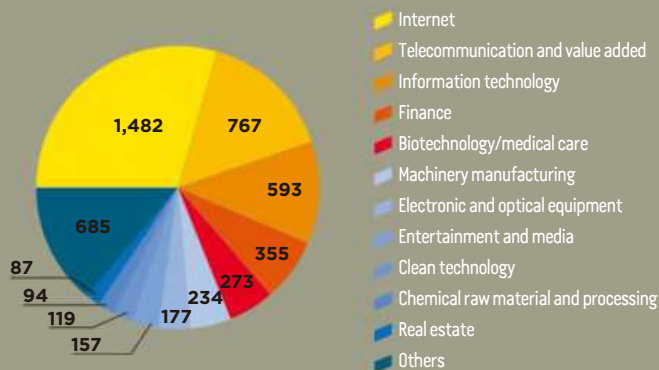
#### China's Equity Investment Market



#### Investment Value by Sector Jan-Sep (\$bln)



#### Investment Cases by Sector Jan-Sep



(Source: Zero2IPO)

### 144.4 bln yuan

China's service trade deficit in September, widening from the 143.6 billion yuan in August, and 107.6 billion yuan in July

### 57%

Year-on-year increase in the trade value between China and Cuba in the first nine months of the year

### 0.65%

Year-on-year increase in net profits of state-owned Industrial and Commercial Bank of China, the country's largest bank, in the first nine months of the year

### \$2.11 bln

Value of farm products that China has imported from Viet Nam in the first nine months of the year, up 23.1 percent year on year



## Conrad Beijing Participates in Global Month of Service 2015



On October 28, representatives from Conrad Beijing visited the Beijing Experimental School for the Deaf as part of the Global Month of Service. The school, founded in 1919, is one of China's most famous and has been visited by China's First Lady Peng Liyuan as well as Queen Mathilde of Belgium when the royal couple visited China this past June.

Community service is a tradition embedded in our company for nearly 100 years, and throughout the year, team members dedicate their time, passion and unique brand of hospitality to create positive changes in their local communities.

Since the first Global Week of Service in 2012, we have collectively improved the lives of thousands of people in our communities. This year, our global volunteer event is expanding to Global Month of Service to allow more options when planning our projects and activities. Conrad Beijing goes a step further by realizing that by offering employment to the less fortunate and often overlooked members of society, the whole community benefits and perceptions are changed.

Ian Alexandre, General Manager of Conrad Beijing, Hamid Naseem, Director of Operations and Annie Quan, Director of Human Resources led the representatives from various departments to the school to meet with the students. Amy and Hannah—team members who are both hearing and speech impaired—used their sign language to describe and discuss Conrad and what it was like to work in a five-star hotel managed by Conrad Hotels and Resorts.

The students were very active and also very inquisitive and curious, asking many intelligent and insightful questions about what the challenges they might face in communicating, then Amy and Hannah offered practical solutions about how best to accomplish this. The conversation was both informative and inspiring. Alexandre briefly introduced the purpose of our Global Month of Service activity, encouraged the students to study hard to gain more knowledge and welcomed them to apply to Hilton upon their graduation.



## Radegast Hotel by Tianlun Honored With China Hotel Gold Star Award

Sponsored by the China Tourist Hotel Association, the third China Hotel Gold Star Award Ceremony was recently convened in Fuzhou, Fujian Province. Radegast Hotel Beijing Bohao was honored with the China Hotel Gold Star Award together with other 18 hotels in Beijing, such as the China World Trade Center, Grand Hyatt Hotel, etc. The China Hotel Gold Star Award is the China hotel industry's top honor and includes four phases of Internet voting, customer satisfaction survey by the third party, voting by board members of the China Tourist Hotel

Association and expert review.

Managed by Tianlun International Hotels, Radegast Hotel Beijing Bohao is the first Chinese-brand, top-level commercial hotel in Beijing's CBD. The hotel is in a unique and convenient position which is near CCTV's new site and the China World Trade Center. With more than 300 decorated guestrooms, an over 1,000-square-meter Harmony Grand Ballroom and six conference rooms, the hotel has five different characteristic restaurants, and an over 5,000-square-meter recreation center.



# A Vocal Ambassador

Chinese folk artist sings traditional songs in English By Huang Wei



COURTESY OF YIXUAN PANG

Chinese singer Yixuan Pang performs at the "Silk Road by Vocal Arts" concert at the Carnegie Hall in New York City on October 3

**O**n the afternoon of October 3, Chinese singer Yixuan Pang staged a solo concert titled Silk Road by Vocal Arts at the Carnegie Hall in New York City. At the concert, Pang not only performed Western classic works in German, French and Italian, but also sang Chinese folk songs such as *The Rippling Brook* in both Chinese and English. The performance earned loud applause from the audience.

The post-80s artist had won third place at the Liederkrantz International Vocal Competition in 2013, becoming the first Chinese to win a prize at a well-known international contest, held annually in New York.

## An artistic education

Pang was deeply influenced by her mother Wang Changzhi, who is a renowned folk singer herself and is a representative figure of folk songs from central China's Henan Province. Pang developed an interest in music, especially Chinese folk songs, from an early age.

"My mom kept on singing on stage when she was into her seventh month of pregnancy with me," Pang said in an exclusive interview with *Beijing Review*. "Even when I was very little, my mother had taught me nearly 100 Chinese folk songs."

Although Pang took up the *bel canto* style due to her vocal range and tone, her love for

traditional Chinese folk music has never abated. After four years of musical training at the Central Conservatory of Music in Beijing, Pang was admitted by the Manhattan School of Music for a master's degree in 2010. She had kept her desire to learn all through her two years of study at the world-renowned institute of music.

"At this top-notch university, everyone has huge enthusiasm for art and works extremely hard," Pang said. She recalled that there were never vacant seats in the school library. A music score one wanted might have already been borrowed by someone else. Every time she sang a composition, she was required to look up the composer's biography, different versions of the song and the correct pronunciation of each word.

"The biggest difference between vocal music teaching in the United States and China is that Chinese professors put the emphasis on tone color and the techniques of singing while American teachers encourage digging into the deeper meaning of music compositions, including the historical background of the composition, its musical style and handling of details. The purpose is to enable students to truly understand a composition before performing it," Pang told *Beijing Review*.

In October 2011, Pang held a solo concert at the Manhattan School of Music, singing a dozen Chinese folk songs to her classmates and an audience from all over the world. However, the responses to the concert were mixed. Chinese students were moved hearing authentic songs from their home country in a distant land, but foreign students felt confused about what she intended to express.

"I didn't know what she was singing about at that time at all, although the melodies sounded beautiful," Pang's classmate Karl Scully told *Beijing Review*.

"Apparently the confusion has been caused by linguistic and cultural differences," said Pang as she reflected on the experience. "Folk songs represent folk customs and stories of various places in China. Their lyrics alone illustrate vivid scenes of life. Those who have little understanding of the Chinese language and culture won't be able to fully appreciate Chinese songs apart from the elegant rhythms."

In order to appeal to foreign audiences, Pang came up with the idea of rendering the lyrics of Chinese folk songs into English. She also realized the necessity of explaining the customs behind every song during the process of singing. "Only in this way can more Americans learn about excellent Chinese art," said Pang.

Pang launched the charity project China: A Lyrical Journey in the fall of last year, with the aim of promulgating Chinese folk songs overseas. She holds combined lectures and concerts of Chinese folk songs free of charge in American universities, communities and public libraries, with New York University being the first stop of her musical tour.

Pang sings and explains folk songs in both Chinese and English during the lecture-con-

certs, with the screen behind her displaying the bilingual lyrics and pictures related to the song.

"I like *The Rippling Brook* the most. The longing of a young woman for her lover expressed in the song is touching," Ann Palmer, a freshman at the New York Institute of Technology, told *Beijing Review*.

Palmer said she has always wanted to go to southwest China's Yunnan Province where the song was set in. She hopes she will be able to have her own memories related to the enchanting place one day.

Pang has also tried to add Western musical elements to Chinese folk songs in a bid to draw foreign audiences. For instance, when singing the *Jasmine Flower*, Pang has changed the originally slow rhythm by incorporating jazz music.

"I blend classic European music, Broadway musicals and jazz with Chinese folk songs organically to cater to different tastes. It is similar to cooking. Such a way of musical expression encompasses both inheritance and innovation of tradition, which will enable me to go further in promoting Chinese music," said Pang.

On April 12, Pang had the honor of being invited to present her lecture-concerts in the UN Headquarters in New York City on the annual UN Chinese Language Day.

## Lyrical journey

Her charity project could not have been sustained without a team of traditional Chinese culture lovers, she said. Pang believes she was lucky to have known two translators Chen Feng and Wen Xuejun who work at the UN when she had the idea of translating Chinese folk songs into English. They later joined Pang's project as volunteers.

"Translating lyrics is far from easy as the translator is required to be loyal to the original while matching the target text with the melodies. Although we are familiar with these folk songs, we have to polish our translation many times," said Wen who translated the lyrics of *The Rippling Brook*.

"This is a great project. It is very hard to introduce a country's folk music to foreign audiences. Nevertheless, Pang has done an excellent job," said Karl Scully. The Irishman,

## Profile

Born into an artist family, with a folk singer mother and a famous calligrapher father, Yixuan Pang absorbed profound artistic inspiration from her parents and her artistic gift was nourished and strengthened since childhood. She received extensive training in piano, dancing and painting, as well as traditional Peking Opera performance. She made her first stage debut at just 4 years old.

Pang's artistic talents were refined through an eight-year professional music education at China's Central Conservatory of Music and its affiliated high school. She majored in vocal performance as an operatic mezzo-soprano and graduated in 2010. The same year, she was admitted to the master of music program at the Manhattan School of Music.

who spoke absolutely zero Chinese several years ago, has now become a firm supporter of Pang's project. He has performed together with Pang at most of her musical tours in Chinese.

"As my Mandarin is not standard, initially I felt nervous on stage. However, later on I discovered that the audience didn't mind my pronunciation. They would always applaud me, which greatly encouraged me," he told *Beijing Review*.

Scully added that there were a lot of similarities between Chinese and Irish folk songs. He hoped one day he could fuse Irish folk songs with their Chinese counterparts.

Pang said she felt proud that her team is also made up of outstanding Chinese artists living in the United States who are predominantly from the post-80s and post-90s generations.

"We have a common aspiration to contribute to promoting traditional Chinese culture regardless of material gains. I will persist in my project and do even better in the future," Pang said confidently. ■

Copyedited by Mara Lee Durrell  
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## Docking at the Land Of Prosperity

The 18th Communist Party of China Central Committee's Fifth Plenary Session in late October charted the course for the country's economic and social development over the next five years. The ruling Party's proposal on China's 13th Five-Year Plan (2016-20) adopted at the plenum reaffirmed the goal of building a moderately prosperous society by 2020. The proposed plan also put forward five focal points for China's development: innovation-driven, balanced, green, open and universal. Columnists with Chinese media outlets have shared their views on the plan. Excerpts follow:

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**Zhou Junsheng (www.gmw.cn):** The goal of building a moderately prosperous society in all respects by 2020 was first established in 2002 and reiterated during the just concluded Fifth Plenary Session. But it is a challenging goal. As China shifts from high-speed economic growth to a new normal of medium-high growth, it is facing pressure from a restructuring of the economy. This year's third quarter GDP growth rate dropped below 7 percent. If the downward trend of economic growth continues in the next five years, doubling the 2010 GDP and per-capita income of rural and urban residents by 2020 will be hard to achieve.

Meanwhile, measures such as investment and monetary expansion that are often employed to spur growth will have a limited effect. To combat these challenges, the fifth plenary session established the concept of striving for innovation-driven, balanced, green, open and universal development.

The five-pronged strategy will guide China's social and economic development in the next five years. The five development concepts, systematically explained in the fifth plenary session's communiqué, represent the lessons learned since China introduced the reform and opening-up policy in the late 1970s as well as innovations it has made in the country's social and economic governance systems in recent years.

China has entered the countdown period for achieving a moderately prosperous society in all respects. Results gained over the past 30 years or so have provided a solid foundation.

Nevertheless, problems remain. For example, vested interest groups formed in the early reform years are eating up the benefits of economic and social development that should have been shared by all. To solve this, China needs to comprehensively deepen reform to break the vested interest groups that hinder social and economic progress, unleash market vitality and maintain economic growth.

**Ma Guangyuan (Nanfang Metropolis Daily):** The central goal of the proposed 13th Five-Year Plan is to complete building a moderately prosperous society in all respects by 2020. The key to achieving this goal lies in innovation. The fifth plenary session upholds development as the top priority, though the emphasis has shifted to improving the quality and efficiency of growth. The meeting proposed five focal points with innovation-driven development topping the list. It's impractical for China to continue its economic growth pattern driven simply by investing and imitating other countries over the next five years because such a path has hit a glass ceiling.

Tyler Cowen, a professor at George Mason University in Virginia in the United States, stated in his book *The Great Stagnation* that the U.S. economy entered a stagnation period after the mid-1970s. He attributed the development to two causes: First, the disappearance of the "low-hanging fruit" that the United States had enjoyed since the 17th century, such as free land, immigrant labor and powerful new technologies. Second, the country reached a "technological plateau." He holds that most in-

ventions in the United States, such as electricity, cars, trains, planes, printers and cameras were created before 1940. Apart from the computer and the Internet, the country has had almost no epoch-making inventions since the 1940s.

As a matter of fact, the stagnation the United States faces is also relevant in China, which has gone through over 30 years of rapid economic expansion. Currently, the traditional growth engines, including the manufacturing sector, the demographic dividend, investment, real estate, exports and consumption, are losing momentum. The growth model which mimics and aims to overtake the West has lost steam. China is left with only two options: making breakthroughs in development through innovation or falling into the middle-income trap.

However, we need to clarify what innovation is and how it should be done. The biggest mistake in the past was to equate innovation with technological innovation. The fifth plenary session put forth the view of all-around innovation encompassing political theories, institutions, science, technology and culture, and it placed innovation of political theories and institutional innovation at a predominant position. This represents big perceptual progress.

Douglass C. North and Robert Paul Thomas attribute the rise of the West to institutional arrangements in their book *The Rise of the Western World: a New Economic History*. They point out that the UK had paved the way for the Industrial Revolution by developing modern fiscal, property rights, patent and financial systems. Institutions such as the Great Charter of 1215, which restrained royal power, the earliest patent system in human history that was put in place in 1624, the first central bank in the world—the Bank of England—that was established in 1694, and the London Stock Exchange established in 1773 all served to lay an institutional foundation for technological progress.

The fifth plenary session announced that the government would establish property rights, investment, financing, wealth distribution, talent cultivation and employment systems conducive to innovation. This focus on institutional innovation echoes the UK's institutional development before the Industrial Revolution and represents a more profound understanding of innovation.

The biggest obstacle for China in becoming an innovation-driven country doesn't lie in technology. China is a large exporter of hi-tech products, though it still has a big gap to fill with



more technologically advanced countries in some key and original technologies. The real constraints are the institutions. For example, China doesn't offer adequate protection for intellectual property, and its financial system doesn't provide enough support for innovators.

**Yan Yilong (People's Daily Overseas Edition):** Overseas readers may be more concerned with what the 13th Five-Year Plan will deliver to the world, particularly the concept of open development proposed during the fifth plenary session.

The concept symbolizes a major shift in China's global role. China will change its position from managing its own affairs to dealing with international matters with a global perspective. In the next five years, the Chinese economy will keep medium-high growth, which will be of great importance for the global economy. China will continue to create opportunities for the world by assuming a more open, active, constructive and responsible role.

A more open China will provide greater investment opportunities for the rest of the world. Last year, foreign direct investment (FDI) to China reached \$129 billion, making the country the biggest FDI destination. Over the next five years, China will fully implement the national treatment principle while specifying sectors off limits to foreign investors in a "negative list" to facilitate foreign investment.

China will encourage its companies to have

a global presence and inject new vitality to the world economy. Last year, outbound direct investment reached over \$100 billion and contracts for overseas projects amounted to nearly \$200 billion. China will redouble its efforts to pursue the Belt and Road Initiative by promoting international industrial and equipment manufacturing cooperation in order to help boost economic growth in countries involved in the initiative.

China will push for the establishment of a more just and fairer global governance system. It will take a more active part in global economic governance and promote the formulation of new rules and mechanisms conducive to a cooperative world economic order based on multilateral cooperation.

The fifth plenary session made it clear that China will be committed to shouldering international responsibilities, helping advance talks for confronting climate change and implementing the UN's 2030 Agenda for Sustainable Development. In particular, it will take effective measures to peak carbon dioxide emissions by 2030 in order to fulfill its emission reduction promises.

The coming five years will further prove that China's peaceful rise is beneficial to the world, and a more powerful China will promote the lofty causes of peace and development. ■

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# Social Progress: Real Goal Behind GDP Target

By John Ross



**T**he central economic target of China's 13th Five-Year Plan (2016-20), around which its key parameters are constructed, is China's goal of doubling the income, and therefore potential consumption, of both its urban and rural populations in between 2010 and 2020. This requires essentially similar GDP growth.

But achieving a "moderately prosperous society" includes not only a target for income and consumption, but also the development of education, healthcare, environmental improvement and other strategic factors. The 13th Five-Year Plan's implementation is intended to constitute the first key milestone in China's overall development as reiterated by Chinese President Xi Jinping: "We have set the goals of completing the building of a moderately prosperous society in all respects by the centenary of the Communist Party of China in 2021 and building China into a modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious by the centenary of the People's Republic of China in 2049 so as to realize the Chinese Dream of the rejuvenation of the Chinese nation."

In this overall framework, a GDP growth target is significant—but as a means and not an end. Achieving GDP growth, in conditions in which China's economy is far more developed than before, directly determines the plan's new economic priorities, such as advanced manufacturing, innovation, integrating the Internet with other economic sectors and use of "Big Data." Economic growth is simply the plan's indispensable means to achieve broader social goals.

To understand this link between economic development and overall social goals, it should be understood that per-capita GDP growth is not socially neutral, nor primarily desirable, because it results in outputs such as steel and cement. The key point is that per-capita GDP growth is highly correlated with extremely desirable human goals, such as rising life expectancy, increasing consumption and improving health and education. Therefore, only by closing its gap in per-capita GDP with the most developed economies can China achieve the best possible all-round living standards for its population.

To illustrate in fundamental terms how economic targets in the new five-year plan are correlated with social goals, consider life expectancy, which is the most sensitive indicator of human well-being as changes in this "sum up" the consequences of positives and negatives in overall economic, social and environmental conditions. Internationally, 73 percent of differences in life expectancy between countries are accounted for by per-capita GDP differences. Therefore, rising per-capita GDP produc-

Only by closing its gap in per-capita GDP with the most developed economies can China achieve the best possible all-round living standards for its population

es direct and indirect improvements in social conditions and this is why the new five-year plan sets the goal of doubling income. It is also why China correctly continues to target a moderate to high growth rate.

But the new parameters created by China's development toward a "moderately prosperous society" substantially affect the new five-year plan. China made history's greatest achievements in overcoming poverty under previous plans. It is a staggering fact that since 1981, according to World Bank data, China reduced the number of people living in internationally defined poverty by 728 million, while the rest of the world only reduced that number by 152 million. One of the most important goals to be accomplished during the 13th Five-Year Plan period, as Xi announced, is for China to lift 100 million people out of poverty.

But this gigantic historical achievement creates new challenges. When the decisive task facing China was to overcome low living standards, it became dominant and almost sufficient to deliver the essentials, such as housing, food and basic products. International studies confirm that over 80 percent of increases in a population's consumption are due to GDP increases. Therefore, because economic growth's role in overcoming low living standards is decisive, almost everything became subordinated to it even when, for example, this resulted in environmental damage or unacceptable social inequality. But the social, cultural, environmental and other needs of a population, which is achieving "moderate prosperity," are vastly more developed and complex.

There can be direct clashes between GDP growth and human well-being. For example, highly polluting factories or power plants are cheaper than those that protect the environment, and can therefore be built more cheaply, which will increase GDP growth rate. Under new conditions, with China approaching its goal of eliminating poverty and low income levels, the necessary means of GDP growth remains extremely important but must be subordinated to the overall goal of human well-being: the goal. This is why, as Hu Angang, one of China's leading economists and an adviser on drawing up the new plan, put it: "In the process of China's reform and opening up, the five-year plan has been remade... it has become a program for human development, or citizens' needs in all aspects." ■

The article was first published by China.org.cn. The author is a columnist with the news website and a researcher with the Chongyang Institute for Financial Studies at Renmin University of China  
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