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A PIVOTAL EXCHANGE


Xi-Ma meeting sets the tone for cross-Taiwan Straits ties

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A photograph of a diverse group of people, including men and women of various ethnicities, seated in a lecture hall. They are all smiling and looking towards the right side of the frame, suggesting they are engaged in a presentation or lecture. The audience is seated in rows of red chairs.

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Cover Photo: Xi Jinping (right) and
Ma Ying-jeou hold the first meeting between
the leaders of both sides of the Taiwan Straits
in Singapore on November 7 (XINHUA)

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EDITOR'S DESK

A Historic Moment

On November 7, Xi Jinping and Ma Ying-jeou held the first meeting between the leaders of both sides of the Taiwan Straits since 1949. In a respectful and constructive manner, the two leaders exchanged views on cross-Straits relations, with a focus on peaceful development and national rejuvenation. The exciting meeting has rightfully attracted the world's attention, both for its historic nature and outcome.

The meeting was hard-won. After 1949, the two sides had been locked in confrontation. The ice had not been broken until the late 1980s, when exchanges began between the representatives of the two sides. But later the relations plunged into stalemate again when Taiwan separatist forces tried to gain independence.

The recent face-to-face meeting between the two leaders was made possible because of the joint efforts of people on both sides to restore historic ties and was prompted by the fruitful achievements from the peaceful and prosperous cross-Straits cooperation.

The cross-Straits relations are now at a critical juncture. The meeting between the two leaders at this time reflects the wishes of people and will make a positive impact on future relations in a multitude of ways.

First, the Xi-Ma meeting will promote peace in East Asia. Due to historical reasons, the mainland-Taiwan issue has been a potential source of conflict in the region. The 1996 Taiwan Straits crisis filled East Asia with the smell of gunpowder. Now, the two leaders have agreed to push forward the peaceful development of cross-Straits relations and maintain peace and stability in the region.

Second, the meeting will bring the cross-Straits relations to a new level. It will expand exchanges and deepen a win-win situation that will further benefit the people on both sides.

During the meeting, Xi expressed a willingness to share the mainland's development opportunities with Taiwan compatriots, and expressed his positive attitude toward issues including commodity trade, setting up representative agencies of the Association for Relations Across the Taiwan Straits and the Straits Exchange Foundation, Taiwan's participation in the Belt and Road Initiative, and its accession into the Asian Infrastructure Investment Bank. Ma also proposed to expand mutually beneficial cross-Straits exchanges. The agreements will inject fresh vitality and promote cross-Straits talks and negotiations.

Third, the meeting will curb "Taiwan independence" activities, which have hampered the cross-Straits relations in recent years. Both leaders have stressed the importance of adhering to the 1992 Consensus. The consensus made it clear that the Chinese mainland and Taiwan belong to one China.

Finally, the meeting will deter foreign interference with cross-Straits relations. During the meeting, Xi said that Chinese people on both sides of the Taiwan Straits have the ability and wisdom to solve their own problems and make greater contributions to regional and world peace, stability and prosperity. Ma expressed that cross-Straits issues will be handled peacefully by both sides, and that the two will work together to create a more beautiful future for the next generation and rejuvenate the Chinese nation.

Although there are undoubtedly still difficulties in the relationship, the two leaders' statements indicate that the two sides are moving toward the direction of sharing the benefits of development and working together to solve problems. ■

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DRESS REHEARSAL

A helicopter takes off from the Chinese frigate *Jinan* on November 7 off Mayport, Florida, during the first ever China-U.S. joint naval drill in the Atlantic.

The drill, which involved three Chinese vessels that had visited the United States earlier, and three U.S. ships, included exercises on communication, warship formation and joint rescue.



Open to the Public

Visitors with members of the Bayi Aerobatics Team of the People's Liberation Army in Tianjin on November 8 during an open day event.

Prior to its 66th founding anniversary on November 11, the Air Force invited the public to visit military equipment displays and flight training at 18 camps in 14 provinces and municipalities.

Units including aviation forces, airborne forces, surface-to-air missile troops and radar troops were all involved.

Integrated Care

China will promote the integration of healthcare with elderly care to address its aging population, an official statement revealed.

These efforts should benefit millions of Chinese families and create numerous jobs. The statement was released after an executive meeting of the State Council, China's cabinet, on November 11.

A decision made at the meeting urged medical institutions to provide senior care agencies with convenience in making appointments. It also required cooperation between hospitals, communities and home-based senior care services.

The government encourages the private sector to run services that integrate healthcare with geriatric

care and allows areas with abundant medical resources to transform some public hospitals into rehabilitation and elderly care centers, according to the statement.

It added that pilot projects integrating the two kinds of services should be carried out nationwide.

Floating Populations

The number of "floating people"—those who have left their places of origin to seek employment or education elsewhere—is expected to increase by 6 million annually in the next five years. This figure is set to hit 291 million by 2020, a government report said on November 11.

The report, which was released by the National Health and Family

Planning Commission, said that China had 253 million floating people at the end of 2014. The number represents about one sixth of the country's total population.

It also forecast that the floating population will increase at a lower rate than the previous five years, when the number grew by about 8 million every year.

According to the report, 55 percent of the floating people spent more than three years in the places where they currently lived and more than half of them showed an interest in settling down. It continued that nearly 90 percent of the married floating people, who were born after 1980, were living with their spouses, and more and more children and senior citizens have also been integrated into floating families.

Low-Income Homes

China has surpassed annual targets set for its affordable housing program in 2015, data from the Ministry of Housing and Urban-Rural Development showed on November 10.

The construction of 7.47 million affordable homes had already begun by the end of October, exceeding the 7.4 million units planned for the whole year.

At the end of October, construction of 6.88 million homes was "nearly completed," with a total investment of 1.28 trillion yuan (\$201.6 billion), according to the ministry.

Approved in 1999, the affordable housing program is designed to cater to low-income families priced out of the market.

Over the past four years, more than 20 million affordable houses were completed across the country. The State Council, China's cabinet, announced a plan in September to build 18 million apartments in urban areas and renovate 10.6 million rural houses between 2015 and 2017.

Happiest Career

The career with the highest happiness ranking this year in China is freelancing, according to *Insight China*, a fortnightly Chinese magazine.

The 2015 Chinese Happiness Index survey was jointly conducted by the magazine and the media research lab of Tsinghua University.

Although 52.5 percent of respondents agreed that there was no direct correlation between wealth and happiness, money still tops the list of factors affecting people's feeling of contentment. The survey showed that 91.8 percent hope they could have more time to spend with family and friends.

Thus, freelancers have good reasons to top this year's ranking as the job offering the most happiness. More than 68 percent of O2O (online to offline) freelancers earn 5,000 yuan (\$784) per month, with 9 percent earning more than 10,000 yuan (\$1,580), a report last year stated, adding that O2O freelancers continue to grow in the marketplace.

On the happiest job list, freelancing is followed by teacher, government official, artist, civil servant, tour guide, private entrepreneur, fitness coach, actor and business-starter.

IPR Cases

A Beijing court specializing in intellectual property rights (IPR), China's first, has accepted around 8,000 cases since November last year, authorities announced on November 9.

Su Chi, head of the court, said at a press conference that the court has accepted 7,918 IPR-related cases and closed more than 3,200 over the past year. Most cases were administrative lawsuits.

To handle IPR conflicts, the court has cooperated with university law schools and invited academics and lawyers to discuss some legal questions together on a regular basis.

China has been working to protect and improve IPR. Two more IPR courts were set up in Guangzhou, Guangdong Province, and Shanghai last December to deal with cross-regional civil and administrative lawsuits regarding patents, new plant varieties, integrated circuit layout design and technological knowledge.

Chinese courts hear about 110,000 IPR cases annually and this number is expected to increase.

Panda Data

Genetic information on wild giant

pandas living in southwest China's Sichuan Province are to be submitted for the first time, according to the province's forestry department on November 10.

"We extract DNA from the spoor collected during field research, as it is almost impossible to get an equal amount of blood samples," said Gu Xiaodong of the department's wildlife protection station.

"The process could be long, and repetitive work is unavoidable, but it is necessary for the filing," Gu explained.

Eleven wild panda habitats in the province have been picked for the first round of collecting and analyzing.

From November 3 to 9, researchers followed over 100 monitoring routes in Wanglang National Natural Reserve, noting bamboo distribution and panda traces, including their spoor, for the preliminary information needed for the profile building.

Giant pandas are one of the world's most endangered species. About 1,600 live in the wild, mostly in the mountains of Sichuan and Shaanxi provinces, while more than 300 live in captivity.

Music Supervision

The Ministry of Culture urged Internet companies to increase self-examination of online music content.

According to a circular issued by the ministry, online music providers should check the contents



New Year Celebration

People of the Miao ethnic group play *lusheng*, a reed-pipe wind instrument, during their new year celebration in Rongjiang County, southwest China's Guizhou Province, on November 7.

With a population of more than 9.4 million, the Miao people form one of the largest ethnic minorities in southwest China.

of the songs before posting them. Also, music information should be submitted to regulatory agencies at or above the provincial level for additional examination.

The ministry also called on cultural administrative organs at all levels to help companies train employees in conducting self-examination, stating that authorities will conduct random inspections.

Furthermore, the ministry urged

local cultural departments to deal with misconduct in line with laws and regulations, requesting that they blacklist violators to establish a system for assessing and managing companies' compliance.

The circular will go into effect on January 1, 2016, and online music providers should begin submitting information on music examinations from April 1, 2016.

Cross-Border Apprehension

Criminal suspects involved in swindling activities in the telecom sector are escorted off the plane by the police upon their arrival in Beijing on November 10.

A total of 254 people from the Chinese mainland were brought back from Indonesia and Cambodia for their role in the fraudulent schemes, according to China's Ministry of Public Security.

The suspects are allegedly involved in more than 4,000 transnational cases, with victims coming from over 20 Chinese provinces and regions including Hong Kong, the ministry said in a press release.



Foreign Trade Decline

China's foreign trade dropped 12.1 percent year on year to \$323.2 billion in October, the eighth consecutive monthly decline.

Exports dropped 6.9 percent to \$192.4 billion and imports plunged 18.8 percent to \$130.8 billion, the General Administration of Customs said on November 8.

In the first 10 months, foreign trade dropped 8.5 percent year on year to \$3.2 trillion. Exports totaled \$1.9 trillion in the first 10 months, down 2.5 percent, and imports totaled \$1.4 trillion, down 15.7 percent.

HSBC analyst Qu Hongbin attrib-

uted the drops mainly to commodity prices and subdued external and internal demand, noting that exports to emerging markets have experienced a sudden decline. Qu expected more easing efforts in the fourth quarter to ramp up domestic demand and stabilize economic growth.

IPOs Relaunch

China's move to end a four-month long moratorium on initial public offerings (IPOs) has rekindled investors' spirits as the country's drive toward reform creates a healthier stock market.

The China Securities Regulatory Commission (CSRC) announced on November 6 that it will give 28 com-

panies, whose listings were already approved but halted in July, the green light by the end of this year.

The CSRC also introduced significant changes to IPO procedures, allowing investors to subscribe without paying into escrow accounts in advance, giving more priority to information disclosure instead of pre-IPO approvals and simplifying procedures for smaller IPOs.

IPOs in China were suspended after the main market index plunged 30 percent from its June 12 peak, as a panic-triggered sell-off spiked a market bubble that was inflated partly by heavily leveraged trading. Authorities have since then cracked down on the use of leverage, which magnified both gains and losses, while pouring

funds into the market and investigating "malicious" short selling.

"Similar actions have taken place eight times in the past. A restart to IPOs often points to investors gathering confidence again," said Ping An Securities analyst Wei Wei.

This time, the IPO restoration came earlier than expected, showing regulators' resolution and confidence in accelerating capital market reforms and their judgment that the market is now back to normal, Wei said.

The reforms announced on November 6 also prevented a new supply of shares from causing turbulence in the market, he explained.

Before the reforms, investors had to freeze large sums of funds in escrow accounts ahead of IPO subscriptions. Under the new rules, they pay only after the allocation of the shares has been confirmed. (See page 40 for analysis)



Auto Boom

Workers assemble cars in Liuzhou, south China's Guangxi Zhuang Autonomous Region. Automobile output in the city reached 1.88 million units in the first 10 months of the year, up 8 percent year on year.

Nuclear Deal

The China General Nuclear Power Group (CGN), the country's biggest nuclear power reactor operator, has signed an agreement to set up two nuclear reactors in Romania.

The memorandum of understanding, signed on November 9 between CGN and the Romanian state-owned nuclear company Nuclearelectrica SA, is for the third and fourth unit of the Cernavoda nuclear power plant. The agreement covers investment, funding, construction, operation and decommissioning, a CGN statement said.

CGN will also form a joint venture with Nuclearelectrica, and will be the only platform to work on nuclear projects in Romania, according to the statement.

Romania is looking to further develop its nuclear capabilities, which currently accounts for 18 percent of the country's total power consumption.

Yuan-Swiss Franc Trading

Direct trading between the Chinese yuan and the Swiss franc in the inter-



A Cradle for Entrepreneurs

A spaceship model at an innovation park in Hohhot, capital of north China's Inner Mongolia Autonomous Region. Since its launch in 2010, the innovation park, which is built for people that plan to start their own businesses after finishing overseas studies, has attracted 148 businesses.

bank foreign exchange market have started on November 10.

The move will lower the trading costs for China and Switzerland, facilitate use of the two currencies in bilateral trade and investment and boost economic and financial cooperation between the two countries, according to an announcement released by the China Foreign Exchange Trade System.

The central parity rate between the yuan and Swiss franc will be decided according to the average quotation of direct trading market makers before the market opens each working day, according to the announcement.

The Swiss franc is the 12th foreign currency that can be directly traded with the Chinese yuan in the inter-bank foreign exchange market.

Facilitating M&As

China will adjust the auditing process to support mergers and acquisitions (M&As) of listed firms, according to a statement by the China Securities

Regulatory Commission (CSRC) on November 6. The new rule took effect on November 9.

The CSRC will audit the legal, financial and industrial conditions of the applicants based on their disclosed information and reduce the auditing time.

The CSRC will also organize auditing meetings of applicants in batches and improve the supervision of intermediary institutions such as accounting firms.

The M&A market has been quite active this year, with a total of 1919 M&A cases approved by the end of September, according to the CSRC.

Inflation Eases

China's consumer price index (CPI), the main gauge of inflation, grew by 1.3 percent year-on-year in October, the National Bureau of Statistics (NBS) said on November 10.

The weaker-than-expected reading slowed from 1.6 percent in September and 2 percent in August. NBS statistician Yu Qiumei attributed

the slowdown to falling pork and vegetable prices due to ample supplies. Food prices, which account for nearly one third of weighting in China's CPI, went down 1 percent from a month earlier.

As evidence of prolonged weakness in aggregate demand, the country's producer price index (PPI), which measures wholesale inflation, plunged 5.9 percent year on year in October, the 44th straight month of decline.

The figure will stay in negative territory in the foreseeable future as upstream industries are still battling overcapacity. Demand for industrial goods will also slow due to structural changes to the economy.

Insurer Purchase

Beijing-based Anbang Insurance Group Co. is to buy the American life insurer Fidelity & Guaranty Life Co. (FGL) for about \$1.57 billion as part of its overseas expansion plans.

The Chinese firm will pay \$26.8 for every Fidelity share. The acquisi-

tion, when complete, will make Anbang one of the largest insurers by market share in fixed annuity products in the United States, according to the company. Financial holding company HRG Group Inc. is FGL's major stockholder.

"This transaction will bring value to customers of both Anbang and FGL," Anbang said in a statement. It said that the acquisition is consistent with Anbang's investment strategy, "which is focused on globalization."

The deal is pending regulatory approval and is expected to close in the second quarter of 2016.

Anbang is known in the United States for its purchase of the Waldorf Astoria New York Hotel, which it bought for \$2 billion. It has also been acquiring more insurance firms in Europe.

The company entered the Dutch insurance market earlier this year with its acquisition of VIVAT Verzekeringen, following its purchase of Belgium's Fidea Assurances last year.



Colorful Shoes

Xu Daiya (left), a university graduate majoring in fine arts, hand draws on a shoe vamp in a shoe factory in Wuyuan County, east China's Jiangxi Province.



MALTA

Participants from European and African countries, together with delegates from international and regional organizations pose for a group photo during the opening ceremony of the EU's Valletta Summit on Migration on November 11



UNITED STATES

Hundreds of fast food workers in New York City take part during a nationwide strike in demand of a \$15-per-hour minimum wage on November 10



MYANMAR

A staff member shows an envelope of advance vote at a polling station in Yangon on November 8 during the nation's first contested nationwide election in 25 years





CANADA

A museum worker cleans the skeleton of a blue whale with a dust collector at the University of British Columbia in Vancouver on November 10



COSTA RICA

Local people carry bags of olive ridley sea turtle eggs for sale on Ostional Beach on November 9. Ostional is the only place in the world that allows the sale of sea turtle eggs during the first three nights of nesting



THE MIDDLE EAST

Palestinians run to take cover from tear gas fired by Israeli soldiers during clashes in the West Bank city of Bethlehem on November 11

↓ GERMAN EX-CHANCELLOR DIES

Helmut Schmidt, who served as chancellor of the Federal Republic of Germany from 1974 to 1982, died at his home in Hamburg on November 10. Schmidt, born in 1918, was considered the most important chancellor in the postwar period by Germans, according to polls.



Chinese President Xi Jinping expressed condolences over his death. Schmidt made unremitting efforts toward Germany's nation-building, European integration and won the respect of the world, Xi said.

Schmidt was a pioneer and promoter of Sino-German relations. In 1975, he met with Mao Zedong and other Chinese leaders in Beijing, being the first West German chancellor to visit China after the establishment of diplomatic ties between the two countries three years earlier. Since then, Schmidt had visited China more than 10 times.

A Beleaguered Manufacturing Sector

**CBN Weekly
November 2**

October saw a large number of original equipment manufacturer (OEM) bankruptcies. In south China's Pearl River Delta region, a hub for manufacturing plants, OEM companies have been falling one after another like dominoes. Among them was Shenzhen-based Fosunny, a former components and accessories supplier for China's telecom giants Huawei Technologies and ZTE Corp.

Lack of funding and an inability to transform their business model are two major problems for small and medium-sized OEMs. The payment cycle is now prolonged and it takes more than three months for these companies to get paid. Worse yet, banks are reluctant to grant loans to them since non-performing loan ratios are high in the manufacturing sector. Without enough funds, OEMs are incapable of upgrading their technology in order to survive in the harshly competitive market.

Some OEMs, however, are finding a way to adapt. Solutions include introducing smart production lines and creating local brands. Internet Plus, a national strategy to bring together traditional industries, the Internet and new media, also seems promising.



Veiled Truths of Autism

**Life Week
November 9**

A person with autism spectrum disorder (ASD) is often idealized as a "star child" or even as an "autistic genius" in China. However, ASD is a serious neurodevelopmental disorder characterized by impaired social interaction, communication, and restricted as well as repetitive behavior. Although well-intentioned, romanticizing the disease covers up the distressing effects that it has on the afflicted.

Studies at home and abroad show that autistic children commonly suffer from cognitive disorders. Only 30 percent of them can pass a standardized IQ test, while 20 to 25 percent rarely speak. Meanwhile, a large number only use repetitive language. ASD impairs perception and may even result in complications such as epilepsy, depression and self-injury.

The global incidence of ASD is believed to be around 1 percent. The estimated incidence of ASD in China is inching toward 1 percent, according to Xu Xiu, a doctor with the Children's Hospital of Fudan University in Shanghai. Xu is currently carrying out an epidemiological

"The development of CRH2G provides more adaptable trains for China's bullet train networks in deserts and plateaus."

Cheng Jianfeng, a senior engineer with Chinese train maker CRRC's Qingdao Sifang Co. Ltd., commenting on a newly developed bullet train model that can run in temperatures as low as minus 40 degrees Celsius

"The Five-Year Plan would bring a lot of opportunities to Africa's infrastructure building. I think it's a very good direction [that] the Chinese Government is taking."

Michael Munyao, Chairman of the Kenya-China Friendship Association, speaking about the implications of China's proposed 13th Five-Year Plan (2016-20) for Africa at a forum on China-Africa local government cooperation in Beijing on November 10



survey of ASD in China.

Parents with autistic children face both emotional and economic pressure. No one knows the exact causes of ASD, and there is no known cure for the disease yet. The best available therapy is applied behavioral analysis, an individualized education program and pre-school coaching system for children from 3 to 6 years old with autism. Most pediatricians hold that the earlier the intervention and treatment are conducted, the higher the possibility of a “normal life” for autistic individuals.

Creating World-Leading Universities

Changjiang Daily
November 6

A number of China's universities are set to become “world-leading” by 2020 with the help of the government. By 2050, China is projected to become a top destination for students worldwide pursuing a higher education, according to a proposal released by the Central Government on November 5. The plan outlines a new evaluation mechanism for universities that links the government's financial support to their performance.

“Building world-leading universities and disciplines” is, for the first time, no longer a slogan for some universities, but a national

strategy. However, how do universities achieve that goal when there are no clear criteria to do so?

Even the number of papers published in prestigious journals listed in the Scientific Citation Index (SCI), a yardstick used by many in China to judge a university's academic competence, cannot be fully relied upon. A larger number of papers published in SCI journals alone don't make a university world-class.

Actual world-leading universities should have distinctive national characteristics and make great contributions to boosting general academic development and enlightening the public. To raise the international competitiveness of the higher education system, China should not only intensify efforts to gain a technological edge, but also be confident in creating universities with strong national identities.



BEIJING AND SHANGHAI CAGE TWO ‘TIGERS’

Ai Baojun (left), Vice Mayor of Shanghai, and **Lu Xiwen**, Deputy Secretary of the Beijing Municipal Committee of the Communist Party of China (CPC), are under investigation for suspected “severe disciplinary violations.” The two announcements were released on November 10 and 11 by the CPC Central Commission for Discipline Inspection, the Party's top discipline watchdog.

Ai and Lu have become the first senior officials that have fallen from grace, known as “tigers” in China, in their cities in the latest round of crackdown on corruption. Now all provincial-level administrative regions of the Chinese mainland have one or more “tigers” being captured.

Before his fall, Ai, 55, played many roles including head of the China (Shanghai) Pilot Free Trade Zone Administration. Lu, 60, held posts such as mayor of Beijing's Xicheng District and head of the Organization Department of the CPC Beijing Municipal Committee.



“China leapfrogged certain technology, going to the advanced stuff more quickly, and that's a positive product [of] China's anti-pollution policy.”

Frederic Neumann, co-head of Asian economic research at global banking company HSBC, predicting that China will become a global leader in environmental technology in a recent interview with Xinhua News Agency

“I was often troubled when friends asked about my job. I didn't even know if I was a reporter or an editor or something else.”

Wei Jing, a reporter with Beijing-based China.org.cn, applauding the Chinese Government's issuance of press cards, previously available only to print media journalists, to the first group of news website employees on November 6

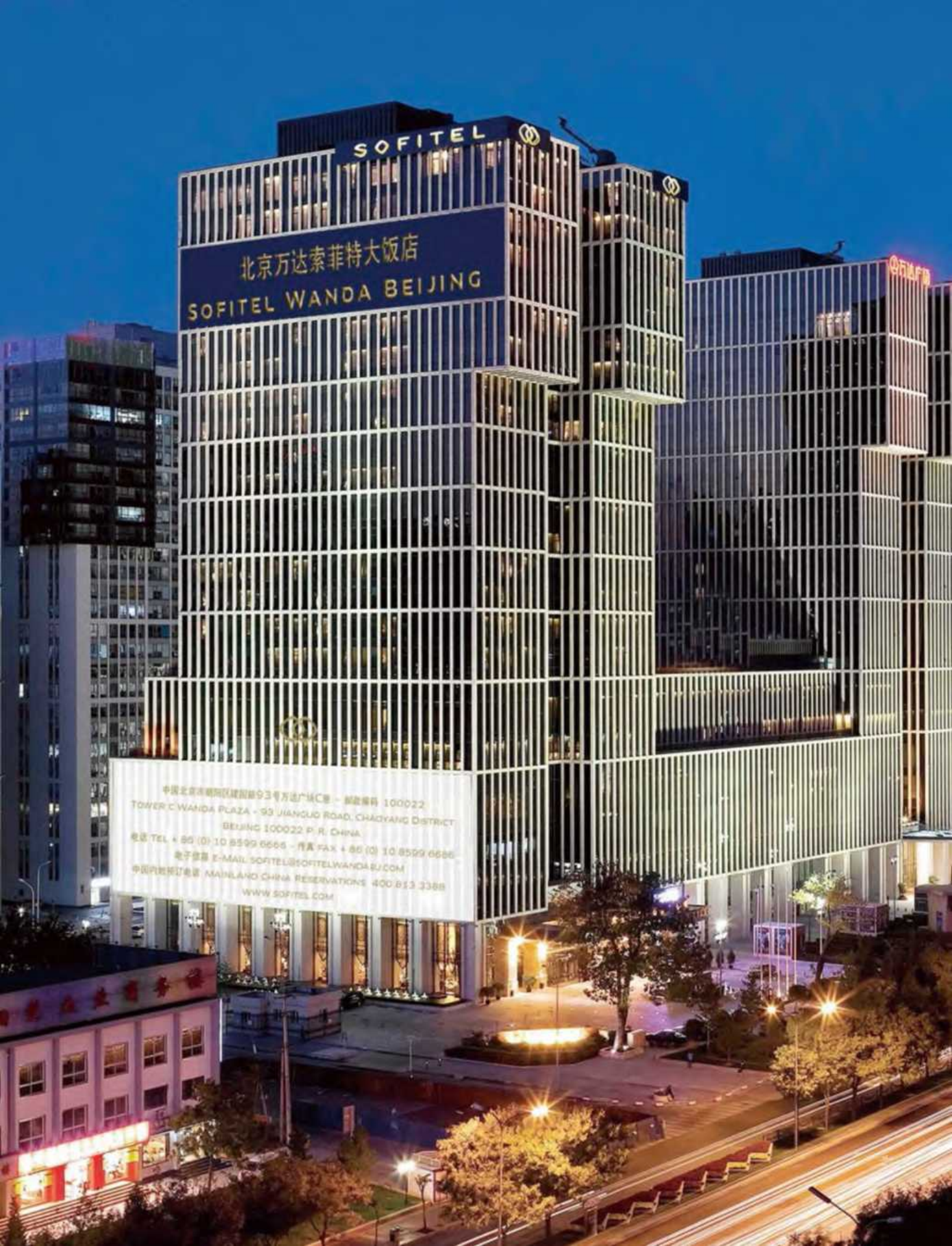
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COVER STORY

POLITICAL BREAKTHROUGH

Cross-Taiwan Straits exchanges reach highest level By Yuan Yuan



Xi Jinping (right) and Ma Ying-jeou (left) hold talks at the Shangri-La Hotel in Singapore on November 7



Political communication between the Chinese mainland and Taiwan has never quite matched the frequencies of people-to-people interactions. The leaders of the two sides had not met since they separated in 1949 after a civil war.

That was finally changed in November when Xi Jinping and Ma Ying-jeou, in their role as “leaders of the two sides” of the Taiwan Straits, met in Singapore. Both Xi and Ma addressed each other as “mister” throughout their meeting.

The news of this historic meeting was released on November 4 and was greeted with surprise by people on both sides of the Straits, and garnered worldwide media interest.

More than 600 journalists from the Chinese mainland and Taiwan alone flew to Singapore to cover the momentous occasion.

“I talked with journalists from both the mainland and Taiwan, and we were all very excited to witness the historic moment,” said Yang Shengyu, Deputy Director of Taiwan-based news channel TVBS. “It was a big surprise, and we all agreed that this meeting has great significance for people in both the Chinese mainland and Taiwan.”

Fruitful meeting

When Xi and Ma appeared in the media spotlight at 3 p.m. on November 7, the camera flashlights caught every detail of the two “mist-ers.” They were both dressed in dark suits. Xi sported a red tie, while Ma wore a blue one. The firm handshake between the two men lasted for about 80 seconds, and the gesture was splashed over the front pages of newspapers on both sides of the Straits.

“The handshake embodied both the past and the future of the two sides across the Straits, as well as the hopes of the rise of the Chinese nation,” Ma said.

“We are sitting together today to prevent historical tragedy from repeating itself, prevent the fruits from peaceful development of cross-Straits ties from being lost again, enable compatriots across the Straits to continue to create a peaceful life, and enable our next generations to share a bright future,” Xi said in his



Zhang Zhijun, Minister of the Taiwan Affairs Office of the State Council, receives a calligraphic work presented by Master Hsing Yun during his visit to Kaohsiung in Taiwan on June 27, 2014

opening remarks.

He stressed that the two sides should prove with concrete moves that the Chinese from both sides have the capability and wisdom to solve their own problems.

Ma declared that the conflict and confrontation between the two sides no longer existed, calling on both sides to resolve their disputes through peaceful means.

"We should consolidate the 1992 Consensus and maintain the peaceful status quo," Ma said in his five-point proposal. The 1992 Consensus mentioned by Ma is the acknowledgment that the Chinese mainland and Taiwan belong to one and the same China. It was reached in talks by the two sides across the Straits in 1992.

Ma also suggested that the heads of departments in charge of cross-Straits affairs should set up a hotline to deal with emer-

gency issues.

Cheng You-ping, head of the Political and Economic Research Center at Taipei University, told Xinhua News Agency, "The leaders were comfortable with each other and did not act like strangers. It was very touching for a witness like me."

After the speeches, Xi and Ma held a meeting behind closed doors at the Shangri-La Hotel.

The mainland's Taiwan affairs chief Zhang Zhijun described the Xi-Ma meeting as a milestone in the cross-Straits relationship when speaking to reporters at a press conference after the leaders concluded their talks. He said that the meeting will facilitate communication and dialogue between the mainland and Taiwan, as well as help to expand bilateral exchanges and deepen mutually beneficial cooperation.

According to Zhang, Xi outlined a four-point proposal on the cross-Straits ties during the closed-door session and described the adherence to the 1992 Consensus and opposition to "Taiwan independence" as the common political ground of both sides.

"Both sides belong to one country... That fact and legal basis has never changed and will never change," Xi said.

Xi stressed that the mainland is willing to share its development opportunities with the people of Taiwan and suggested the two sides could improve macro-policy coordination and expand the space for economic cooperation.

Agreements on freight trade and other matters could come quickly, he added.

"Taiwan's people are welcome to join the Belt and Road Initiative, and Taiwan is welcome to join the Asian Infrastructure Investment Bank in an appropriate manner," Xi said.

The Belt and Road Initiative was proposed by Xi in 2013 to enhance regional economic and cultural exchanges through the building of the Silk Road Economic Belt and the 21st-Century Maritime Silk Road.

Zhu Weidong, a research fellow with the Institute of Taiwan Studies at the Chinese Academy of Social Sciences, said, "To have these leaders sit down together and meet is in itself a big deal. The meeting will set the tone

for the future and certainly play a powerful role in future communication."

Li Mingjiang, an associate professor at the S. Rajaratnam School of International Studies at Singapore's Nanyang Technological University, noted that although the Chinese mainland and Taiwan had both referred to the 1992 Consensus on different occasions in the past, the fact that leaders across the Taiwan Straits made a clear mention of the term dur-

ing the meeting gave it a whole new meaning.

We are family

During their meeting, both Xi and Ma called for greater efforts to promote the peaceful development of the cross-Straits relationship and expand bilateral exchanges.

Since 2008, the mainland and Taiwan have signed 23 agreements, and more than 40,000 ►►

Major Events in Cross-Taiwan Straits Ties After 1949

1949

The Kuomintang, led by Chiang Kai-shek, fled to Taiwan after being defeated in a civil war with the Communist Party of China (CPC). Military confrontation dominated the cross-Taiwan Straits relationship in the following 30 years.

1979

The Standing Committee of the National People's Congress (NPC) issued a message to compatriots in Taiwan on January 1. In the statement, the mainland first proposed to end the military confrontation across the Taiwan Straits through dialogue and welcomed exchanges between the two sides.

1981

In a statement on September 30, Ye Jianying, Chairman of the NPC Standing Committee, further elaborated the mainland's policy and principles for the settlement of the Taiwan question. He affirmed that "after the country is reunified, Taiwan can enjoy a high degree of autonomy as a special administrative region."

1982

Referring to Ye Jianying's remarks, Chinese leader Deng Xiaoping pointed out on January 11 that in effect it meant "one country, two systems," that is, on the premise of national reunification, the main body of the nation would continue with its socialist system while Taiwan could maintain capitalism.

1987

Taiwan authorities decided to allow civilians to visit relatives on the mainland in October. In November, the mainland issued its first travel document to a Taiwan resident.

1992

Representatives of the mainland-based

Association for Relations Across the Taiwan Straits (ARATS) and Taiwan's Straits Exchange Foundation (SEF) held talks in Hong Kong in November. The two organizations reached what is called the 1992 Consensus, an agreement that calls for both sides to adhere to the one-China principle. Founded in 1991 and 1990 respectively, the ARATS and the SEF are authorized by the mainland and Taiwan to handle cross-Straits affairs.

1993

On April 27-29, ARATS President Wang Daohan and SEF Chairman Koo Chen-fu met in Singapore. The meeting marked the beginning of cross-Straits engagement on the basis of the 1992 Consensus.

2005

Hu Jintao, General Secretary of the CPC Central Committee, met with Kuomintang Chairman Lien Chan in Beijing on April 29. It was the first meeting between top leaders of the two parties in 60 years. Following the meeting, the two parties released a press communiqué and announced they had reached a five-point consensus for "promoting peace and development across the Taiwan Straits." The CPC and the Kuomintang have since jointly hosted a series of forums and seminars to promote cross-Straits economic, cultural and agricultural exchanges.

2008

The ARATS and the SEF resumed talks in June after a nine-year suspension. Since then, top leaders of the two organizations have held 11 talks and signed 23 agreements on cross-Straits cooperation and exchanges.

The mainland and Taiwan started direct air and sea transport and postal services on December 15. The move marked an end to the practice that air and sea transport as well as mail between the two sides of the Taiwan Straits

had to go through a third location.

2010

Mainland and Taiwan negotiators signed the Economic Cooperation Framework Agreement (ECFA) on June 29 in Chongqing. Aiming to establish a systematic mechanism for enhancing cross-Straits economic cooperation, the ECFA was agreed upon by the ARATS and the SEF. Under the 16-article agreement, the two sides agreed to "gradually reduce and remove trade and investment barriers and create a fair environment" in the two areas.

2011

Taiwan universities opened their doors to mainland students, in line with an initiative to increase understanding among students from both sides.

2014

Zhang Zhijun, head of the State Council Taiwan Affairs Office, held talks on February 11 with Wang Yu-chi, Taiwan's mainland affairs chief, in Nanjing, Jiangsu Province. It was the first informal meeting between mainland and Taiwan's top officials in charge of cross-Straits affairs since 1949. They agreed to launch regular communication between their departments.

Zhang paid a reciprocal visit to Taiwan in June. He became the first Taiwan affairs chief from the mainland to visit the island in 65 years.

2015

The mainland removed the entry permit requirement for Taiwan residents starting from July 1.

Xi Jinping and Ma Ying-jeou, in their role as "leaders of the two sides" of the Taiwan Straits, met in Singapore on November 7.

(Compiled by Beijing Review)



Hong Ying, a student from the mainland, addresses at the graduation ceremony of Taiwan's Tamkang University on June 13

students have taken advantage of academic exchange programs. More than 8 million tourists travel between the two sides each year. Annual trade is now worth more than \$170 billion.

In his speech, Ma told Xi that he was impressed with seeing students from Taiwan and the mainland enjoying discussions, sports and music together on Taiwan's campuses.

Yan Yijing, born in 1993, chose to go to Taiwan in 2011 to study at university after attending high school in Guangzhou, capital city of Guangdong Province. It was the first year that Taiwan universities officially allowed students from the mainland to enroll.

Yan was accepted by Fu Jen Catholic University. She was one of 975 students from the mainland who went to study in Taiwan that year. Even though Yan's grades were good enough to gain admission to quite a few of the top colleges on the mainland, she didn't hesitate about her choice.

"I just wanted to experience something different and Fu Jen Catholic University is also a good university," said Yan, who found the four years of study in Taiwan a pleasant experience.

"The food here is delicious and the people are friendly," Yan said. "With more and more travelers coming to Taiwan from the mainland, many of my friends came and asked me to be their guide. It feels good."

Hsieh Chinchung, a 20-year-old from

Yunlin County in west Taiwan, decided to choose the opposite route. He went to study at Sun Yat-sen University in Guangzhou.

"My mother is from Tianjin, so I've been visiting the mainland frequently since I was a youngster," Hsieh said. "Members of my family began to settle in the mainland when I was in junior middle school."

He regards himself as a local resident in Guangzhou. "I like the local cuisine and I can speak Cantonese," he said. "I think it's good to maintain the status quo between the mainland and Taiwan."

Chang Yichen, 22, from Kaohsiung in Taiwan, is new to the mainland. He has just started his postgraduate study at Peking University in Beijing.

"I've been in Beijing for two months and am still getting used to the food and the air," Chang said. "I hope the separation issue is solved as soon as possible. Only a united country can stand out against global competition. There is no doubt that Taiwan and the mainland need each other."

Taiwan businessman Vincent Hsu, who has businesses in the mainland and Hong Kong, watched the live TV broadcast of the leaders' meeting and posted dozens of social media posts out of sheer excitement.

"Only by building up political mutual trust, will peace be sustained and avoid any back-

tracking," Hsu said.

David Gosset, a global affairs specialist and founder of the Euro-China Forum, said, "The leaders' meeting signals to the world that the Chinese mainland and Taiwan are moving toward more coordination and convergence. As such, they are contributors to peace and prosperity in the region."

"In this context, and at this stage, what really matters is the very fact that direct conversation takes place," he continued. "The outcome is secondary."

The EU's diplomatic service EEAS released a statement, saying the Xi-Ma meeting was an encouraging step, demonstrating the level of trust that has been built through the ongoing process of rapprochement.

Several opinion polls after the meeting in Taiwan showed supporters of the meeting outnumbered the critics.

The latest poll made by TVBS after the meeting, showed 55 percent of the 1,026 respondents considered the Xi-Ma meeting "conducive to cross-Straits peace and development," 8 percentage points higher than before the meeting.

An online survey by Tw.yahoo.com showed one of the highest support rates with 68 percent of respondents in favor of the closer political ties.

"Supporters of the cross-Straits leaders' meeting far outnumbered the opponents," said Chiu Yi, a board member of the Taiwan Institute of Economic Research. "The majority of Taiwanese residents have acknowledged the significance of the Xi-Ma meeting. That's the mainstream public opinion in Taiwan." ■

Copyedited by Calvin Palmer
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COVER STORY

A LANDMARK MEETING

The dialogue between the leaders on both sides of the Taiwan Straits carries far-reaching implications By Yin Cunyi



The author is executive vice president of the Taiwan Institute, Tsinghua University

On November 7, Xi Jinping and Ma Ying-jeou held the first meeting between the leaders of the Chinese mainland and Taiwan since 1949, with substantive discussions followed by a private dinner in Singapore.

Though the process to bring about the historic meeting may have been full of challenges, its success had been guaranteed given the increasingly close mainland-Taiwan links in the past 36 years.

Back on January 1, 1979, the Standing Committee of the National People's Congress issued the Message to Compatriots in Taiwan. In the statement, the mainland first proposed to end the military confrontation across the Taiwan Straits through dialogues. In the following decades, exchanges between the two sides have steadily progressed despite the difficulties caused by pro-independence forces in the island.

As Xi pointed out during his meeting with Lien Chan, Honorary Chairman of Kuomintang party, on February 25, 2013, "Nothing can cut the blood bond between the mainland and Taiwan compatriots who all belong to the Chinese nation, and nothing can change the fact that both sides on the Taiwan Straits belong to one China." He stressed that mutually beneficial cross-Straits exchanges are unstoppable.

Especially after Ma came to power in Taiwan in 2008, the relationship between the mainland and Taiwan has entered a new stage of peaceful devel-

opment under the 1992 Consensus that there is only one China.

On the other hand, new challenges have arisen in recent years. For example, how to further consolidate and advance the peaceful development of the cross-Straits relationship, as well as how to deliver more of its benefits to ordinary mainland and Taiwanese residents, the latter in particular. Against the backdrop of the global economic recession and their respective ongoing economic restructuring processes, both sides need to deepen their economic, trade and industrial cooperation in order to realize common development goals and create benefits for their own people.

The peaceful evolution of the cross-Straits relationship since 2008 has helped to develop mutual political trust between the mainland and Taiwan as well as their experience in communicating with each other. These have laid the foundation for the Xi-Ma meeting. In addition, the need for consultation on an equal footing between the leaders of both sides has become paramount in addressing the challenges ahead and resolving issues of common concern.

The Xi-Ma meeting is a milestone in mainland-Taiwan exchanges that has a far-reaching impact. First, it is recognition of the efforts made by Ma and the Kuomintang in the past eight years to promote the peaceful development of the cross-Straits relationship on the basis of the 1992 Consensus. On the other hand, it demonstrates the sincerity and determination of leaders of both sides to maintain cross-Straits peace and stability. As long as the two sides adhere to the 1992 Consensus, they can find proper ways to resolve their political differences through consultation.

The meeting may also enhance the Taiwanese people's awareness of the benefits of a peaceful cross-Straits relationship. This influences their willingness to join hands with mainlanders in order to

seek common development goals. In addition, it discourages the small number of confrontational politicians who insist on "Taiwan independence."

Moreover, the meeting has lifted cross-Straits communication and interaction to a new level and paved the way for future talks between the leaders of both sides on major issues or at important occasions. As long as the political foundation and atmosphere are right, they will make progress on some unavoidable issues such as ending hostility, building a mechanism of mutual military trust, jointly safeguarding sovereignty over territorial waters and land, and eventually realizing peaceful reunification.

Finally, the meeting contributes to the peace and stability of the region. The Taiwan question is perceived to be a card for some countries to play against China. If Taiwan and the mainland remain hostile or fail to effectively manage their crises, it is possible that the resulting instability would be beneficial to other countries. The Xi-Ma meeting sent a clear message that the Chinese people across the Taiwan Straits have the capability and wisdom to solve their own problems, hence preventing any interference from any foreign forces and contributing to the regional peace and development.

As Xi once said, it is important that people from the mainland and Taiwan realize and make use of the historic opportunities available to them in order to push forward the peaceful development of the cross-Straits relationship. The meeting demonstrates that Chinese people across the Taiwan Straits love and pursue peace, and that the leaders of both sides are responsible for the nation's future. ■

Copiedited by Bryan Michael Galvan
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Diplomacy in Action

Xi visits Viet Nam and Singapore in regional swing By Yu Lintao

China has always attached great importance to its relations with nations in Southeast Asia, as demonstrated most recently by two high-profile visits of President Xi Jinping to Viet Nam and Singapore on November 5-7. His mission was to deepen political and economic ties and strengthen relations between China and these important partners.

Chinese government officials claimed Xi's trip resulted in wide-ranging agreements that will further improve bilateral relations with these two countries and promote regional prosperity as a whole.

Closer ties

Xi's state visit to Viet Nam coincided with the 65th anniversary of the establishment of bilateral diplomatic relations between the two countries. Based on the long-standing friendship between former Chinese and Vietnamese leaders—Chairman Mao Zedong, Premier Zhou Enlai and President Ho Chi Minh—the two countries have cultivated a kind of “comradely and brotherly” relationship throughout history.

In his contributing article published in Vietnamese newspaper *Nhan Dan*, (meaning the People) a few days before his plane touched down, Xi described his upcoming visit to Hanoi as “dropping by a neighbor's or visiting a brother.”

When addressing representatives attending the 16th China-Viet Nam youth friendship meeting in Hanoi, held in conjunction with Xi's visit, the General Secretary of the Communist Party of Viet Nam Central Committee Nguyen Phu Trong hailed the China-Viet Nam traditional friendship, calling on the younger generation to inherit the “comradely and brotherly” relationship.

As both are socialist countries, China and Viet Nam share a profound traditional friendship, said Pan Jin'e, a researcher on socialist country studies at Chinese Academy of Social Sciences (CASS). Pan said Xi's visit has consoli-

dated the friendship and promoted a more pragmatic comprehensive strategic cooperation partnership.

China and Viet Nam have organized a series of activities to commemorate the 65th anniversary of bilateral diplomatic ties. Trong and Vietnamese President Truong Tan Sang respectfully visited China in April and September.

Though Xi's 27-hour stay in Hanoi was relatively brief, it was packed with meetings. The two sides also signed a series of agreements on inter-party cooperation.

As an important part of bilateral relations, economic cooperation was highlighted during Xi's latest visit. The two parties signed a number of cooperation documents covering such fields as transportation, tourism, culture, energy and finance. They have agreed to expand cooperation within the framework of the China-proposed Belt and Road Initiative and Viet Nam's Two Corridors and One Economic Circle plan.

Working together

China's aforementioned initiative is meant to strengthen cooperation in international trade and infrastructure projects, while the Vietnamese version was proposed by its leaders during a visit to China in May 2004, with an aim to strengthen economic links among 10 Chinese and Vietnamese provinces and municipalities. A joint study on the feasibility of a railway connecting Hanoi-Lao Cai-Hai Phong in north Viet Nam is the latest progress in the alignment of strategies.

Observers believe that the linking of the two initiatives will benefit both countries. Dong Manyuan, Vice President of China Institute of International Studies (CIIS), said the two development blueprints have the potential to create a closer connectivity of infrastructure and capacity cooperation, which is in the interests of both countries.

Moreover, Dong explained that since the

infrastructure, industrial and manufacturing capacity of Viet Nam is relatively weak, participating in the Chinese initiative is helpful for the country to establish an integrated industrial system.

As for China, Dong said, Viet Nam is in a unique position in regards to the Chinese initiative as it lies at the intersection of the land and maritime Silk Road, so the successful cooperation with Viet Nam will serve as a model for China to advance the Belt and Road Initiative with other partners.

Pan noted that the alignment of the two initiatives will actually benefit Viet Nam the most, as it is very helpful for the Vietnamese to take advantage of China's funds, experience and resources to advance its infrastructure construction and then break the country's bottleneck for further development.

Viet Nam joined the U.S.-led Trans-Pacific Partnership (TPP) negotiations as a member state. But observers note that fulfilling the TPP requirements is still a large hurdle for economies like Viet Nam.

Xu Liping, another researcher with the CASS on Southeast Asian studies, said Viet Nam still needs to undergo a long period of change before it can benefit from the TPP agreement. “A close economic cooperation with China is indispensable, and such cooperation will also help Viet Nam reform its economic system,” said Xu.

Data from China's Ministry of Commerce shows that China has been Viet Nam's largest trading partner for 11 consecutive years, while Viet Nam became China's second-largest trading partner in the Association of Southeast Asian Nations (ASEAN) last year. Bilateral trade surpassed \$90 billion last year and is expected to reach the target of \$100 billion ahead of schedule. The two nations had planned years ago to lift bilateral trade to \$100 billion by 2017.

Many observers have noted that the highly-anticipated goal created the impetus for cooperation and gave bilateral relations positive momentum. Given that their disputes over the



A Chinese technician shows how to use a sewing machine at a textile exhibition held in Ho Chi Minh City in Viet Nam on October 21

sovereignty of some South China Sea islands have yet to be solved, the progress bears witness to the two neighbors' will and ability to properly manage their differences. During Xi's visit, China and Viet Nam agreed to launch a joint survey mission on the waters outside the mouth of the Beibu Gulf in December, which is seen as the start for further maritime cooperation between the two countries.

Partners all around

Xi immediately traveled to Singapore following his Viet Nam trip, arriving at the invitation of his Singaporean counterpart Tony Tan Keng Yam. The trip was focused on creating real-time, all-round cooperation between the economic partners. The trip marked the 25th anniversary of the establishment of China-Singapore diplomatic ties.

The two leaders announced at the conclusion of their meetings that they will launch

negotiations on an upgrade of a seven-year-old free trade agreement, expand cooperation in economy, trade and investment, and actively explore modes of cooperation between the two countries' enterprises in a third market within the framework of the Belt and Road Initiative, as reported by Xinhua News Agency.

The leaders highlighted plans to build the third government-to-government (G2G) project in Chongqing, a sprawling metropolis in south-western China. The previous two G2G projects include the Suzhou Industrial Park established in 1994 and Tianjin Eco-City inaugurated in 2008. Xinhua reported that the Chongqing project will have four main areas of collaboration—financial services, aviation, logistics, and information technology. Based on connectivity and services, Chongqing will be a high-level innovation zone utilizing the city's geographical position as a juncture of China's western regions and the Yangtze River economic belt.

Additionally, the two vowed for closer

financial cooperation, including promoting the use of renminbi in bilateral trade and investment and working toward the early establishment and operation of the Asian Infrastructure Investment Bank.

During his visit, Xi emphasized that frequent exchanges of high-level visits, the success of two existing G2G projects, and the proposed third project in Chongqing will all inject momentum into bilateral ties, as reported by Xinhua. Xi also called on the two sides to maintain the momentum of people-to-people exchanges, and expand cooperation in education and human resources to raise the level of cultural cooperation.

Dong of the CIIS said, as a predominantly ethnic Chinese society, Singapore shares cultural roots and maintains special relations with China. Xi's visit will lift bilateral ties to a new height, he believes.

Dong noted that China drew from the experience of Singapore in terms of business management and attraction of foreign capital, especially when China began to adopt the reform and opening-up policy more than three decades ago. Now, as Singapore is a leading member of ASEAN, it will again serve as an important partner of China's as the latter endeavors to promote the Belt and Road Initiative in the region. For Singapore, a city state, the Chinese initiative also presents huge opportunities.

China's ties with both Viet Nam and Singapore can be seen as a miniature version of China-ASEAN relations, according to Dong. The progress in the development of relations with Viet Nam and Singapore will serve as a model to strengthen China-ASEAN relations in the years to come. ■

Copyedited by Mara Lee Durrell
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APEC's Moment

International forum must seize opportunity to lead **By Kerry Brown**



The author is an op-ed contributor to *Beijing Review* and professor of Chinese Studies and director of the Lau China Institute at King's College in the UK

The Asia-Pacific Economic Cooperation (APEC) forum has always been an organization that has a lower profile than it deserves. Set up as an initiative of the then-Australian Prime Minister Bob Hawke in early 1989, its annual meetings are better known for the photo shoots showing the 21 leaders attending in the national costume of the host country than for substantive policy accomplishments. This is a pity. APEC does serve an important purpose, and should be better known and appreciated in the rest of the world, and perhaps even in the Asia-Pacific.

The original reason for APEC's founding was simply that there were limited formal channels of multi-lateral communication in one of the world's most important regions. A look at the current membership list bears this out. It includes the United States, China and Japan, the world's first, second and third largest economies. APEC membership has a combined population making up one third of the planet.

Politically, in terms of development level, size and ethnicity, there can be few more diverse groupings. The current membership runs from the United States with a per-capita GDP of \$54,000, to Papua New Guinea, with \$2,300 per head. It runs from China, with a population of over 1.3 billion, to Brunei, with just under half a million people.

The geographical extent of the membership is simply staggering, running from

Russia, reaching to the eastern edge of Europe, down to New Zealand in the southern hemisphere, to Mexico, Peru, Chile, and Canada. The fact that since 2011 India has attended with observer status adds to the forum's significance.

In view of these differences and disparities, it might seem hard to think of an issue the members can easily discuss on equal terms with each other. But in fact, as APEC's name makes clear, means of strengthening economic cooperation and co-prosperity is something they all share concerns about. In the current climate, there are plenty of challenges in this area they share in common, from sustainability, to producing new sources of growth, to trying to work out ways of doing better business with each other.

TPP adds complication

APEC's work this year will be complicated by the Trans-Pacific Partnership (TPP) initiative with 12 members, some of whom are also APEC members. TPP aims to create its own discrete market, even though at the moment the key force behind it, the United States, has yet to ratify the agreement, and looks unlikely to do so any time soon because of domestic opposition, particularly from the Democrats opposed to the impact the deal might have on the U.S. jobs market.

Ratified or not, the TPP raises a number of questions about what sort of free trade arrangements and liberalization are now necessary in the era in which, to all intents and purposes, the World Trade Organization (WTO) global, multilateral deals look like they are no longer possible, at least for now. Even for the TPP, there are plenty of issues over just how easy it will be to guarantee reciprocal trade, investment and services access to the member economies. Implementation

might prove to be a tough and contentious process.

With the stagnation of the Doha negotiations under the framework of WTO, regional trade deals have become more common. Australia, China, South Korea, New Zealand, and Singapore have all, in the last few years, signed bilateral free trade deals amongst themselves.

But the simple fact is that taking the APEC as a single economic group, with all its internal diversity and complexity, growth is not as robust as it was two or three years ago. China is entering an era of the "new normal," with GDP growth rate dipping around 7 percent. Australia is experiencing one of the worst slowdowns in the last two decades, as its dependence on commodity exports is hit by a drop in demand. The United States might currently be the exception, having seen decent growth and good job creation in the last few years. But there are worried sounds from many that this will prove unsustainable in the long term and that a new economic drop might be imminent. For Japan, the battle to re-energize its economy continues under Prime Minister Shinzo Abe and his brand of economics. For no APEC member at the moment is growth as straightforward as it had been in the recent past.

APEC membership is globally important in this area because it covers a region of huge dynamism and potential, whatever the current travails, one in which emerging middle classes are regarded as the key to future global growth and opportunity. And the battle, both for individual members and for the whole group, is how best to unlock this. They matter to each other in this context, because none can exist in a situation of autarky. So having a common framework they



A Thai technician works at a factory on May 11 in Thai-Chinese Rayong Industrial Zone which hosts more than 60 Chinese enterprises on the eastern coast of Thailand

are able to work together within matters, in areas like provision of services, standardization or rules, and openness of markets to each other.

Despite this, APEC is a very loose association. It does not issue binding edicts, does not have empowered central officials, and certainly does not operate with anything like the cohesiveness of the European Union (EU). Most importantly, it does not have the powers to negotiate trade protocols. It is a space where members talk, and can announce specific initiatives or collective ambitions. But it operates on the principle of consensus. If one of the 21 doesn't agree with an idea, then it doesn't get pursued. This is APEC's strength and, of course, at the same time, a potential weakness.

Tangible benefits

Despite this, in recent years APEC has produced important news. In the meeting held in Beijing last November, the most important outcome was in fact a bilateral one, on climate change, between the United States and China. As two of

the world's largest carbon emission producers, that these two powers were able to agree on a framework deal was hugely significant, and that they did it through an opportunity offered by the APEC meeting.

There must be hopes that prior to the upcoming international meeting in Paris on climate change, APEC, among its membership, might be able to announce something in this area amongst the other members. It covers, after all, an area which will have to be part of any final global deal cutting back on emissions. It has major energy producers, and huge energy users. So something constructive in this arena would be a great scene setter for the Paris conference.

APEC members might also reflect on the need to show leadership. The EU, held as the great example of multilateralism, is undergoing an unprecedented series of internal challenges. These range from the continuing issues posed by the eurozone crisis, to the migration challenge provoked by unrest in the Middle East, to the threat of a UK exit in the next two years should a referendum

demand. The EU is undergoing a period of painful, and in some areas treacherous, readjustment.

For APEC, however low profile the meetings have so far proven to be, it is likely that collectively they will have to start thinking much more of the best framework in which they can really work together to show stronger leadership at a time when it is lacking elsewhere. Something akin to a free trade agreement running across the area would be far too ambitious, at the moment. The idea of strengthening the forum so it has more institutional presence and strength is also politically unlikely.

But there are going to be increasing areas where it will be in the APEC membership interests to work together more deeply, and to find common cause amongst themselves, and, most important of all, to signal this to the world so that it starts paying more attention to what they are doing, and understanding why this matters. ■

Copyedited by Mara Lee Durrell
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Breaking Down the Syrian Crisis



Beijing Review interviewed **Lakhdar Brahimi**, the former UN and Arab League Special Envoy to Syria, in Beijing on November 5 to get his insights on the Syrian crisis and how to solve it. A former Algerian foreign minister and creator of the world-renowned Brahimi

Report, he has devoted his career to resolving conflicts and building peace in some of the world's most troubled regions. An excerpt of the interview follows:

***Beijing Review:* As the former United Nations and Arab League Special Envoy to Syria, what about the experiences in your own country—Algeria—and your political career has informed your contributions to resolving the Syrian crisis?**

Lakhdar Brahimi: Well, Syria was probably the unhappiest time in my life because you are witnessing the destruction of the country, and you are helpless. You are supposed to help, but you cannot help. I haven't been able to help. When I resigned, I apologized to the Syrian people. So that was an extremely unhappy experience.

What do you think is the problem that is keeping the crisis from ending?

That is extremely complicated. I am not sure we understand fully how these problems start, how they develop and how they stop. Syria is a highly civilized country. But it happens very often that people start killing one another when you do not expect them to. Cambodians were reputed to be extremely pacific. They said that when they woke up they were afraid they would kill an ant, and

you saw what they did to one another. So in Syria, I don't think we're going to understand fully how we reached these levels of destruction and of cruelty. But it happened. I think the [U.N.] Secretary General Ban [Ki-moon] said several times, we have failed the Syrian people. He doesn't mean himself or me, he means the international community. The neighbors of Syria, the big powers, have not helped the Syrian people. On the contrary, I think a lot of people have added fuel to the fire rather than water to distinguish the fire. So this is terribly important. Now, we see these meetings that are taking place in Vienna that seem to be promising. Let's hope that this process will develop in the right direction, in the direction of solutions. We can't be sure at the moment, but let's hope that happens.

What are each fighters' purposes?

I think the fundamental problem is that the overwhelming majority of Syrians want change. They have been governed by the same family for 40 years. So they want change, and there is a lot of corruption and a lot of injustice. There

is really no rule of law, so people want that to change. Unfortunately, the government to begin with did not understand nor respond positively to these very legitimate aspirations. And they used force from the beginning, and then as we said, there were a lot of weapons coming in from all over the place. The aspiration for change from the people has not changed, and it has to be satisfied.

Do you think there is a way to reconcile with each other and find peace and harmony?

It will happen. It existed before, it will exist again.

How would you comment on the role China has played in the Syrian crisis?

China is recognized as not being partisan, not being partial, not supporting any side against another. China has been a friend of the region and of the people of Syria. There is no problem. As a matter of fact, I hope that the Chinese will be even more active than they are as a permanent member of the UN Security Council, and they are now a member of this process [of peace talks] in Vienna, so I hope China play a more active role and use the opportunity of them being impartial and not taking sides. I think you should. You must. As permanent members, China has responsibilities for world peace and for peace not only in China, but peace everywhere.

How can China help?

Talk to the Syrians, talk to the neighbors of Syria, talk to the Americans and the Russians, and the Iranians and everybody else about the urgent necessity of working for peace, not for war. I think China should be a bit louder voice in favor of peace.

With regard to the European refugee crisis,



UN Special Coordinator for Lebanon Sigrid Kaag visits refugees from Syria in Aakkar Province in north Lebanon on October 19

what do you think are its underlying causes and what are the preconditions before the crisis ends?

It is a bit unbalanced that people have started talking about refugees only when they appeared in Europe this summer. Lebanon's total population is 4 million. There are 2 million refugees in Lebanon. Nobody is talking about that. Jordan's population is 6 million; Turkey's is 18 million, but still they have 2 million refugees from Syria. And it's been four years already. It's a very big problem for the Europeans. Some of the Europeans have shown incredible generosity and responsibility and solidarity and we are grateful to them. And some have also spoken in very racist terms and that should be condemned more than it has been. I regret that this problem has only been talked about this summer while this problem has existed for years.

It's European and Western centrism: The problems exist only when they are in Europe or in the United States. Lebanon deserves much more interest and sympathy than

Germany. I am not denying that there is a problem in Europe, I am not denying that some of the Europeans deserve respect and admiration and gratitude. But we have to make this observation that problems don't exist only when they appear in rich countries. They may exist also in countries that are not as rich or as powerful.

You have been to many places with different cultures. How can the very different cultures of the West and East merge, understand each other and meet halfway? What are some of the important things for each side to recognize?

I am a very strong believer—and I am sure that I am not the only one—who thinks that the differences are a source of wealth and enrichment. I think that the variety—some of us are big, some are small, some are white, some are black, some speak Chinese, some speak Arabic—all of this is a source of enrichment.

If I am in China, everything I see is new. Instead of saying how hard it is and asking why they aren't like us, I should say I have never seen this. I have never heard that. I have never heard this kind of music. If I consider it an opportunity for me to learn, that will make me richer. Unfortunately, that's not how things work. So the responsibility of leaders is to make sure that their people look more to the opportunity rather than to the problem. I think that the Chinese speak a lot about this and about harmony. Your country is very big. You have a lot of people. You have a lot of languages. So perhaps you are more prepared for diversity. I see it as a source of opportunity, and I am extremely concerned by the increasing number of opportunities that we don't see as an opportunity. Instead, we see them as a problem. ■

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C919, Made in China

Jetliner is the first of many to be produced domestically By Yin Pumin



The C919 aircraft rolls off the assembly line in Shanghai on November 2

China's first homemade large passenger jet made its debut at a grand ceremony in Shanghai on November 2. Amid applause and cheers, the narrow-body C919, developed by the Commercial Aircraft Corporation of China (COMAC), was rolled out fresh off the production line.

At the event which was immersed in a festive atmosphere, Li Jiaxiang, head of the Civil Aviation Administration of China, stated that "China's air transport industry cannot completely rely on imports." He added that "a great nation must have its own large commercial aircraft."

According to official statistics, the passenger capacity of the twin-engine and single-aisle

C919 ranges from 158 in a two-class layout to 168 in all-economy mode and 174 in a high-density arrangement. It has a standard flight range of about 4,075 km while an extended version is capable of flying 5,555 km without refueling.

Since it was launched in 2008, the C919 project has shouldered the Chinese people's hopes of progressing the nation's status in the international aviation market. The aircraft is expected to break the duopoly of the Airbus A320 and Boeing 737 in the narrow-body jetline market.

According to figures released by Airbus earlier this year, China will become the leading

country for both domestic and international passenger air traffic in the next decade. The country is projected to require more than 5,300 new commercial aircraft from 2014 to 2033. This amounts to 17 percent of the world's total demand, with a total market value of \$820 billion in the next 20 years.

Sky-high significance

The development of the C919 is one of several initiatives launched by China to further develop high-end manufacturing.

Then Vice Premier Zhang Dejiang said in 2009 that the development of large-scale jetlin-

ers is part of a strategic decision by the Chinese Government and one of the major programs for building up an innovation-oriented economy.

According to Chen Yingchun, deputy chief designer of the C919, the aircraft's design and development involved more than 200 different component manufacturers and research teams with 36 higher-learning institutions from 22 provinces and municipalities from across China. More than 200,000 technicians participated in the production cycle. Its suppliers of materials and equipment included some of China's largest companies.

He said that all the major parts of the plane were designed, tested and manufactured in China.

"The plane was assembled in China and the maintenance will also be completed by Chinese firms," Chen noted.

Meanwhile, international cooperation is also an important part of the design and assembly process of the C919. More than 30 foreign firms including General Electric and Honeywell of the United States have also supplied components for the project. Furthermore, 16 joint ventures have been set up to help manufacture the plane. For instance, the CFM LEAP-1C engine is sourced from CFM International Inc., a joint venture between GE Aviation, a division of General Electric, and Snecma, a division of Safran, a French multinational based in Paris.

"The aircraft uses the very best of domestic and foreign resources, and was designed and made in accordance with international standards," said Wu Guanghui, chief designer of the C919 and Deputy General Manager of the COMAC, according to Xinhua News Agency.

Many new materials and cutting-edge manufacturing techniques have been used on the C919, which makes the aircraft superior to the planes it would compete against, including the Boeing 737 and Airbus A320.

COMAC Chairman Jin Zhuanglong revealed that the aircraft featured 102 new applications of technology and materials.

"The plane is more advanced compared to the current operating aircraft of the same size," said Chen Jin, Sales Chief of the COMAC. "It consumes between 12 percent and 15 percent less

fuel, and helps reduce carbon emissions."

Wu attributed the plane's higher fuel efficiency to the use of new, lightweight carbon composites rather than steel.

However, the new materials and advanced manufacturing techniques also make the project more complex and risky, and it will take longer to test safety and reliability.

Jin said that six C919 jets would be put through vigorous test flights with a focus on avionics, flight controls, hydraulics and airborne systems.

With its maiden voyage scheduled for 2016, Jin said that the C919 is likely to go into commercial service by 2019.

In his congratulatory message for the development of the C919, President Xi Jinping outlined the necessity of well-thought-out planning for its first flight.

Earlier, China's first airliner independently designed in accordance with international standards, the ARJ21-700 regional jet, underwent six years of grueling tests before it was awarded airworthiness accreditation in 2014.

Wu predicted that the airworthiness testing process for the C919 would be easier as his company has become increasingly experienced in related procedures.

Marketing potentials

"The successful assembly of the C919 greatly enhanced the confidence of domestic aviation manufacturers to compete with those foreign aircraft giants," the C919's deputy chief designer Chen said.

According to a COMAC statement, the C919 has already received a total of 517 orders from 21 Chinese and foreign airlines, including German and Thai clients.

In June, Ping An Leasing, a subsidiary of Ping An Insurance Co., signed an accord to purchase 50 of the C919 aircraft during the 51st International Paris Air Show.

The company said in a press release that the deal was a strategic move to expand its aircraft leasing business and realize greater scale and brand operations of its business.

In the development of the C919's overseas

Quick Facts About C919

- Its passenger capacity ranges from 158 in a two-class layout to 168 in all-economy mode and 174 in a high-density arrangement.
- It has a standard flight range of about 4,075 km and an extended version is capable of flying 5,555 km without refueling.
- Its economic life is designed to be 90,000 flying hours/30 calendar years.
- Its design and development involved more than 200 aircraft component manufacturers and research teams with 36 higher-learning institutions from 22 provinces and municipalities across China. More than 200,000 technicians participated in the production cycle.
- It has already received a total of 517 orders from 21 Chinese and foreign airlines, including German and Thai clients.

(Compiled by Beijing Review)

market, ICBC Financial Leasing Co., China's largest financial leasing company, is playing an important role. As the plane's largest individual commissioning client, the company has already placed 45 orders. It has also signed a strategic cooperation agreement with the COMAC in September.

In the same month, City Airways, based in Thailand, signed an option for 10 C919 aircraft through ICBC Leasing. According to the leasing company's chairman, Cong Lin, many other foreign airlines are mulling over similar contracts with his company.

Jiang Bo, director of aviation finance at the leasing company, believes its established network of more than 40 overseas clients across six continents will prove helpful in promoting the C919 globally.

Meanwhile, many industry insiders have also suggested that the COMAC pursue a more active global marketing strategy and speed up the building of service networks in order to achieve its development ambitions. ■

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The Fourth World Buddhist Forum opens in Wuxi, Jiangsu Province, on October 24

A Call for Peace

Buddhist gathering focuses on exchanges and mutual learning By Tang Yuankai

The late U.S. political scientist Samuel P. Huntington famously predicted that people's cultural and religious identities would be the primary source of conflict in the post-Cold War world. In contrast, Buddhist masters attending the recent Fourth World Buddhist Forum in China believe religion has actually brought civilizations together, and can be a force for peace. Eminent monks present at the forum agreed that mutual learning and exchanges between cultures can break the spell of the "clash of civilizations" theory postulated by Huntington.

The global event as a whole, with a theme of Common Aspiration, Common Action—Embracing Exchanges and Mutual Learning, was designed to discuss the positive role of Buddhist thought in solving the problems that affect the lives and development of human beings. In a declaration as a result of the forum, signatories called upon diverse civilizations and religions in the world to coexist in harmony and learn from each other through exchanges.

Held on October 24-25 in Wuxi, Jiangsu Province, the forum attracted more than 1,000 monks, scholars and other celebrities from 52 countries and regions. A booming town in east China, Wuxi has a long and rich religious tradition. It features an 88-meter bronze statue of Buddhism founder Sakyamuni, the tallest in the world; and is home to several centuries-old temples.

This was not the first time that Wuxi hosted

the World Buddhist Forum. The Second World Buddhist Forum was held in the city in 2009. Now, it is a permanent venue of the forum.

The conference was jointly proposed by Buddhist communities in the Chinese mainland, Taiwan, Hong Kong and Macao in 2004. It was established as a platform for Buddhists to communicate and cooperate.

At the event, Master Xuecheng, President of the Buddhist Association of China, urged Buddhists across the world to promote exchanges between different civilizations, contribute their wisdom to solving common survival and development problems facing the human kind, and join hands in building a community of common destiny.

"First, we should promote exchanges and mutual learning between Buddhists following different traditions and from different sects, countries and regions; second, we should strengthen dialogues and cooperation between Buddhism and other religions; and third, we should enhance integration between Buddhism and modern science and technology," he said.

Xuecheng himself is a pioneer in bringing modern science and technology into Buddhism. On February 2, 2006, when microblogs were nascent, he embraced the medium by opening his personal account, becoming the first microblogger in the Chinese Buddhist community.

Now, he has opened microblog accounts in 10 languages including Mandarin Chinese and Tibetan, English, French, German and Thai,

with followers in two thirds of the countries and regions in the world.

Whenever the Internet-savvy master sends a message, full-time and volunteer translators will quickly render that into different languages and update his accounts in a timely manner.

At the age of 49, Xuecheng became the youngest president of the Buddhist Association of China in the organization's 62-year history when he was elected on April 21. He also serves concurrently as the abbot of Longquan Temple in Beijing, Guanghua Temple in Fujian Province and Famen Temple in Shaanxi Province. He also holds various social positions including member of the Standing Committee of the CPPCC National Committee.

Now, constantly evolving media technology has turned the world into a global village, and a big society of shared prosperity and destiny, Xuecheng said. He believes it is very important for civilizations to defuse conflicts, foster friendship and seek common progress, and the Internet is a convenient way to achieve that.

New media technology has been widely used in the Buddhist community. The Third World Buddhism Forum held in Hong Kong in 2012 was covered with new media technology such as microblogs, while three new media sub-forums were held during the most recent forum. ■

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Foreign Companies Want to Be Single, Too

China's online shopping frenzy goes global By Hou Beibei

In what is likely the most expensive television advertisement for Singles Day since the shopping festival was founded in 2009, American actor Kevin Spacey—appearing as his character U.S. President Frank Underwood from *House of Cards*—wished the audience a happy Singles Day and listed the number of items he wanted to buy to celebrate.

Singles Day, or Double 11, falls on November 11 every year and is China's equivalent of Cyber Monday in the United States, though it dwarfs its American counterpart. Chinese e-commerce giant Alibaba broke its own record this year, recording \$14.3 billion in sales over the 24-hour period.

As the shopping festival has grown in popularity each year, so have the promotion campaigns and advertisements from China's leading companies, which usually begin about a month before the holiday. But it's not just domestic companies looking to get in on the action. Foreign companies are increasingly opening their own stores on Chinese e-commerce sites as demand for foreign goods continues to burgeon in the country.

This helps explain why Alibaba chose Spacey to appear on its television show on November 10 to kick off the shopping spree. American products are as popular in China as its film stars, movies and television series. Costco's online store on Alibaba's Tmall had presale volume exceeding 10 million yuan (\$1.6 million), according to data released on November 6 by Tmall Global, Alibaba's cross-border e-commerce platform. The American superstore sold more than 20 million yuan (\$3.14 million) worth

of good in just one hour on Singles Day, ranking it first among foreign brands on Tmall Global, according to the platform's general manager Liu Peng.

Global shopping

Singles Day surpassed Cyber Monday in 2012 to become the world's biggest online shopping day. Some foreign firms, including Costco, opened stores on Tmall to cash in on the holiday.

"Our performance on Singles Day shocked and surprised our management, and it totally transformed our annual business plan," Costco said in a statement after last year's Singles Day. The superstore opened its Tmall store last October and sold \$3.5 million worth of goods on Singles Day last year.

Its performance didn't go unnoticed. More foreign brands are flocking to e-commerce sites to capitalize on Chinese consumers' growing desire for foreign products. Alibaba has been selling its platform as a way for foreign companies to reach domestic consumers. More than 5,000 international brands from 25 countries and regions attended Tmall's Global Singles Day promotion event this year, according to an Alibaba release.

At the launching ceremony of 2015 Tmall 11.11 Global Shopping Festival on October 13, Alibaba Chairman and founder Jack Ma outlined the company's Double 11 promotion strategy in English to an audience comprised of diplomats from 39 countries and representatives from more than 70 partnering international brands and trade associations.

"There are currently 300 million members of the middle class in China, and that number will rise to 500 million in 10 to 15 years. China's consumption power will rise quickly, and that will not only drive China's economy but also the world's economy," Ma said at the ceremony.

Alibaba isn't alone in seeing demand. Its major rival, JD.com, launched its cross-border platform JD Worldwide last April and its first logistic base for cross-border e-commerce in October in Guangzhou, capital of south China's Guangdong Province.

JD.com said consumers had placed more than 32 million orders on its online marketplace on November 11, up 130 percent compared with last year's Singles Day. The number of orders on JD Worldwide that day rose by 366 percent compared with October's average daily figure, with orders for maternal and baby products growing more than 10 times.

Online-to-offline

Singles Day hasn't just changed how foreign companies look to enter the market. More Chinese retailers are launching online-to-offline (O2O) platforms to survive increasingly fierce competition over the holiday as Chinese consumers' habits shift to buying online using mobile apps.

Intime Retail, one of China's leading department stores, has been working with Alibaba since 2013 to provide more offline services to its customers. Consumers pay for their orders online on the Intime flagship store on Tmall after selecting the products in the offline store. Sales volume of Intime flagship store on Tmall



A big screen in Beijing's Water Cube (National Aquatics Center) shows the gross merchandise volume of Alibaba Group's Tmall Global Shopping Festival

tripled last year's volume to reach 20 million yuan (\$3.14 million) in nine hours on November 11 and rose to 28 million yuan (\$4.4 million) in 15 hours.

In March 2014, Alibaba invested about \$692 million in Intime Retail in exchange for 25 percent equity interest in the company. Alibaba became the controlling shareholder after former Intime Chairman Shen Guojun transferred his shares in July 2015.

"The future economy will be a combination of the real economy and the digital economy," said Zhang Yong, CEO of Alibaba Group and Chairman of Intime Retail, at a press conference in July. He announced that Alibaba will take advantage of big data to improve Intime's services for consumers and delivery system of goods. "We hope new Intime with Alibaba's edge on Internet can create more opportunities for O2O businesses and play a key role in Alibaba's e-commerce operation," he said.

More than 1,000 merchants have joined Tmall's O2O promotion campaign, including retailers specializing in clothes, cosmetics, electronics, automobiles, furniture and tourism. The

offline stores provide customization, distribution and after-sale services to online shoppers.

Seven-year itch

But even as companies upgrade their services to meet Singles Day demand, customers are growing weary of the constant promotion and billboards advertising goods.

Wang Chen, an employee at a foreign company operating in Beijing, passed billboards advertising the shopping holiday in subway stations and on bus stops every day for nearly a month before November 11.

"Now there are various promotion events hosted by e-commerce platforms in a whole year, ranging from holidays to the manufactured shopping festivals, such as May 20, June 18 and Double 12 (December 12)," Wang said. "These events also offer irresistible discounts. It's unnecessary to rush to buy on Singles Day. I'm a little tired of the overwhelming promotion advertisements."

For the past six years, Singles Day has developed the online shopping habit of China's youth. With consumers becoming savvier and

the e-commerce market becoming more mature, Singles Day may soon hit its pinnacle in per customer spending.

In a survey from Renren.com, a social network site targeting Chinese college students, 65.9 percent of respondents born in the 1990s said they don't splurge on Singles Day. Instead, they only buy goods that fit their actual needs.

And for foreign companies looking to gain more profits on Singles Day, it will take more time before most Chinese consumers are familiar with all overseas brands and products.

"The transaction volumes of cross-border e-commerce during Singles Day mainly rely on maternal and baby commodities, cosmetics and health foods, which are simple substitutes for Chinese goods," Zeng Bibo, a column author for e-commerce news website Ebrun.com, wrote in an article.

He estimates that the transaction volumes of Tmall Global will occupy less than 3 percent of Tmall's total volume. ■

Copied by Jordyn Dahl
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When Giants Get Bigger

China's two largest online travel companies Ctrip and Qunar are merging. Where does that leave the smaller players? By Zhou Xiaoyan



Two leading online travel booking giants—Ctrip.com International Ltd. and its archival Qunar Cayman Islands Ltd.—agreed to a share swap and partnership that will create China's biggest online travel service. The tie-up came amid fierce competition for online travel bookings in China, where rising incomes and an expanding middle class are fueling a surge in travel, one of the few bright spots in a slowing economy.

Search engine giant Baidu Inc., which has a controlling stake in Qunar, will own 25 percent of Ctrip under the deal that was announced on October 26. Ctrip will have a 45-percent stake

in Qunar. The two companies will also mix their products and services, according to a statement from Ctrip.

Four Ctrip.com representatives will join Qunar's board of directors, including Ctrip Chairman and CEO James Liang and Chief Operating Officer Jane Sun. Two senior managers from Baidu—Chairman and CEO Robin Li and Vice President Tony Yip—will be on the Ctrip board.

Representatives from both companies said the merger will allow them to offer better products and services to clients with less energy going to pricing. Ctrip and Qunar had

been mired in a price war to gain as much market share as possible, hurting both companies' profit margins.

"We are excited by this transaction, which we believe will help build a healthy travel ecosystem in China. This milestone transaction will enable us to focus on providing the best travel products and services to travelers," Ctrip CEO Liang said in a statement.

Ctrip's U.S.-listed shares gained about 35 percent following the announcement, closing at \$90.78 on October 26. Qunar's U.S.-listed shares rose earlier in the day to five-month high of \$49.71 but closed at \$42.65, down about 17 percent.

The two companies will control almost 70 percent of China's online travel booking market when combined, according to data from Analysys International, a Beijing Internet consulting company. But the deal's structure keeps the combined companies from having a legal monopoly on the market.

"Baidu, Ctrip and Qunar have adopted the cross-shareholding in the partnership, instead of Ctrip directing holding Qunar. Therefore, legally, it's not a monopoly. But their partnership will pose a great threat to their rivals," said Wei Changren, CEO of Ctcnn.com, a Web portal that tracks China's tourism industry.

An inevitable trend

The Ctrip-Qunar deal is just the latest in a string of mergers between China's rival Internet companies looking to gain additional market share and beat off the competition.

In February, Didi Dache and Kuaidi Dache, two leading taxi companies, combined in a

share swap worth \$6 billion. In April, 58.com, a classified service similar to Craigslist, joined its archrival Ganji.com. The latest case was a merger between group-buying site Meituan.com and customer-review and group-buying site Dianping.com in early October.

China's online travel agency market is expected to balloon in the coming year, according to data from iResearch, a market research firm that focuses on China's Internet sector. Transaction values of online travel agencies totaled 87.5 billion yuan (\$13.75 billion) in the first quarter this year, a nearly 30-percent year-on-year gain.

But competition between firms has caused many players to burn through their capital at faster rates and hold promotion campaigns and discounts to lure in more customers, squeezing profit margins.

"Ctrip and Qunar have been locking horns for years and both have invested heavily in the competition. The result is Qunar losing big money and Ctrip not making much money either, a sore result that neither company's investors would like to see," Wei said.

Ctrip and Qunar had been bleeding money for the past year. Qunar saw a net loss of 1.85 billion yuan (\$291 million) in 2014, more than its total revenue that year. Despite a sharp rise in revenue during the second quarter of 2015, Qunar again registered a net loss of 815.7 million yuan (\$128.15 million). Ctrip also reported a net loss of \$36 million and \$20 million in the fourth quarter of 2014 and the first quarter of this year, respectively. Ctrip reported a net profit of \$23 million in the second quarter of 2015, but its operating margin remained low at 2 percent, according to the company's financial filings.

Liu Zhaohui, founder of online travel consulting company TripVivid, expects more mergers in the Internet industry, particularly in the online travel booking sector.

"It's an inevitable trend. The price wars, backed by a large amount of capital input, are unsustainable. The cooling of the capital markets has also forced Internet companies to come together for partnership," Liu said.

But the Ctrip-Qunar merger will deal a heavy

blow to traditional brick-and-mortar travel agencies, said Liu Simin, Deputy Secretary General of Beijing Travel Society.

Experts and industry insiders say niche players need to develop a specific segment and position themselves more accurately in the market to survive the two giants' consolidation.

Smaller players' reaction

Online travel, which encompasses air ticketing, hotel accommodation, attraction tickets and packaged tours, is the second largest segment in China's Internet sector, recording total transactions worth 366 billion yuan (\$57.5 billion) in 2014, according to a Goldman Sachs report released on October 26.

China's online travel market is expected to more than triple to \$196 billion by 2020 from \$60 billion in 2014, with online penetration expanding from 28 percent to 54 percent, according to the report. Ctrip and Qunar will come out on top in the long run with a combined 57-percent share in 2014 of China's online air ticketing and hotel booking market.

Few new one-stop shops will be on par and able to compete with Ctrip, Qunar and Alitrip, the travel service brand under the e-commerce giant Alibaba. However, new opportunities are expected to emerge in other market segments, according to the report. Recent cases include Tujia.com, which offers non-standardized accommodation services, and Mafengwo.cn, a company focused on travel experiences.

The era of online travel agencies fighting for an additional piece of the air ticket and hotel reservation segment has ended, and new opportunities are emerging in outbound tourism, said Wu Zhixiang, CEO of travel-booking site LY.com, a relatively small player in the market. He said LY.com will mainly focus on that area in the coming years.

Business-to-business (B2B) hotel booking site Biz.ziztour.net will focus on helping businesses make hotel reservations and increase hotels operating efficiency, CEO Li Shengnan said.

"Ctrip and Qunar have already taken the lion's share of hotel bookings by individual

Ctrip.com

Founded in 1999 in Shanghai, Ctrip.com International Ltd. is a leading provider of travel services including hotel reservations, air ticketing, packaged tours, rail ticket booking and corporate travel management. Ctrip currently employs more than 30,000 people at its branches in major cities on the Chinese mainland and in Hong Kong, Taiwan, Singapore, South Korea and Japan. Ctrip was listed on the NASDAQ in December 2003.

Qunar.com

Qunar Cayman Islands Ltd. was founded in May 2005 in Beijing. Qunar means "where to go" in Chinese. It's an online travel information provider and a search engine for Web-based and mobile users. Qunar organizes travel information and provides instant searches of flights, hotels, travel packages, group-buying deals and other travel-related information via its website and mobile applications. It was listed on the NASDAQ in November 2013.

(Compiled by Beijing Review)

consumers. No one can compete with them in that regard. However, opportunities still exist for hotel bookings by businesses," Li said. "B2B online direct-sale platforms for hotels should focus on how to help hotels do business with better technologies. It's not only about making reservations, but about improving the profitability of hotels."

Biz.ziztour.net claims it has nearly 20,000 active users, including travel agencies and businesses, covering more than 100 cities in China.

Jia Jianqiang, founder of travel-booking site 6renyou.com, also sees ways for smaller companies to take segments of the market back from Ctrip and Qunar.

"As the business travel market matures, the next battle ground must be recreational travel market for ordinary Chinese. Ctrip and Qunar don't have much market share in this regard. That's where smaller players can seek growth opportunities," he said. ■

Copied by Jordyn Dahl
Comments to zhouxiaoyan@bjreview.com

Regulatory Reform Is Inevitable

China to revamp segmented financial supervisory systems By Wang Jun

Great changes will take place in China's financial supervisory framework, said Wang Jian, chief banking analyst with Orient Securities Co. Ltd., in an article for the financial information provider Wallstreetcn.com. "The current segmented financial supervisory system is not geared to the new conditions in the financial industry, with many blind spots in supervision," he said.

The Central Committee of the Communist Party of China vowed to strengthen the coordination of financial supervision along with other measures meant to improve the regulatory system. These include reforming the financial supervisory framework to suit modern financial market development, improving the oversight rules to keep in line with China's real-time economic situation and international standards, and to realize the full coverage of financial risks. These measures came from the Proposal Formulating the 13th Five-Year Plan (2016-20) on National Economic and Social Development unveiled early November.

The reform of the financial supervisory structure is not a new proposal. Unfortunately, several instances of instability in recent years have pushed the issue to the forefront of the overall financial reform measures that are currently being deliberated. However, the reorganization of the supervising authorities won't be accomplished overnight.

Risk-urged reform

In his article, Wang reviewed three well-known liquidity crises in recent years caused by uncoordinated financial supervision. First, the isolation between the central bank and the banking regulatory authority that caused the lending crisis among small and medium-sized enterprises in Wenzhou, east China's Zhejiang Province in 2011. Second, the separation among regulators

that also caused a cash crunch among Chinese commercial banks in June 2013. Third, a lack of coordination between the banking authorities' regulations and the securities oversight which led to the stock market plummet in June of this year.

"Liquidity crises will never disappear if the overall financial system is not reformed and the current supervisory system is not changed," said Wang.

Zhao Qingming, chief macroeconomic researcher with the Beijing-based CFFEX Institute for Financial Derivatives, told the *Economic Information Daily* that China is now in a special stage featuring economic restructuring and slower economic growth, facing the challenge of the middle-income trap. During this period, risk-laden events will become frequent in the financial system. As China's financial reform and opening up accelerates, the control of financial risk becomes increasingly important, with adequate supervision being crucial in addressing such issues.

In China, banking, insurance and securities industries are supervised by three different authorities—the China Banking Regulatory Commission (CBRC), the China Insurance Regulatory Commission (CIRC) and the China Securities Regulatory Commission (CSRC). The People's Bank of China (PBOC), the country's central bank, is responsible for making monetary policies and controlling money supplies.

The separate supervision model has been greatly challenged by the frequent occurrences of financial problems. When interviewed by the *Economic Information Daily*, Zeng Gang, Director of Banking Research at the Institute of Finance and Banking under the Chinese Academy of Social Sciences, said many banks, insurance companies and securities companies are engaged in mixed operations, challenging

the current separate financial supervision framework.

Newly emerging financial sectors, such as Internet-based finance and privately owned wealth management companies, are also growing rapidly, but they are not under the supervision of any of the four financial supervising authorities.

"The mixed operations of financial institutions makes the whole financial market highly interconnected, raising the possibility of systematic risks," said Zeng. "Integrating financial supervision and incorporating emerging financial institutions into the supervisory framework will be a general trend."

Reform necessities

Mixed operations mean that a financial institution is allowed to provide multiple types of financial services to their customers.

According to Wang, a large number of emerging industries are growing along with China's economic transformation. Having unstable cash flows, it is difficult for these new businesses to get bank loans. They therefore need some new financing methods such as equity financing, private equity, venture capital or crowd-funding. Both banks and other financial institutions are engaging in multiple types of financial services.

However, financial supervision is still conducted separately by the four authorities, which leads to overlaps and absences in supervision. For instance, if a bank is engaged in the securities business, it has to be supervised by both the CBRC and the CSRC. But some newly emerging sectors, such as privately owned wealth management companies, are not yet subject to supervision.

In his book on the theory of broader finance, the newly appointed Vice Governor of



the PBOC, Chen Yulu, proposed to set up an integrated financial supervision system. This integration includes monetary, credit and financial control policies aiming to promote financial and economic stability through increased coordination and cooperation between each sector.

Chen also said in an article that integration is inevitable because under the current system, each regulator only cares about the stability of the sector that it is in charge of. To avoid this, China must reorganize its system to establish a new integrated financial regulatory structure.

Integrated supervision has been the general trend in many countries. Ba Shusong, chief economist with the China Banking Association, said at the Sixth Caixin Summit on November 5-7 that after the global economic crisis in 2008, the United States, the United Kingdom and the European Union have all reformed their financial regulation frameworks. The central banks' role in these

countries' financial oversight has been increasingly strengthened, he pointed out.

He continued that integrating the monetary policy-making with financial supervision will facilitate the exchange of information and the formulation of policies.

Prudent steps needed

Zeng said that in the future, financial oversight must concentrate more on ensuring the stability of the whole financial system, pay more attention to fluctuations of the whole market and strengthen coordination among the different supervising authorities. But whether the actual reorganization of those regulatory bodies is necessary should be carefully considered.

In the United States, the complicated financial supervisory system is difficult to reform. After the economic crisis in 2008, the country established the Financial Stability Oversight Council (FSOC) to identify

and prevent systematic risks and enhance supervisory coordination, with the current surveillance structure left intact.

"China may not copy the experience of the FSOC," stated Zeng. "But we do need to consider the costs and benefits of replacing the current framework with a completely new one."

In 2013 the State Council approved the establishment of an inter-ministerial joint meeting for financial regulation and coordination. Led by the PBOC, the joint meeting is composed of the CBRC, CSRC, CIRC and the State Administration of Foreign Exchange. The National Development and Reform Commission as well as the Ministry of Finance can attend if necessary.

Zeng suggested that the inter-ministerial joint meeting be better implemented, since it is currently too loosely organized to have any real effect in coordinating oversight. ■

Copyedited by Bryan Michael Galvan
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Setting Sail

China's fledgling cruise industry on course to make a splash By Hou Weili



Chinese Taishan, operated by a company in Shandong Province, offers routes to South Korea, Japan and Southeast Asian countries

Taking a romantic cruise with her boyfriend has long been on Dong Qian's travel agenda. Now the white-collar worker from Beijing can finally get her wish.

The State Council, China's cabinet, issued a regulation in August, encouraging workers to take leave outside peak travel periods.

For Dong, it means she won't have to fight her way through millions of other travelers, all vacationing at the same time on designated public holidays. She can now choose her own time to set sail.

"Since I watched *Titanic* as a teenager, ex-

periencing the romance of traveling on board [an ocean liner] has been a dream," Dong told *Beijing Review*.

The new vacation regulation aims to stimulate domestic tourism, including cruises, and has seen an increasing number of companies, like the one Dong works for, adopt the process.

Trending vacations

With the advancement of technology and improved lifestyles, cruises that catered predominantly to the wealthy in the past have

now gained popularity among ordinary people. In Western countries, cruises are a favorite when it comes to holiday options. Cruise Lines International Association (CLIA) statistics show this mode of travel has been increasing at an annual rate of 8.6 percent since the 1980s with international cruise tourism revenue growing at an annual rate of 4.3 percent. One out of six Americans have taken a cruise.

Compared to the high penetration in Western markets, Asia is still virgin territory for the cruise industry. CLIA predicted that cruise tourists in 2015 will number 25 million and in

2020, 30 million. Despite a vast population of about 3.5 billion, Asia has a cruise market penetration of just 0.05 percent, compared with 3.2 percent in North America and 2 percent in Europe.

The market potential has attracted the interest of international cruise lines. In 2006, Italy-based Costa Crociere introduced the first international cruise line in China. And in 2008, Royal Caribbean International entered the Chinese market, offering cruises from Shanghai and Hong Kong.

Last year was a lucrative period for China's cruise industry. Bohai Ferry, a Shandong Province-based listed shipper, established a subsidiary for cruise operations in February and launched its first liner, the *Chinese Taishan*, offering routes to South Korea, Japan and Southeast Asian countries. Tour agencies like Ctrip.com have sealed deals with international cruise lines as they target this area of travel as one of the means to drive their future development. Ports are also attracting investment in their ambitious expansion plans.

Relaxing on the high seas

With these moves, more Chinese are enjoying this new style of pampered holidays on the high seas. "Compared to tight-scheduled tours in which we can grab only a superficial impression of scenic spots, cruise travel totally relaxes me. It is a vacation in the real sense," Wang Rong, a university lecturer from China's landlocked Shanxi Province, told *Beijing Review*.

Wang took her 15-year-old daughter on a four-day cruise from Tianjin to South Korea last summer. Besides a one-day tour to Jeju, one of the ports of call, the trip offered a 24-hour buffet and beverage service, along with a wide range of recreation facilities including an outdoor swimming pool, gym, boutiques, bars and a casino. "It cost about \$470 per person and was worthwhile," she said.

The number of Chinese cruise travelers like Wang is on the rise. A report on China's cruise industry development by the China Cruise and Yacht Industry Association (CCYIA) showed that the Chinese have made about 1.5 million trips on cruise liners in 2014, 150-fold more than in 2005. It noted that revenue from cruises in the Chinese market will reach \$11.5 billion in 2018 at the current growth rate.



Zhoushan International cruise port in Zhejiang Province

However, this revenue is just part of the industry's income stream. "A cruise ship's contribution to the economy is not just from ticket sales. Besides tourists, ship design, manufacture, maintenance, operation and port services will all bring profits," said Han Luhai, Deputy Director of Cruising and Boating Research Department with Shanghai International Shipping Institute.

According to research by CLIA, the cruise industry in the United States created 356,000 jobs and created a revenue of \$42.3 billion from all related income streams in 2012. Industries that are closely related include air transportation, travel agencies, advertising, catering, ship maintenance, oil refining and the wholesale sector. In addition, insurance, hospitality and retail sectors all benefit from the cruise industry.

"The cruise industry will greatly boost its related businesses. Generally speaking, investing \$1 in a cruise ship will bring revenues of \$10 to \$14 to the whole industrial chain," said Han.

Hurdles ahead

With such a lucrative prospect, coastal cities in China are scrambling to build international cruise centers. Currently, four home ports have been completed in Shanghai, Tianjin, Sanya and Xiamen. Ports of call were built or are being planned in coastal cities like Qingdao, Ningbo and Zhoushan.

But insiders note that the cruise industry in China is still a fledgling one. The home ports are designed inefficiently and are unable to operate cruise liners. Ports of call lack supporting facilities and tourism reception capacity.

"Chinese firms, no matter if state-owned or private, are now financially capable of purchasing cruise ships and even organizing a massive cruise fleet. But this doesn't mean they are competent cruise operators," said Zheng Weihang, Vice Chairman of CCYIA.

He noted that the cruise industry is both capital- and technology-intensive. Chinese companies lack operational experience and qualified professionals.

"International cruise liners are far ahead of Chinese operators, with a mature management system for marketing and on-board services," he said.

Besides, some laws and regulations restrict Chinese cruise operators. For example, as Chinese laws prohibit gambling, casinos are not allowed on board. "Playing at the casino on board is just a recreation, not gambling in the real sense. But as long as a cruise ship flies the Chinese national flag, casinos are prohibited," Zheng said.

However, China is making efforts to create a more favorable business environment for the cruise industry. The State Council's new regulation on promoting tourism investment and consumption highlights the development of this sector by pledging to support indigenous design, research and development, and manufacture of large cruise vessels. It also encourages domestic shippers to invest in the sector. ■

Copied by Sudeshna Sarkar
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OPINION

IPO Resumptions Signal Stock Market Restoration

The China Securities Regulatory Commission (CSRC) will resume initial public offerings (IPOs) by companies and further reform the current IPO mechanism, said Deng Ge, CSRC spokesman at a press conference on November 6.

Ten of the 28 companies that have already gained regulatory approval for new share sales will be the first to start their IPOs after November 20, and the other 18 will go public by the end of this year. The CSRC will also resume IPO approval meetings and make a proper approval schedule.

Reform measures include scrapping the requirement for full payment of shares into escrow when an investor bids to subscribe new shares and giving more priority to information disclosure instead of pre-IPO approvals. The regulator will further simplify the pricing procedures for small-cap IPOs under 20 million shares in order to lower the IPO costs for small and medium-sized companies.

The IPO resumption indicates that the self-restoration of the stock market is entering a new stage.

When China's stock market plunged in June this year, panic was aroused among investors. In order to stabilize the market, the securities regulator froze IPOs on July 4, with 28 companies that have obtained CSRC's permission postponing their IPOs.

The regulator's interventions have greatly restored the ailing stock market, and the market has since begun self-repairing. Although the restoration has come at the cost of distorted supply and demand in the stock market, after several months, investors' confidence has been boosted, and the market is recovering.

In October, the Shanghai Composite Index was up 10.8 percent and the Shenzhen

Component Index grew by 15.6 percent. Moreover, in the first week of November, the Shanghai Composite Index rose by more than 6 percent, while the Shenzhen Component Index jumped by 6.3 percent.

By November 6, the benchmark Shanghai Composite Index had rallied by 20.3 percent since August 26, which was the lowest point in this year. A 20 percent stock index growth signals a potential bull market. Therefore, it is reasonable for the CSRC to announce the relaunch of IPOs at this moment.

In the Proposal Formulating the 13th Five-Year Plan (2016-20) on National Economic and Social Development, the Central Committee of the Communist Party of China vowed to accelerate the financial system's reforms. The financial sector needs to accomplish the following goals: First, they need to raise their efficiency in serving the real economy. Next, they should establish a more transparent and healthier capital market. Third, a much needed overhaul of the issuance and trading mechanism of stocks and bonds. Finally, they need to encourage direct financing and lower leverage ratios.

That means the major task for China's financial reform is to ensure the sound development of the capital market, which can provide more financing channels for the real economy, reduce corporate financing costs and diversify resident investments. If the financing functions of the stock market cannot be fully utilized, the above goals will not be met, making it imperative to resume IPOs.

The regulator must also take into consideration the real-time conditions of the stock market when resuming IPOs. If the stock market is not well restored, an IPO relaunch will bring adverse impacts to the market. To avoid

this, the CSRC had also issued some new policies for the IPO mechanisms.

According to Deng, removing the requirement for full payment of shares in advance will prevent the IPOs from locking up too much capital. For instance, the 25 companies launching IPOs in early June this year locked up 5.7 trillion yuan (\$896.23 billion) of subscription capital. Clearly, the new measures should greatly alleviate pressures on the market brought by IPOs, which used to drain a lot of liquidity from the stock market.

More importantly, the restoration of IPO highlights that a self-correction of the stock market is entering a new stage: The investment function of the stock market is resuming, and investors' confidence is recovering. After the financing functions are fully restored, the stock market will see a new situation of supply and demand, which should invigorate the market.

After the financing functions of the stock market recover, improving the market order and readjusting the ideas of supervision will both be crucial steps in ensuring a new round of bull markets.

The CSRC must draw lessons from the abrupt burst of the previous bubbles. In order to make the A-share market a financing market which serves the real economy and a safe market for people to make investments, the watchdog must establish surveillance of the stock market, improve the market order and define a strong regulatory position. ■

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

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

NUMBERS

(\$1=6.3 yuan)

50,700

China's electric car production in October, jumping eightfold year-on-year, thanks to government support

17 bln yuan

The projected value of China's online healthcare market this year, much higher than last year's 10.9 billion yuan

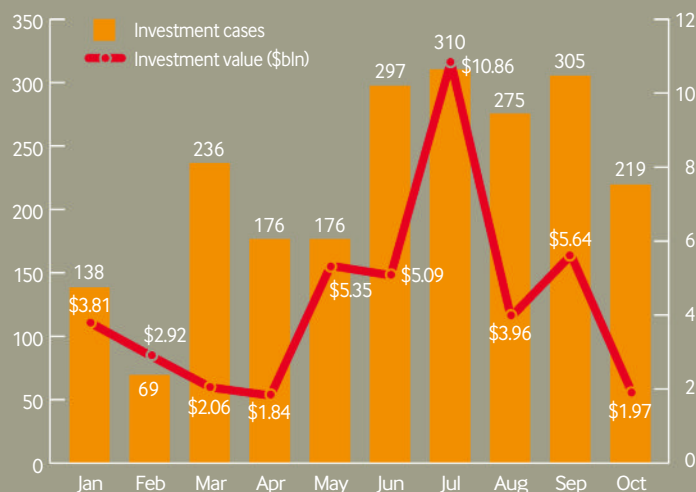
6.88 mln

The floor space of affordable apartments that China has completed construction of in the first 10 months of this year, surpassing its annual target of 4.8 million

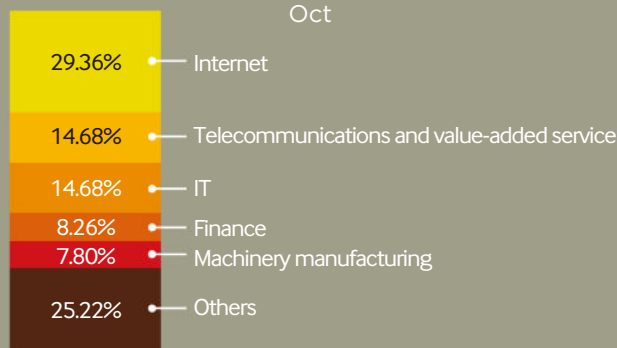
\$3.53 tln

China's foreign exchange reserves at the end of October, the world's largest

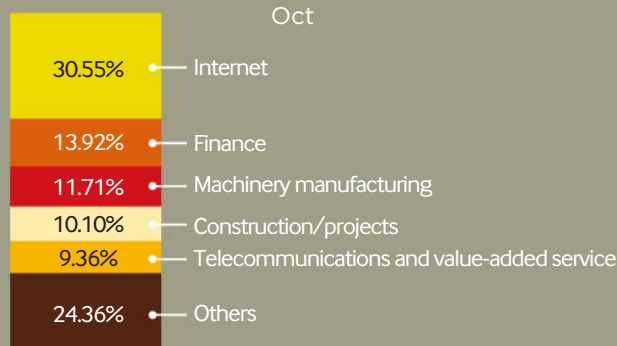
Investment Cases and Value in China's VC/PE Market
Jan-Oct



Top Five Sectors in Investment Cases
In China's VC/PE Market
Oct



Top Five Sectors in Investment Value
In China's VC/PE Market
Oct



(Source: Zero2IPO)

123,000 km

The expected mileage of China's expressways by the end of 2015

5.6%

The year-on-year growth of China's value-added industrial output in October, down from 5.7 percent in September

11%

Retail sales of consumer goods' year-on-year growth in October, slightly higher than 10.9 percent in September

44.7 tln yuan

China's fixed-asset investment in the first 10 months of the year, up 10.2 percent year on year

HOTEL INFORMATION



Full Gallop! Afternoon Tea at The Ritz-Carlton

The Ritz-Carlton Beijing, Financial Street and the Equuleus International Riding Club come together to present Full Gallop! The Ritz-Carlton Afternoon Tea, introducing a new lifestyle trend in the city along with the hotel's newly launched autumn and winter afternoon tea menu.

Equestrianism and afternoon tea-time are both elegant and sophisticated social events in Britain. Both are perfect for training a man on how to be a gentleman, and a woman on how to be a lady. Equestrianism brings health benefits and boosts courage and confidence, whereas having afternoon tea is the perfect social event to build or strengthen relationships among friends and business partners in a relaxing atmosphere.

Inspired by the chivalry of the Equuleus International Riding Club, the hotel's Sweets Master and Executive Sous Chef, Charles Zhao, spices up his new autumn and winter afternoon tea menu. The new menu includes delectable items like cute horseshoe-shaped Vanilla Cookies and autumn inspired items such as: Pumpkin Tartlet With Mascarpone Cream, Lemon Ginger Cream Puff, Pecan Tartlet, Spiced Ginger Cake With Candied Peel, Paris-Brest With Praline Cream and the brand-new Boston Lobster Roll and Wild Mushroom Quiche.

"It's a tradition and also a mission to encourage our talented culinary team to create new afternoon tea concepts and provide guests with a taste journey that will last a lifetime. It's an important part of #RCmemories, which The Ritz-Carlton designed to create memorable experiences," said Andrew Rogers, Multi-Property Vice President and General Manager of The Ritz-Carlton Beijing, Financial Street.

From November 5 to December 4, guests who enjoy Full Gallop! The Ritz-Carlton Afternoon Tea will get a chance to win an entrance certificate to the Equuleus International Riding Club worth 1,200 yuan. In addition, winners will also get to enjoy a 45-minute horse riding class and tour of the only British Horse Society-approved and top equestrian club in China. Just leave your name card with the hostess while enjoying your tea and follow the hotel's official WeChat account RCBJFS for more details.

Tea for Riding 358+ yuan for two persons

Time: November 5 to December 4, every day from 14:00-17:00

Phone: 86-10-66016666-6231

HOTEL INFORMATION

CONRAD

BEIJING
北京康莱德酒店

Tastes of Belgium

Conrad Beijing and Chapter restaurant are pleased to welcome back guest Chef Olivier Van Weijnen from Chez Leon for one week to promote the best of Belgian beer and cuisine including Belgium's famous style mussels. It's everything Belgium at Chapter.

Price: CNY328+15% service charge per person

Served from: October 19 to 25, 2015

6:00pm to 9:30pm.

Tel: 86.10.65846270

Address: 29 North Dongsanhuan Road
Chaoyang District, Beijing 100027, China
beijing.conradhotels.com



CHAPTER
RESTAURANT



About Chez LEON

Within a stone's throw from the Brussels' Grand-Place, CHEZ LEON features 420 seats located in 9 historical houses and is Belgium's largest restaurant. Its banquet rooms situated on the 1st floor have a seating capacity of 18 up to 232 people.

It all started in 1893 with just five tables, but through its simplicity, its direct and warm welcome and its picturesque atmosphere, CHEZ LEON has won the hearts of the national and international public with its Belgian cuisine.

Not to be missed, the new blond and generous 'LEON Beer', brewed in Belgium exclusively for our restaurant in the heart of Brussels.

About Guest Chef from Chez LEON- Olivier Van Weijnen

Olivier Van Weijnen, the executive chef from Chez Leon, the world-renowned Brussels restaurant serving the finest of Belgian cuisine, will be here in Beijing to overseas Brussels week at Chapter where he will be preparing some famous and not so famous but sure to delight Belgian dishes alongside Belgian ales specially imported to pair it with his cuisine.

He brings with him to Beijing and Conrad over 20 year-experience in cooking and preparing Belgian food from the finest hotels and restaurants across the country including being the Head chef for Lories, a Purveyor to the Royal Court of Belgium.

Opposites **Attract**

Mixed couples are on the rise as China embraces globalization

By Jacques Fourier

Nowhere in Beijing are mixed-race couples more conspicuous than in the Sanlitun neighborhood, once known for its seedy bars, now home to top international brands and trendy restaurants. Hidden behind a pillar near the Apple Store, and holding a professional 300-mm lens, Mr. Zhang is taking photographs of mixed couples.

"It's a hobby. I come here every weekend," he explains unabashedly in his broad Beijing accent. "Some of us have a blog and we post the best pictures," he says, pointing out a group of amateur photographers in the distance.

A popular trend

Since China adopted the opening-up policy in 1978, marriages between foreigners and Chinese nationals have increased dramatically. Figures from China's Ministry of Civil Affairs show that the number of such marriages as well as those involving Hong Kong, Macao and Taiwan residents and Chinese living overseas approached 80,000 in 2003. Since then, this trend has bottomed out at about 50,000 per year in recent years. Mostly specific to large cities, mixed marriages are now ubiquitous in China.

Although mixed couples are predominantly composed of Chinese females and foreign males, the big picture is more complex. For instance, Viet Nam is known for providing "mail order" brides to regions in China where gender imbalances are alarming. Moreover, women from Russia are much sought-after partners in north China. From 2004 to 2012, the number of Chinese men marrying Russian women was double that of Russian men marrying Chinese women in Moscow, according to a report from Russia's news agency RIA Novosti, which called the former the "perfect match under the sky."

James Huang, 31, an entrepreneur from



A German husband purchases lanterns with his Chinese wife and their daughter in Liuzhou, Guangxi Zhuang Autonomous Region, on January 23, 2012

Beijing, met Viola, 21, a fashion student from Vladivostok, three years ago. They have been married for over a year and are perfectly happy. "We met through a website. He sent me nice messages. We met in a cafe in February in Beijing," says Viola.

They communicate in English, a non-native language for both, but they don't think it is a major hurdle. "She has learned Chinese very quickly," explains Huang.

What is their recipe for success? "Learn the culture, learn the language, and learn to know each other," says a beaming Huang.

Siya Wang is a real cosmopolitan. At 24, she already has a master's degree from a prestigious

business school abroad and works at a Hong Kong-owned bank branch in Shanghai. She met Barak Hurvitz, 23, from New York, a couple of months ago through common acquaintances. Hurvitz has been in China since August, working in higher education.

"There's a lot to learn from each other. We come from different backgrounds," Hurvitz says and adds that even two people from the same country have different life experiences. "Siya has studied in France for two years and I have family in Israel, so I guess we're both international and we've been able to connect that way," he says.

"It can be very difficult if neither have lived

in another country or culture,” said Wang. “There are lots of things you won’t understand. Asian women need a lot of attention; they are not that independent,” she commented.

Pride and prejudice

There was a time in China when it was inconceivable to marry a foreigner. However, after China opened its doors, marrying a foreigner was viewed by some as a way to emigrate and bypass the family-planning policy of the time, which limited most urban couples to one child.

Tiffany, 35, from Beijing, divorced five years ago, but was adamant about wanting to remarry and have more children. “I had just divorced and had had a one-year-old boy. I wanted him to grow up in a better environment, but I also wanted to live a better life,” she explains. “I joined a dating website and paid for VIP access to profiles of Western men.” She eventually chose from three men who traveled to Beijing to meet her over a period of six months. She now lives in Australia where she has given birth to two children.

Envy and contempt go hand in hand. “These Chinese women marrying foreigners are shameless,” says a disgruntled Mr. Wu, a man in his 50s. “They just do it for the passport and the money.”

Ms. Lu, 31, from Beijing, is more circumspect about saying what she really thinks. “Maybe they want to feel special, but I must say that I would be pleased if I had a mixed-race baby!” she admits.

Deeply ingrained prejudices and misconceptions related to education, manners, wealth and sexual performance cannot change overnight. According to a 2013 Internet survey published by news website Cankaoxiaoxi.com, respondents believed that Chinese women were attracted to foreign men for reasons such

as sexual performance (35 percent) and financial wealth (31 percent). Further down the line, love and culture ranked poorly, at 6 percent and less than 2 percent respectively.

Conversely, according to the same survey, respondents believed that Chinese men marry foreign women for their beauty (over 30 percent) and the social status such a relationship confers, the so-called “trophy wife” (22 percent).

A psychoanalytical explanation

Dr. Eric Smadja is a French psychoanalyst. His book, *The Couple: A Pluridisciplinary Story*, will be published by Routledge in 2016. According to Smadja, it is necessary to make a clear distinction between a short-term sentimental relationship and a long-term commitment leading to marriage.

“The relationship of short-term couples is mainly based on erotic satisfaction and is associated with a narcissistic component. That’s why breakups occur frequently,” he noted. “However, in a long-term relationship, when two people live together, there are fundamental mechanisms of defense and protection at play, which will benefit the couple.”

Foreigners have become a common sight in China, many of them being single men. “Men may either feel the need to break away from the restraining realities of daily life or react against norms, practices, ideals and values for the sake of adventure. They believe they will find what they are looking for with a Chinese woman,” Smadja says. “In China, [the foreigner] can break free from unconscious taboos and constraints and do what wouldn’t be tolerated in his native country.”

For Smadja, the representation of the Chinese woman in Western eyes is linked to sensuality, but also to her devotion to a husband or her role as a “good mother.” “Some men



James Huang and his wife Viola

would just allow themselves to behave differently from an erotic and social perspective and thus feel ‘liberated’ from internal constraints,” he said.

From the Chinese woman’s perspective, Smadja thinks that their image of the Western man is often idealistic and overrated. “Being seduced by a Western man would therefore reinforce self-image. The benefit is mostly narcissistic, whereas for the Chinese man, it is both narcissistic and erotic,” he said.

As for mixed couples that become parents, Smadja sees other key factors. “It is possible to imagine some sort of unconscious opposition to a [traditional] parental model, a display of hostility and rebellion to family norms and values. We could put it down to counter-identification to the father and the mother. But it might also be an attempt to protect oneself from an emotional dependence through geographical and cultural distance,” he adds. “In that regard, marrying a foreigner would be a defensive solution to oedipal anxieties.” ■

The author is a French journalist living in Beijing
Copyedited by Bryan Michael Galvan
Comments to yanwei@bjreview.com

Are Real Names Necessary For Delivery Services?

Dear Readers,

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

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The real-name registration system for parcel delivery services introduced on November 1 has stirred much controversy. According to the new rule enforced by the State Post Bureau, the Ministry of Public Security and the State Administration of Work Safety, people are required to provide their personal identification when sending packages and couriers are required to check the contents and X-ray them.

Many senders are now worried about the possibility of having their personal information leaked during the delivery process. Meanwhile, delivery companies complain that the new rule complicates their working procedures and reduces their efficiency. Additionally, various media outlets have found that the new regulations have not been well enforced since they have been put in place.

A necessary measure

Wang Shuangshuang (www.china.org.cn): The benefits of the real-name registration system outweigh the adverse impacts. For instance, it serves to deter those intending to send dangerous items through those delivery services and prevents illegal activities. When dangerous items are discovered, the public security department can trace the sender in order to solve a case more efficiently. Besides, it increases the sense of security of the recipients.

Although it has encountered many difficulties in its application, the new system represents a positive reform. The public should obey relevant laws and shoulder their responsibilities as well. Law enforcement authorities should put in place regulations to protect the privacy of customers. Only when the public's privacy is guaranteed should they support the change in policy. In addition, the authorities should deal

out strict punishments for any disobedience of the new rules in accordance with the law.

Li Xing (Changjiang Daily): Compared to traditional postal services, new delivery companies have made life more convenient and have helped change many people's purchasing habits. Nevertheless, safety has become a prominent concern hindering the sustainable development of this industry.

Against that background, the new registration system has become a necessity. But, given the lack of strict supervision over this sector, it is understandable that some members of the public would be worried that their personal information might be leaked. As a matter of fact, the delivery industry currently has no effective measure in place for protecting their customers' information. As a result, many consumers have chosen to conceal their real identities.

As a safety measure, the real-name registration system has been effectively applied in civil aviation, railway and telecommunication services. However, the application of the system to the delivery industry, which is dominated by private companies, is still challenging. Delivery companies should face up to this serious safety problem and fully adhere to the new regulations. These new measures are necessary to prevent the delivery of bombs, dangerous chemicals and drugs. If these security loopholes in the industry are left untouched, the social order at large might be negatively affected.

Xiao Yinglin (Changsha Evening Newspaper): The delivery sector is an emerging industry in China. The Central Government has unveiled a slew of new policies to help regulate these businesses. However, the problem is whether local government departments can adhere to them substantially enough and strengthen their supervision over these

services. In applying the real name registration system, local government departments should try to address the public's unease regarding the delivery companies' handling of their information.

Concerns remain

Chang Qingcun (*Beijing Youth Daily*): The government has not

prepared enough to put the real-name registration system into full practice. It has not taken the necessary measures to reduce the public's concern over their privacy or the delivery companies' worries about their reduced efficiency.

Han Ruilin, an official with the State Post Bureau, said that real-name registration may lead to the leakage of senders' private information and that the solution was to strengthen the training and supervision of those companies, enforce stricter rules over the industry and strengthen their self-discipline.

At present, however, the laws and regulations governing the industry are rather elusive. For instance, a notice issued by the State Post Bureau on its website said that companies which refuse to adhere to the policy and cause major safety accidents will be punished in accordance with law. In other words, companies will only be penalized if and when they commit a serious breach to the regulations. This therefore gives businesses enough leeway to disregard the new rule, since such large indiscretions are uncommon.

Fu Dalin (*Beijing Times*): This sector has developed rapidly in recent years. The State Post Bureau revealed on October 16 that nearly 20 billion parcels are expected to be delivered this year. With such a large volume of busi-

ness, it has a definite impact on our daily lives. Moreover, this figure is bound to increase as the economy shifts more toward consumption in the future. However, the question is whether these emerging services are regulated and mature enough to do business safely.

A rise in criminal use of delivery services has produced a need for real names in order to enforce the law effectively. However, the precursor to practicing the new system is to have sophisticated safety measures already in place. Only a well-regulated industry can prevent the privacy leakages that the public are worried about most. Personal information confidentiality continues to be a prevalent issue in the banking and telecom sectors. Delivery services should be held to the same strict safety standard that other businesses handling private information already adhere to.

A set of regulations governing the operation of the industry should be established and responsibilities should be properly distributed between delivery companies, couriers and customers.

Fu Xiaowei (*Guangzhou Daily*): The creation of the new registration system represents part of the government's efforts to improve this emerging commercial sector and to deal with public safety concerns. With the rise of online

purchases, new delivery services have become a boon to the economy as well as an effective channel that connects more customers to online vendors.

However, the enforcement of the new rule alone is inadequate. More checks should be placed by the Central Government to ensure the continued growth of these businesses as well as the safety of the consumers in general.

Liu Tianzhu (www.cnhubei.com): If the main purpose of this new system is to prevent the delivery of dangerous and explosive items, is it necessary to force ordinary citizens to comply? While the system may be convenient for relevant government departments to strengthen their supervision over the industry, it has caused much inconvenience for customers and businesses alike.

One solution might be to categorize the customers and implement the system selectively. For example, online vendors should be required to provide their real personal identification to prevent them from cheating customers. Also, rather than checking the identification cards of customers, directly checking the items being delivered may be more effective in avoiding potential safety threats. ■



LI SHICONG

Misadventures in China

By Jordyn Dahl



View at sunset of the Yangtze River that flows through Fengjie, a small town in southwest China's Chongqing Municipality

Many of my Western friends tell me that they don't find the Chinese to be very friendly. They generally don't smile at strangers or say "hello" in the elevators like we frequently do in the West. Some construe this as being unfriendly or insincere, and it is by some Western standards, particularly American. I have found this notion to be otherwise false. I may not get smiled at by passersby on the street, but the locals in every city I've visited have always been willing to lend a hand, point me in the right (or sometimes wrong) direction and recommend a good dish. In one particular instance, a local took me under his wing and went above and beyond to help a lost traveler.

The day started innocuously with a bus ride from Chongqing to Fengjie, a small river town in Chongqing Municipality along the Yangtze by the first of the Three Gorges. I came to Fengjie to take one of the smaller barges to Badong, another river town that sits at the mouth of the gorges. The goal was to take a handful of buses and ferryboats from town to town along the river, rather than the three-day cruise that usually goes through the gorges at night.

I hopped off the bus and started walking along the main thoroughfare toward the port and a nearby hotel I read about. At least, I thought I was walking to the port. I stopped on the sidewalk to consult a map after about 15

minutes of searching, and a man in his 50s approached to ask where I was going. I later found out he saw me get off the bus and thought I was lost. Good guess.

While I explained my mission, another man—Mr. Qu—joined us. They jabbered away in the local dialect for a few minutes before Mr. Qu took me to a nearby gas station, flagged down a minibus before I could protest, and paid my fare even quicker. We chatted with the locals on the bus, all of whom seemed to know Mr. Qu. I had made friends with the local celebrity.

A few minutes later we arrived at the port to find the windows shut for the evening. Mr. Qu glanced at the board, reread it a couple of times before turning to give me the bad news: No more boats to Badong. But no matter, he said, I could catch a bus in the morning instead.

At this point, Mr. Qu had been helping me for close to an hour. I tried to convince him to go home to his wife, whom I was sure was wondering where he was. But he wouldn't have it and told me it was time to find a hotel. Mr. Qu hailed a cab and we were off to the other side of the city where life was bustling with locals buying fireworks and lighting lanterns for the holiday. We entered the first hotel, a bright lobby with columns and kitschy paintings. No rooms left. We went to another with the same result.

Finally, the sixth had one available for close to \$100—far outside of my budget. Doesn't matter, Mr. Qu said. He had an idea.

Mr. Qu told me about his job at a famous Chinese liquor manufacturer while we walked to a different neighborhood. He suddenly stopped outside a building, announced we had arrived and walked in. I looked up to see "Police Station" in big, bold letters. What on earth were we doing here?

Five handsome young men sat behind the counter, bored on a quiet night with the same bewildered expression I'm sure was written on my face. Mr. Qu told them my predicament: The city has no empty hotel rooms for a foreigner. Can they help? The officers snapped to, crowding around a computer to look at the list of hotels. One after another they called what must have been every hotel in the city. At last, one stood with a look of triumph and told Mr. Qu and I to follow him.

He led us outside, unlocked his police car and ushered us into the back. Five minutes later, I climbed out of the car to a stunned crowd staring, surely wondering what kind of trouble the foreigner had caused. I was wondering this myself. The hotel was expecting me and quickly scanned my passport and got my room key. The officers and Mr. Qu accompanied me to the room to make sure it was up to snuff. I hastily assured them it was fine, embarrassed at the trouble I had caused and thanked Mr. Qu for all of his help. He informed me he would meet me at 6 a.m. sharp downstairs to take me back to the bus station. I tried to argue, realized it was futile and agreed to meet him.

The next morning, Mr. Qu deposited me at the bus stop, waving as it drove off to the next stop. ■

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