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Reins of Liberation: An Entangled History of Mongolian Independence, Chinese Territoriality, and Great Power Hegemony, 1911-1950.

This article reviews the book "Reins of Liberation: An Entangled History of Mongolian Independence, Chinese Territoriality, and Great Power Hegemony, 1911-1950," by Xiaoyuan Liu.

In this book liu gives detailed account of story of Mongolia and geopolitical interests of China Russia and Japan attached to it and gradual change of Mongolia from traditional empire rule to modern nation states. It gives deep insight of Chinese interest in historic Mongols and also of complexities given by Russian involvement in Mongolia.

CHINESE Politics in the Hu Jintao Era: New Leaders, New Challenges (Book)

This article reviews the book "Chinese Politics in the Hu Jintao Era: New Leaders, New Challenges," by Willy Wo-Lap Lam.

In this book Lam has shed light on leadership qualities of Premier Hu jin Tao (fourth generation communist leader). The author argues that while Hu may not be of the same stock as his predecessors he understands the diplomacy and the importance of ideology, slogans, pragmatic policies, and economic reforms in a communist system. He suggests that Hu has the skills and the personality to keep China a communist state even as it progresses economically.

National report

Political front

- Party magazine to publish vice premier's article on adjusting economic structure Tuesday (31st May)

(Xinhua) -- Qiushi, or "Seeking Truth," the official magazine of the Communist Party of China (CPC) Central Committee, will publish an article Tuesday by Vice Premier Li Keqiang on the adjustment of the nation's economic structure to promote sustainable development.

Li, also a Standing Committee member of the Political Bureau of the CPC Central Committee, writes in the article: "As the country's economic structure faces both challenges and new opportunities, adjusting the economic structure is key to transforming the growth pattern and achieving sustainable development."

The article says efforts must be made to work toward adjusting the economic structure to ensure "stable and relatively fast economic growth."

The article also touches upon such issues as expanding domestic demand, urbanization, accelerating industrial upgrading, and coordinating development of the population, resources and the environment with economic and social development.

- China's CPC, Kenya's ODM vow to strengthen inter-party ties (3rd June)

(Xinhua) -- The Communist Party of China (CPC) and Kenya's Orange Democratic Movement Party (ODM) will strengthen their inter-party relations in a bid to promote bilateral economic cooperation, a visiting Chinese official said on Wednesday in Kenya's capital of Nairobi.

Senior CPC official Wang Gang made the remarks when having a meeting with Raila Amollo Odinga, the leader of ODM and the Prime Minister of Kenya.

Odinga hailed the existing cordial relations between Kenya and China which continued to gain momentum over the past years. He also expressed willingness to further strengthen the bilateral cooperation and promote common development.

A high-level delegation headed by Wang, vice chairman of the Chinese People's Political Consultative Conference National Committee and member of the Political Bureau of the CPC Central Committee, arrived in Kenya on Tuesday afternoon for a four-day friendship visit at the invitation of ODM.

Wang said the visit by the Chinese delegation aims at further consolidating and strengthening the party-to-party friendly relationship of cooperation and promoting more in-depth and comprehensive development of Sino-Kenya relationship.

he noted that CPC had attached great importance to the high-level exchanges and promoting folk or informal exchanges between the two countries. By doing so, Wang said, the Sino-Kenya relations would be developed in a more comprehensive and deeper manner.

Wang and Odinga also attended the signing ceremony of the Memorandum of Understanding of the inter-party cooperation and exchange between CPC and ODM.

Foreign relations

- China urges region to step back from Korea clash (30th May)

Seoul and Tokyo blame North Korea, whose leader Kim Jong-il visited China earlier this month, of torpedoing [South Korea's](#) Cheonan corvette in March, killing 46 sailors -- the deadliest military incident since the Korean War.

China, which is [North Korea's](#) biggest trade partner and which fought alongside the North in 1950-53 Korea War, has declined to publicly join international condemnation of Pyongyang, saying it is still assessing the evidence.

Chinese Premier Wen Jiabao kept to that stance at the two-day summit in Seogwipo, a honeymoon resort on [South Korea's](#) Jeju island, which was originally meant to focus on regional economic integration.

"The pressing task now is to respond appropriately to the serious effects of the Cheonan incident, to steadily reduce tensions, and especially to avoid a clash," Wen said, standing next to Japanese Prime Minister Yukio Hatoyama and [South Korean](#) President Lee Myung-bak at the end of the summit.

Wen did not mention [North Korea](#) by name, nor did he give any firm indication that China would accept any U.N. Security Council effort to condemn or sanction the North.

[North Korea](#) has repeatedly denied responsibility for the Cheonan incident. The official Korean Central News Agency said on Saturday the United States was blaming the North for the ship sinking in order to keep a U.S. Marine base in Japan and make China feel "awkward."

[South Korea](#) last week announced a series of sanctions against its neighbor, including cutting trade, resuming propaganda broadcasts across the border, and launching naval exercises near the disputed Yellow Sea maritime border. It has also pledged to take its case to the U.N. Security Council.

GRAVE IMPLICATIONS

China and Japan are the world's number two and three economies and, with [South Korea](#), account for close to 20 percent of global economic output. Instability on the Korean peninsula could have grave implications for the global economy.

"I think China was cautious because it does not want [North Korea](#) to lash out," Hatoyama told reporters at a separate briefing after the summit.

North Korea needed to be taught a lesson so it will mend its ways, but war is not an option, said [South Korean](#) President Lee.

"We are not afraid of war, nor do we want one," he told Wen and Hatoyama, according to Lee's office. "We have no intention of fighting a war."

[South Korea's](#) Lee indicated that he expected China to back a U.N. Security Council response to the sinking. "China and Japan have very important roles to play in the international community and I fully expect them to have wisdom on this issue," he said.

As a permanent member of the U.N. Security Council, China has the power to veto any proposed resolution or statement.

"With regard to the Cheonan, China seems confident that tensions will eventually diminish," wrote Stephanie Kleine-Ahlbrandt, the North East Asia Project Director for the International Crisis Group, a non-government advisory organization, in an emailed response to questions.

Hatoyama said [Japan](#) will back Seoul when it takes the North to the U.N. Security Council. But Pyongyang may not bow even if China goes along with such steps, said Kleine-Ahlbrandt.

"We have seen plenty of cases in which external pressure has not worked on [North Korea](#)," she wrote. "It is, therefore, questionable whether further measures will have the desired effect in this situation."

North Korea has warned of war on the Korean peninsula if Seoul imposes sanctions, calling the [South Korean](#) government "military gangsters, seized by fever for a war."

- Chinese premier makes four-point proposal on deepening economic cooperation with S. Korea, Japan (30th May)

(Xinhua) -- Chinese Premier Wen Jiabao Sunday called on South Korea and Japan to make further efforts to enhance cooperation and economic integration among the three Asian nations.

Addressing the Second China-Japan-South Korea business luncheon in this southern South Korean resort island, Wen said that only by deepening their mutually beneficial cooperation can the three countries promote their own development, foster regional stability and prosperity, and shore up the overall recovery of the global economy.

Wen spoke highly of the three countries' performance during the global financial crisis and called for strengthened efforts to better meet the new challenges and opportunities facing the world economy in the post-crisis era.

He made a four-point proposal on how to deepen regional economic cooperation.

First, to jointly expand regional trade. The three countries should fervently study the feasibility of establishing a trilateral free trade zone and make sure to finish this important job by 2012. They should also strengthen cooperation in such sectors as logistics operations, customs service, quality inspection and others, actively push ahead the WTO Doha negotiations and firmly oppose any form of protectionism.

Second, to jointly create a sound investment environment. In their ongoing negotiations for a joint investment agreement, the three countries should give due consideration to each other's concerns and interests and also be flexible so as to achieve a balanced, pragmatic and win-win result for all.

Third, to jointly explore models of sustainable development. The three countries should strengthen all-around cooperation in the development of new technologies designed to lower energy consumption and boost energy efficiency.

Fourth, to jointly safeguard regional financial stability. Top priorities for now are to implement and improve the Chiang Mai multilateral mechanism and to actively push ahead the efforts to develop the Asian bond market.

Wen is in South Korea on a three-day visit, during which he also attended an annual trilateral summit with South Korean President Lee Myung-bak and Japanese Prime Minister Yukio Hatoyama.

- Highlights of Chinese premier's visit in South Korea, Japan (31st May)

(Xinhua) -- The following are the highlights of Chinese Premier Wen Jiabao's Sunday-ended tour to South Korea and his ongoing visit to Japan.

JEJU, South Korea -- Chinese Premier Wen Jiabao on Sunday called for the proper handling of the serious consequences of the March sinking of a South Korean warship, and efforts to gradually ease tensions in the region over the incident.

"The pressing task for the moment is to properly handle the serious impact caused by the Cheonan incident, defuse tensions in the region, and most importantly of all, avoid possible conflicts," Wen said.

Wen was speaking at a joint press conference following a two-day summit meeting with South Korean President Lee Myung-bak and Japanese Prime Minister Yukio Hatoyama on the South Korean resort island.

Wen urged the Northeast Asian nations to help maintain regional peace and stability.

"We must spare no effort to promote peace and stability in Northeast Asia. Short of this precondition, development will be out of the question, and the hard-won achievements will be lost again," he stressed.

"China will continue to enhance communication with relevant parties (over the Cheonan incident) in order to steer the situation toward a direction which is conducive to peace and stability in Northeast Asia. This is in our best common and long-term interests," Wen said.

As the region is facing many new challenges, China, Japan and South Korea should strengthen coordination between them, appropriately deal with sensitive issues and increase mutual political trust, Wen said.

JEJU, South Korea -- Chinese Premier Wen Jiabao on Sunday called for further efforts to establish the mechanism and framework of cooperation among China, Japan and South Korea in line with a blueprint mapping out cooperation in the region over the next decade. He made the call at a trilateral summit on South Korea's southern resort island of Jeju also attended by South Korean President Lee Myung-bak and Japanese Prime Minister Yukio Hatoyama.

The Chinese premier said the three countries should take into account one another's major concerns and properly handle sensitive issues so as to enhance political mutual trust and maintain peace and stability in the region.

This, he stressed, constituted the most important basis for deepening trilateral cooperation.

TOKYO -- Visiting Chinese Premier Wen Jiabao Sunday evening called for both sides to deepen China-Japan friendship, playing down problems and misunderstanding between the two countries and peoples.

"Although there are still some problems and conflicts between the two countries, and some misunderstanding between the two peoples, I am confident the China-Japan friendship is rooted among the two peoples and we must inherit and push forward the friendship," said Wen while addressing representatives of China-Japan friendship organizations and Chinese societies based in Japan.

Wen arrived in Tokyo Sunday afternoon, kicking off his official visit to Japan. This is his second visit to Japan since 2007 when he paid the "ice-melting" journey to the neighboring country.

- Japan, China seek to prevent maritime friction (31st May)

Chinese Premier Wen Jiabao held to Beijing's cautious stance on the sinking of a [South Korean](#) warship, which Japanese Prime Minister Yukio Hatoyama has joined Seoul and Washington in saying was certainly torpedoed by North Korea.

Ties between the world's second- and third-largest economies have improved since 2006, when they set aside years of rancor centered on [Japan's](#) wartime occupation of Asia. At Monday's summit, wartime historical disputes did not come up.

Instead, the two leaders agreed on steps aimed at easing military tensions that have continued to keep a cool distance between the two Asian neighbors.

The two nations "must strengthen maritime crisis management and avoid the occurrence of antagonism and clashes," Wen told Hatoyama, according to China's official Xinhua news agency.

They also agreed to resume talks on jointly exploring disputed gas fields in seas between them.

Hatoyama came to office less than a year ago, vowing a more equal relationship with the United States and closer ties with China and other Asian powers. The summit with Wen, however, brought small steps, not big breakthroughs.

The hotline between Beijing and Tokyo would allow leaders to discuss quickly what Wen called "important issues" between the two nations, a [Japanese](#) government official said.

Wen later told [Japanese](#) business executives the huge economic flows between the two nations, with bilateral trade worth \$238.7 billion last year, would cement closer ties.

"China and [Japan](#) have very close economic and trade ties. One could say they are at the point where neither could do without the other," said Wen.

Despite the displays of goodwill, including an early morning jog by Wen, sources of discord remain. China's increasing naval activities in seas near [Japan](#) have made Tokyo nervous.

"I told Premier Wen that [Japan](#) is concerned about China's activities," Hatoyama told reporters, referring to the naval moves.

Wen did not respond directly to Tokyo's concerns but the two leaders also agreed to set up a crisis management mechanism for maritime incidents, a [Japanese](#) official said.

The official Chinese report indicated the arrangement was not yet ready to start. The two sides agreed to "speed up establishing a maritime liaison mechanism between the two countries' defense departments", said Xinhua.

GAS FIELD TALKS, NORTH KOREA

Tokyo lodged a protest with Beijing in April after a Chinese helicopter flew near a [Japanese](#) destroyer in waters off Okinawa.

A group of Chinese warships was spotted earlier that month in the high seas near Okinawa. Beijing said the ships were in the area training and violated no international law.

The two nations have also argued over China's exploration for natural gas in the East China Sea, in areas [Japan](#) says could impinge on gas fields in its maritime jurisdiction.

In June 2008, they struck a broad agreement intended to solve the row by jointly developing the fields. Informal talks have recently started, but progress has been slow.

Wen and Hatoyama agreed to start formal negotiations on the issue as soon as possible. The official said that was a step forward, since China has long said the environment was not ripe for such talks.

For Hatoyama, the visit comes amid domestic gloom, since many voters have grown disenchanted with his government, and it may act as a reminder that China could soon displace [Japan](#) as the world's second-biggest economy after the United States.

Wen's visit to Japan, which began on Sunday, has brought no shift in China's position on [North Korea](#).

China shares longstanding bonds with its communist neighbor North Korea and Beijing has been noncommittal about whether Pyongyang was behind the sinking of [South Korea](#)'s Cheonan corvette on March 26, which killed 46 sailors.

Hatoyama has firmly backed the findings of a multinational investigation that blamed [North Korea](#) for torpedoing the ship, and agrees with Seoul that the U.N. Security Council should censure Pyongyang.

As a permanent member of the U.N. Security Council, China can veto any proposed resolution or statement.

Wen put on a black track suit in the early morning to jog through leafy Yoyogi Park in Tokyo, in a carefully managed effort to show a softer side of China.

Accompanied by panting guards and reporters, he greeted sometimes startled residents jogging or walking dogs, and joined some to practice traditional Chinese Taichi exercises. "Do you know who I am?" he asked some of them. They did.

"The Chinese people send their greetings," he told others.

When Wen suggested joining some older ladies for their morning exercises, one of them politely noted that it was still 10 minutes before their usual starting time.

<http://www.reuters.com/article/idUSTRE64U02H20100531>

- China, Tanzania vow to strengthen cooperation (31st May)

(Xinhua) -- Tanzanian Minister of Defense and National Service Hussein Ali Mwinyi on Monday expressed gratitude to China's assistance and committed to continued efforts to further promote friendly cooperations between the two countries and the two militaries.

Mwinyi made the remarks while meeting Chen Bingde, chief of the General Staff of the People's Liberation Army of China at the headquarters of the People's Defense Forces.

The Tanzanian minister noted that Tanzania and China enjoy deep and profound friendship as the leaders of the old generation of both countries laid solid foundation to the development of close bilateral ties, while the bilateral cooperation in political, economic and military sectors has achieved plentiful and substantial fruits.

He expressed hope that the visit by the Chinese high-level delegation will further promote the bilateral ties, appreciating China's assistance to his country and vowing to enhance the friendly cooperations between the two countries and the two militaries.

For his part, Chen said China and Tanzania had brotherhood friendship with the friendly cooperation between the two countries promoting bilateral ties, which has made great contribution to the regional and world peace.

The militaries of the two countries have long-term friendship and the cooperation in various fields has developed in recent years, he added, expressing China's willingness to enhance the military cooperation in the fields of exchange of high-level visits, personnel training, as well as equipment and technology.

Earlier in the day, Chen also held talks with Tanzanian Chief of Defence Forces Davis Mwamunyange on the bilateral relations.

Chinese Ambassador to Tanzania Liu Xinsheng also attended the meetings. Also present were other Chinese senior military officials and Tanzanian top brass.

After his visit to Namibia and Angola, Chen arrived here on Sunday for a four-day visit to the east African country.

- Indian president calls for enhanced economic cooperation with China (31st May) (Xinhua) -- Indian President Pratibha Patil Wednesday called for more economic and trade cooperation between India and China.

Economic and trade cooperation had become the foundation of India-China relations, said Patil.

During her China visit, the two countries had expanded cooperation fields, she said at an India-China economic and trade forum, the last official activity of her six-day state visit to China.

Patil urged the entrepreneurs of both countries to play an active role in promoting bilateral cooperation, which would have an important effect on the world economy.

Patil expected China's enterprises to attach more importance to the Indian market, saying India had maintained an economic growth rate of more than 8 percent in recent years, with high market demand and many investment opportunities.

Patil said she was confident that India and China could increase bilateral trade volume to 60 billion U.S. dollars in 2010.

China became India's largest trade partner in 2008. The two countries enjoyed a bilateral trade volume of 9 billion U.S. dollars in the first two months this year.

The two countries should continue to tap their trade potential, in particular in the fields of finance, engineering, medical industry and information technology, she said.

Patil also witnessed the signing of a series of cooperation agreements between Indian and Chinese universities and enterprises.

Patil wrapped up her China visit Monday noon.

- President Patil's visit fruitful and successful: China (1st June)

China today termed the just concluded visit of President Pratibha Patil here as a "fruitful and successful" one, saying it would "definitely" help promote development of bilateral ties between the two Asian giants.

"I believe it was a fruitful and successful visit," Chinese Foreign Ministry Spokesman Ma Zhaoxu said at a media briefing today when asked about the Chinese assessment of President Patil's six-day state visit, first by Indian head of state in a decade.

Ma said Patil held talks with Chinese leaders on major issues relating to both the countries and exchanged views.

"They (Patil and Chinese leaders) reached consensus on many major issues. I believe the visit will definitely promote further development of relations between the two countries," he said.

During her visit starting from May 26, Patil spent three days in Beijing during which she held talks with her Chinese counterpart Hu Jintao and Prime Minister Wen Jiabao on a host of issues.

She later flew to Loyang where she dedicated the first Indian-styled Buddhist temple in China built close to the famous White Horse temple complex there.

She later flew to China's commercial hub Shanghai where she visited Indian and Chinese pavilions at Shanghai Expo and unveiled a bust of poet Rabindranath Tagore at a street in Shanghai commemorating his visit to the city.

<http://economictimes.indiatimes.com/news/politics/nation/President-Patils-visit-fruitful-and-successful-China/articleshow/5998692.cms>

- Tongue-tied on North Korea, China Blasts Israel (1st June)

Watching China's instant condemnation of the [Israeli assault](#) on an aid flotilla bound for Gaza, South Koreans must be wondering more than ever when China will muster a clear response to their own nautical tragedy.

For several months, Chinese officials have been tongue-tied on the sinking of a South Korean patrol ship, with the loss of 46 sailors, even after an international [investigation found](#) that the vessel was ripped apart by a North Korean torpedo.

While South Korean officials have been fuming, and with public sentiment inside the country turning against China, Chinese officials have been repeating worn mantras about the need for "calm" and "peace and stability" on the Korean peninsula.

The nearest that China, North Korea's biggest supporter, has come to getting off the fence was a statement by Premier Wen Jiabao that Beijing will look into the matter and "will not protect anyone."

Contrast that reserve with China's blistering response to the Israeli attack on the aid ships, in which at least nine pro-Palestinian activists were killed. "China is appalled," said Chinese Foreign Ministry spokesman Ma Zhaoxu. "We were shocked," he said. Yang Tao, a counselor at the Chinese mission to the U.N. urged a "quick response" by the U.N. Security Council.

On Tuesday, Ma told a news briefing that China was "seriously and prudently" studying information from all sides on the March 26 sinking of the Cheonan. Asked about China's quick response to the Israeli assault compared with its slow response on the Cheonan, Ma said he didn't understand the logic of the question and so he wouldn't comment.

Of course, the Israeli commando action played out in full view of the world.

The circumstances surrounding the sinking of the Cheonan were initially unclear. But now that the international investigation has delivered its verdict, the longer China delays taking a stand the more damage it will do to its reputation among traumatized South Koreans.

<http://blogs.wsj.com/chinarealtime/2010/06/01/tongue-tied-on-north-korea-china-blasts-israel/>

- China, Gulf Cooperation Council to launch first strategic dialogue Friday (1st June) (Xinhua) -- China and the Gulf Cooperation Council (GCC) will have their first round of strategic dialogue in Beijing this Friday, Foreign Ministry spokesman Ma Zhaoxu said Tuesday.

Chinese Foreign Minister Yang Jiechi will join the GCC's rotating president, its next president and its secretary general to launch the talks.

Kuwaiti Deputy Prime Minister and Minister of Foreign Affairs Sheikh Mohammad Sabah Al-Salem Al-Sabah is the current GCC president.

Minister of State for Foreign Affairs of the United Arab Emirates Anwar Mohammed Qarqash will be the Council's next president.

The Council's Secretary General is Abdul-Rahman al-Attiyah.

"Establishing the strategic dialogue mechanism proceeds from the real needs and long-term interests of both sides and contributes to the consolidation of mutual trust and collective cooperation in various areas," said Ma.

China attaches great importance to its friendly relations and cooperation with GCC and its members, the spokesman said.

The GCC consists of Bahrain, Oman, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates.

- China urges Israel to break blockade on Gaza (1st June)

(Xinhua) -- China on Tuesday urged Israel to remove blockade from Gaza at an early date, saying the situation in the Middle East is "at a crucial stage".

"We urge Israel to take effective steps to break the blockade on Gaza to avoid the Palestine-Israel peace talks and the situation in the region from being further interfered," said Foreign Ministry spokesman Ma Zhaoxu at a regular press conference.

China on Monday condemned Israel after its raid on an international flotilla carrying activists and humanitarian aid to Gaza.

Some countries in the Middle East and Latin America, as well as the United Nations also condemned Israel's act.

China urged Israel to take the relevant resolution of the UN Security Council to improve the humanitarian situation in Gaza, said Ma.

"China is willing to work with all relevant sides to play a constructive role in safeguarding peace and stability in the Middle East region," he said.

Israeli forces on Monday attacked the international convoy when trying to prevent it reaching Gaza, killing at least 10 and wounding more than 30 others, including Turkish activists on board.

- China, Mongolia agree to boost cooperation in energy, trade (2nd June)

1 (Xinhua) -- Visiting Chinese Premier Wen Jiabao and his Mongolian counterpart Sukhbaataryn Batbold agreed Tuesday to deepen bilateral cooperation in various areas including energy, trade and environmental protection.

China and Mongolia should strengthen exchanges and cooperation and advance the partnership of good-neighborliness and mutual trust between the two countries, Wen said in talks with Batbold in Ulan Bator, Mongolia's capital.

China is ready to maintain exchanges of high-level visits with Mongolia, said the Chinese premier, who arrived earlier in the day for a two-day official visit.

He said the two nations should strengthen mutual political trust and continue to extend firm support to each other on major issues concerning their respective core interests.

Wen also said the two sides should adopt practical measures to deepen their trade and economic cooperation and make efforts to promote cooperation in mineral resources development, infrastructure construction and finance.

China is also willing to boost cooperation with Mongolia in energy, environmental protection and transportation, he added.

During the talks, the Chinese premier pledged continued support and assistance for Mongolia's economic and social development.

He suggested that the two sides launch a feasibility study at an early date on a China-Mongolia free trade area (FTA).

As an effort to promote cultural exchanges, Wen said China will offer 2,000 government scholarships to Mongolian students in the next five years.

Batbold said Mongolia is ready to increase cooperation with China in such areas as finance and environmental protection.

Expressing support for a FTA, he said Chinese enterprises are welcome to expand investments in Mongolia and participate in the country's infrastructure construction and the development of mineral and energy resources.

Batbold said trade and economic cooperation with China, Mongolia's largest trading partner and biggest source of investment, has been fruitful in recent years.

Mongolia highly values its relations with China and will adhere to the one-China policy, said the Mongolian leader.

He also said Mongolia will steadfastly support the Chinese government's position on the issues of Taiwan and Tibet.

The two sides also pledged to work together to safeguard regional peace and stability.

Mongolia is the third leg of Wen's four-nation Asian tour, which has already taken him to South Korea and Japan. He will also visit Myanmar.

- North Korea, Israel Test Chinese Diplomacy (2nd June)

A China Real Time Report [blogpost](#) that contrasted China's instant condemnation of Israel over its raid on an aid flotilla bound for Gaza with its sluggish response to the sinking of a South Korean patrol vessel — allegedly by North Korea — stirred up a hornet's nest.

Numerous readers cried foul.

What about the U.S. and its efforts to mute criticism of Israel at the United Nations? Isn't it a case of double standards for Washington to try to pressure Beijing into condemning its close ally, North Korea, while fending off international demands to do the same to its own friend, Israel?

"Hillary, where are you? Say something!!!!" was one of the more polite comments.

Our apparent failure to spot U.S. hypocrisy was seen by some as yet more evidence of an anti-China crusade by the Western media.

Well, guess what? One of the big stories in Wednesday's Wall Street Journal is the [international storm](#) over the U.S. failure to condemn Israel. We quote Turkish Foreign Minister Ahmet Davutoglu as telling reporters before meeting with Mrs. Clinton: "I have to be frank: I am not very happy with the statement from Washington yesterday." He added: "We expect a clear condemnation."

South Korean officials, no doubt wary of antagonizing their giant neighbor, were far more indirect in their complaints.

On May 24, after an international investigation [determined](#) that a North Korean torpedo had blasted apart the Cheonan, South Korean president Lee Myung-bak said: "No

responsible country in the international community will be able to deny the fact that the Cheonan was sunk by North Korea.”

What upset some South Koreans is that it took China a month to express any public sympathy over the deaths of 46 of its sailors, setting aside who was to blame. Some now assume that Beijing is protecting its socialist cousin.

Sure, there’s some [skepticism](#) in South Korea over the results of the investigation, which is what you might expect in a robust democracy.

Nevertheless, polls consistently show that roughly 70% of South Koreans believe the findings, and 30% don’t. That’s more or less in line with the 30% of people who identify themselves with opposition parties and causes, including opposition to the U.S. troop presence.

China wasn’t asked to participate in the investigation. But both China and Russia were given full briefings by the investigators on May 18, a day before the public announcement. Russia now has a team in the South poring over the findings, and China has been invited to do the same, although it has not yet accepted.

Plenty of people in China think that North Korea should be censored over the sinking. When the WSJ’s [Chinese website](#) polled its readers on whether the government should condemn Pyongyang, 56% said yes, 30% said no, and 14% were non-committal.

Wednesday’s WSJ story quotes an unnamed U.S. State Department official as saying that the U.S. feels caught in an increasingly bitter dispute between Israel and Turkey, two close allies. “On the one hand, that gives us a particular role that we constructively play, but it’s also awkward,” the official said.

It’s a fair guess that Beijing feels similar discomfort. Its relationship with Pyongyang was forged in war, and is sustained by deep party-to-party and military ties. This is a delicate moment for Beijing as it positions itself for the political succession to Kim Jong Il. On the other hand, Beijing has flourishing economic ties with South Korea. The two countries are planning a free-trade agreement. South Koreans are flocking to China to live and work. Bulgogi is as standard as burgers on tourist hotel menus in some parts of China.

So China feels torn. That’s part of life for an emerging superpower that now has to balance its interests and responsibilities in every corner of the globe.

It’s no surprise that questions about the Cheonan featured prominently in Premier Wen Jiabao’s interview with Japanese broadcaster NHK in Tokyo on Tuesday ([here](#) in Chinese, and [here](#) in summary in English). The questions gave Wen an opportunity to soothe raw feelings both in Japan and South Korea. He was careful to start by acknowledging the pain of South Koreans over the deaths of the sailors and the suffering of the victims.

Its neighbors will keep watching the way that China handles the Cheonan case for what it says about the kind of power that China aspires to be.

It had better get used to the scrutiny – and the criticism.

<http://blogs.wsj.com/chinarealtime/2010/06/02/north-korea-israel-test-chinese-diplomacy/>

- China delays Gates trip in apparent snub for Taiwan (2nd June)

Beijing has delayed several high-level military exchanges since January, when the Obama administration notified Congress of a plan to sell Taiwan up to \$6.4 billion in arms.

But the proposed visit by Gates, who leaves for Asia on Wednesday, was the highest-level postponement to date and a sign of continued friction in relations at a time when the Obama administration needs Beijing's help to rein in tensions on the Korean peninsula and to curb [Iran's](#) nuclear program.

Gates has spoken out publicly about his hopes to visit Beijing and to put military-to-military cooperation between the United States and China back on track.

He will be in Singapore starting on Thursday to attend a major security conference but Pentagon press secretary Geoff Morrell said a proposed China leg "did not come to be."

A senior U.S. defense official said the Chinese told their American counterparts that it was "not a convenient time" to host Gates but they were not explicit about the reason why. "It certainly wouldn't be beyond the realm to speculate that this is sort of continued ... reaction to the Taiwan arms sale," the official said on condition of anonymity.

Another U.S. official called it a worrisome "rebuke" given heightened tensions in the region after the United States and [South Korea](#) concluded that North Korea was behind the sinking of a South Korean warship in March that killed 46 sailors.

Morrell played down the implications for coordinating Korea policy, saying: "There is not a lack of communication between our respective governments."

China is sending a delegation to the Singapore security conference, but Gates is not scheduled to meet with them.

"China is not sending a very high level delegation to this conference, certainly not an appropriately high level to meet with the secretary," Morrell said.

In Singapore, Gates plans to meet with his [South Korea](#) counterpart to convey "our full support for the way in which the Korean government has been handling the crisis" with the North, the senior U.S. defense official said.

"Our commitment to the defense of Korea is and remains unequivocal and that we're committed to continuing to work with Korea and our other allies and partners in the region to try to lessen the threat that [North Korea](#) poses to regional stability," the official said.

FRUSTRATED BY 'PATTERN'

The Pentagon has expressed frustration with what U.S. officials see as a Chinese "pattern" of curtailing military contacts in response to policy disputes with Washington.

"He (Gates) just doesn't believe that a relationship of this importance can take place in fits and starts. There needs to be a continuous, high-level engagement between these two powers and it can't be derailed by bumps in the road that will inevitably come up," Morrell said.

"We are very much interested in engaging and we think they need to be more interested in engaging," he added.

Daniel Blumenthal, a China desk chief at the Pentagon under former President George W. Bush, said any Chinese shunning of Gates underlined the fragility of U.S.-China security ties. "The relationship is basically one of tension, punctuated by some moments of cooperation," said Blumenthal, now a member of a U.S. congressionally mandated commission that studies the national security implications of U.S.-China trade.

Defense officials said Beijing and Washington were looking to reschedule Gates's visit for a later date.

In addition to the Gates trip, China has postponed planned visits to the United States by its chief of the General Staff, as well as by one of its top regional military commanders.

China has for years opposed U.S. defense sales to Taiwan, which Beijing regards as a renegade province to be united with the mainland, by force if necessary.

U.S. officials say that Taiwan needs updated weapons to give it more sway with Beijing. The island has a standing request to buy 66 new Lockheed Martin Corp-built F-16C/D fighter jets, a request that Obama administration officials have said is under review.

China also suspended military-to-military exchanges in 2007 after the administration of former president Bush announced the previous planned series of U.S. arms sales to Taiwan. Beijing restored those ties, only to break them off again after the latest big U.S. arms sale plan was unveiled in late January.

Senior U.S. administration officials have urged China to maintain military-to-military contacts, partly as a hedge against misunderstandings or accidents that could lead to confrontations.

<http://www.reuters.com/article/idUSTRE6511ZH20100602?type=politicsNews>

- China to be "impartial" on S. Korean warship sinking: premier (2nd June)

(Xinhua) -- Visiting Chinese Premier Wen Jiabao on Tuesday reiterated China's pledge to take an "impartial" stand on the sinking of a South Korean warship.

"The sinking of the warship Cheonan is an unfortunate incident," Wen said during an interview with Japanese public broadcaster NHK. "We have offered condolences to the victims on many occasions."

What China has in mind in approaching the incident, in which 46 South Korean sailors died after their warship sank in March, is maintaining peace and stability on the Korean Peninsula, he said.

China attaches importance to the joint investigation conducted by South Korea and other countries and the reactions of various parties, and will take its position on the basis of truth and facts, he added.

China appealed for calm on the part of the concerned parties so as to avoid a further escalation of tension and even conflict, he said.

The Chinese premier said China understands the current difficult situation President Lee Myung-bak and the South Korean government are facing.

China will seek information from various sources and seriously study it before making clear its stand in "a fair and objective manner," he said.

"We will adopt an impartial position," he said. China also maintains that any approach on it must serve the fundamental interest of maintaining peace and stability on the Korean Peninsula, he added.

Wen said Japan is an important country in Northeast Asia and a close neighbor of China and South Korea. China is ready to cooperate with Japan on such issues as safeguarding security in Northeast Asia, he added.

Japan is the second leg of Wen's four-nation Asian tour, which has already taken him to South Korea. He will also visit Mongolia and Myanmar.

- China to further bilateral ties with Japan: FM (2nd June)

(Xinhua) -- China will continue to work with Japan to promote the Sino-Japanese strategic partnership of mutual benefit, Foreign Ministry spokesman Ma Zhaoxu said Wednesday after Japanese Prime Minister Yukio Hatoyama's resignation.

"During his tenure, Prime Minister Yukio Hatoyama attached importance to Sino-Japanese relations and made important efforts to the sound and steady development of bilateral ties, which we appreciate," Ma said.

"No matter what happens in the Japanese political situation, China will work with Japan to continuously promote the Sino-Japanese strategic partnership of mutual benefit," Ma said. Yukio Hatoyama announced Wednesday his decision to resign in a general assembly of the ruling Democratic Party of Japan lawmakers. He became the fourth Japanese prime minister to step down in four years.

- Chinese, Mongolian leaders vow to further bilateral ties (2nd June)

(Xinhua) -- Visiting Chinese Premier Wen Jiabao and Mongolian President Tsakhia Elbegdorj vowed to boost ties between the two countries during a meeting here Wednesday.

Wen said China and Mongolia share a long borderline, which has become a bond of common interests and friendly cooperation.

"A good bilateral relationship not only serves the fundamental interests of the two peoples, but also can contribute to peace, stability and common development in the region," he said.

The Chinese premier said China takes a strategic and long-term perspective when developing relations with Mongolia, adding Mongolia is a priority in diplomacy toward its neighbors.

"I have reached many important agreements with (Mongolian) Prime Minister Sukhbaataryn Batbold on keeping exchanges of top-level visits, expanding cooperation in areas such as natural resources, energy, infrastructure and agriculture, and promoting cultural exchanges," Wen said.

He pledged China is willing to work with Mongolia to promote bilateral exchanges and cooperation in various fields and to bring the two peoples, especially the youths, closer to each other to ensure the steady development of the two countries' good-neighborly partnership of mutual trust in the long run.

Elbegdorj said Mongolia and China are good neighbors and Mongolia is committed to strengthening the friendly relations of cooperation with China.

The economies of Mongolia and China, with different advantages, are highly complementary, he said, adding he hopes the two sides can expand pragmatic cooperation for mutual benefits.

He also said Wen's visit has yielded many positive results and will bring bilateral relations to a new high.

Wen arrived in Ulan Bator on Tuesday for a two-day official visit to Mongolia, which is the third leg of his four-nation Asian tour. He has visited South Korea and Japan and will also travel to Myanmar.

- Chinese premier talks about Sino-Japan ties, Cheonan incident in interview with Japanese broadcaster (2nd June)

(Xinhua) -- Chinese Premier Wen Jiabao Tuesday elaborated on China's position on the Cheonan incident and important issues in Sino-Japan ties during an interview with Japanese public broadcaster NHK in Tokyo.

IMPARTIAL STAND ON CHEONAN INCIDENT

Wen reiterated China's pledge to take an "impartial" stand on the sinking of South Korean warship, the Cheonan.

What China had in mind in approaching the incident was maintaining peace and stability on the Korean Peninsula, he said.

China attached importance to the joint investigation conducted by South Korea and other countries and the reactions of various parties, and would take its position on the basis of truth and facts, he said.

Wen said China would seek information from various sources and seriously study it before making clear its stand in "a fair and objective manner".

China appealed for calm on the part of the concerned parties to avoid a further escalation of tension and even conflict, he said.

- Chinese premier proposes stronger investment cooperation with Mongolia (2nd June)

(Xinhua) -- China is willing to boost investment cooperation with Mongolia in mineral resources development and infrastructure construction and encourage Chinese enterprises to import more farm and animal husbandry products from its northern neighbor, Chinese Premier Wen Jiabao said here Wednesday.

Speaking at the opening of the Sino-Mongolian Economic and Trade Cooperation Forum, the Chinese premier said China and Mongolia, both developing fast, have highly complementary economies and have broad prospects in economic and trade cooperation.

"We are good neighbors that have stuck together through thick and thin and have empathy for each other. We are partners that have complementary advantages and cooperate with each other with win-win results," he said.

"China firmly adheres to the principle of building friendship and partnership with neighboring countries and the policy of fostering an amicable, peaceful and prosperous neighborhood. We are committed to safeguarding peace, stability, development and prosperity in the surrounding regions," Wen said. "We are sincerely willing to be Mongolia's good neighbor, good friend and good partner for ever."

Wen made the following four proposals on further boosting bilateral economic and trade cooperation.

First, to boost investment cooperation in mineral resources development and infrastructure construction. Funds and technological support will be provided for this endeavor.

Both nations should push for the completion of a number of major projects at early dates to contribute to the comprehensive enhancement of bilateral ties, he said.

China is willing to cement cooperation with Mongolia in such fields as energy, railway, highway, port and telecommunications. It is also willing to work with Mongolia to extend bilateral cooperation to such fields as environment, logistics, tourism, science and technology, he said.

Second, China supports its enterprises to import more farm and animal husbandry products from Mongolia and encourage them to invest in projects that create more jobs and improve the livelihood of local residents.

China is willing to increase economic aid to Mongolia and intensify support for Mongolia's farming industry, education and health sectors as well as poverty reduction efforts, said the Chinese premier.

Third, both sides should make specific efforts to implement the medium-term development outline for Sino-Mongolian economic and trade cooperation and continue to strengthen research on strategic issues.

Both sides should improve rules and agreements on, and mechanisms of, cooperation in contract bidding, labor service, transportation, and quarantine, Wen said.

Fourth, both countries should further strengthen their ties within such multilateral cooperation frameworks as the Northeast Asia economic and trade cooperation, the Shanghai Cooperation Organization and the Asia-Europe Meeting, and boost cooperation in trade, investment, logistic and technology within a number of sub-regional cooperation frameworks.

Mongolia is the third leg of Wen's four-nation Asia tour, which has already taken him to South Korea and Japan. He is due to arrive in Myanmar on Wednesday afternoon.

- China Premier Wen Jiabao boost ties in Burma visit (3rd June)

Chinese Premier Wen Jiabao has signed a series of bilateral agreements with Burma on the second day of his visit to the military-run country.

Mr Wen, the first Chinese premier to visit Burma in 16 years, held talks with Gen Than Shwe and other senior figures in the ruling junta.

His visit comes as Burma prepares for its first elections in 20 years.

China is thought to have an influence over isolated but energy-rich Burma.

Mr Wen told Gen Than Shwe the visit had already led to an improvement in ties between the two countries, Chinese state media reported.

The two men "reached consensus on many issues and signed a lot of major deals which marks another step forward", foreign ministry spokeswoman Jiang Yu said at a new conference in Beijing.

State media said the deals included agreements on energy, hydroelectric projects and aid.

China is a key ally and major trading partner of Burma, and is keen to secure access to the country's energy resources.

Burma's military leaders say they plan to hold the first elections since 1990 this year.

But the laws under which the polls will be held have been widely criticised - and key pro-democracy leaders including Aung San Suu Kyi have been prevented from playing any role in the election.

http://news.bbc.co.uk/2/hi/world/asia_pacific/10225072.stm

- Kenya, China to cement bilateral relationship (3rd June)

(Xinhua) -- Kenya and China on Thursday pledged to strengthen bilateral cooperation during a meeting between senior officials of the two countries.

A high-level delegation headed by Wang Gang, vice chairman of the Chinese People's Political Consultative Conference National Committee and member of the Political Bureau of the CPC Central Committee, arrived here on Wednesday afternoon to for a four-day friendship visit to Kenya.

"Our bilateral relations is very cordial as this has been demonstrated by sincere trust and mutual cooperation between the two countries," Wang Gang said in talks with Kenyan Vice President Kalonzo Musyoka.

He said the Sino-Kenyan ties have witnessed great development of friendship and successful cooperation in such fields as politics, infrastructure and trade, as well as mutual support in international affairs.

Wang said the two countries have respected and accommodated each other's core interests and major concerns.

For his part, Musyoka expressed thanks for China's assistance for Kenya in the past years and briefed Wang on Kenya's efforts to push forward regional peace, stability and integration.

The vice president said that the east African nation appreciates the huge investment China has put into Kenya's infrastructure, noting that the Kenyan coalition government will continue to attach greater importance to bilateral relations with China by further strengthening mutual cooperation in various fields and unswervingly sticking to the one-China position.

- Highlights of Chinese premier's visit in Myanmar (3rd June)

Xinhua) -- The following are the highlights of Chinese Premier Wen Jiabao's visit in Myanmar Thursday.

NAYPYITAW, Myanmar -- Visiting Chinese Premier Wen Jiabao and Myanmar Prime Minister U Thein Sein Thursday attended celebrations marking the 60th anniversary of the China-Myanmar diplomatic relations.

Wen, the first Chinese premier to visit Myanmar in 16 years, said in a speech that China and Myanmar as neighbors have had more than 1,000 years of friendly exchanges.

The two countries have supported each other in the struggle for national independence and emancipation and in the fight against foreign aggression, said Wen.

During the past 60 years, the China-Myanmar good-neighborly and friendly cooperation has stood the test of changes of international situation and thrived, Wen said.

NAYPYITAW, Myanmar -- Visiting Chinese Premier Wen Jiabao and his Myanmar counterpart U Thein Sein, during talks here Thursday, agreed to further promote relations and cooperation between the two countries.

Noting that this year marks the 60th anniversary of the China-Myanmar diplomatic ties, Wen told his host that he came to Myanmar with Chinese people's profound feelings of friendship for the Myanmar people and their strong aspiration for closer bilateral ties.

During the past 60 years, China and Myanmar have both upheld and followed the Five Principles of Peaceful Coexistence, achieving far-reaching progress in bilateral ties and also creating an exemplar of cooperation between nations with different social institutions, said Wen, the first Chinese premier to visit Myanmar in 16 years.

Wen added China respects the path of development the Myanmar government and people have selected in line with their country's conditions, and appreciates the valuable support Myanmar has long offered on issues concerning China's core interests.

YANGON -- Chinese Premier Wen Jiabao left Yangon for Beijing on Thursday after concluding a two-day visit to Myanmar, the last leg of his four-nation Asian tour.

Wen arrived in Yangon from Ulan Bator, Mongolia on Wednesday for his first visit to Myanmar. It was also the first visit to Myanmar in 16 years by a Chinese premier.

Wen flew to Naypyitaw on Thursday for talks with Myanmar Prime Minister U Thein Sein and a meeting with Senior General Than Shwe, chairman of the State Peace and Development Council.

Wen and Thein Sein witnessed a signing ceremony of 15 cooperation documents covering areas such as a natural gas pipeline, hydropower station and grant aid.

NAYPYITAW, Myanmar -- Visiting Chinese Premier Wen Jiabao said here Thursday that the consensus and agreements China reached with Myanmar during his visit marked a step forward in the development of relations between the two countries.

Meeting with Senior General Than Shwe, chairman of the State Peace and Development Council, the premier said China and Myanmar, linked by waters and mountains, have enjoyed traditional friendship since they forged diplomatic ties 60 years ago.

Myanmar was among the first countries to establish diplomatic ties with the People's Republic of China and the two countries jointly advocated the Five Principles of Peaceful Coexistence, he added.

Thanks to their joint efforts, relations between China and Myanmar have progressed steadily, and stood up to all tests and brought tangible benefits to the two peoples, Wen said.

- China, Italy seek closer ties (3rd June)

(Xinhua) -- Chinese and Italian officials Thursday agreed to enhance cooperation and push bilateral relations to a higher level.

He Guoqiang, a Standing Committee member of the Political Bureau of the Communist Party of China (CPC) Central Committee, hailed bilateral ties over the past four decades during a meeting with an Italian delegation headed by Minister of Labor and Social Affairs Maurizio Sacconi.

Mutual high-level visits, enhanced political mutual trust and expansion in economic and trade cooperation brought real benefits to both peoples, He said.

"The exchange of visits by large business delegations indicate the importance attached to the development of trade and economic ties by the two governments and business communities," he told the Italian delegation which is here for the Sino-Italian economic and trade cooperation forum.

The Italian delegation, which groups representatives of Italy's leading banks, enterprises and small and medium-sized companies, has visited Chongqing, a business center in southwest China, and Shanghai.

During their stay in Beijing, they will continue seminars and one-on-one talks to explore cooperation opportunities with their Chinese partners.

The two countries pinned hopes on cultural programs aimed at strengthening understanding and friendship between the two peoples.

"The Year of Chinese Culture, a theme year slated for the next half of this year in Italy, will contribute to the consolidation of bilateral ties," He said.

He is to visit Italy this month. Both sides expected the upcoming visit will deepen cooperation between the two countries.

Italy is China's major trade partner in the European Union, which has become China's largest trade bloc partner, export market and source of technology.

- China says UN measures should not impact Iranian people's lives (3rd June)

(Xinhua) -- China on Thursday said any action taken by the United Nations should not punish the Iranian people and not impact on their normal lives.

"UN action should help resolve the Iranian nuclear issue through dialogue and negotiation," Chinese Foreign Ministry spokeswoman Jiang Yu told a regular press conference.

Jiang said China has always adhered to the dual-track strategy on resolving the Iranian nuclear issue, and always insisted that dialogue and negotiation are the best way to resolve the issue.

Now the UN Security Council was discussing the related draft resolution. "This does not mean the door for diplomatic efforts is closed," she said.

The spokeswoman urged concerned parties to take positive steps to promote the proper settlement of the Iranian nuclear issue.

U.S. State Department said on Wednesday the United States hopes that the UN Security Council will vote on the new Iran sanctions resolution by June 21.

The five permanent members of the UN Security Council and Germany, namely the P5+1, announced on May 18 their agreement on a draft resolution proposing new sanctions against Iran.

The new draft, which has been the subject of intense discussions since early April, expands the breadth and reach of UN sanctions on Iran by creating new categories of punishments.

- Pyongyang: *Cheonan* was false-flag sinking (4th June)

By Kim Myong Chol
(an "unofficial" spokesman of Kim Jong-il and North Korea)

With a huge electronic intelligence-gathering machine at its disposal, the Chinese Navy keeps a close watch on the movements of the United States Navy in the West Sea (Yellow Sea). China's emerging blue-sea navy is confronted with the US Seventh Fleet across the West Sea, the East China Sea and the rest of the Pacific.

It is no wonder then that the Chinese navy's intelligence arm could piece together an accurate account of the sinking of the South Korean corvette *Cheonan* with a loss of 46 lives in the early hours of March 26.

The Chinese findings may be one of the reasons why the Chinese government has refused to support American and South Korean demand to join in sanctions against North Korea.

Their leakage indicates that despite its present neutrality, less prudent American or South Korean behavior may well prompt the Chinese government to have the navy make a bombshell official announcement implicating the US Navy.

In a highly significant development, the Chinese navy took the extraordinary step of quietly letting two American Internet sites know the findings of an independent technical assessment its naval intelligence arm made of the corvette's sinking, which took place about 1 nautical mile (1.9 kilometers) off the south-west coast of Baengnyeong Island in the Yellow Sea.

Chinese

findings

One of the US websites was the Washington-based investigative Wayne Madsen Report [1], while the other was New America Media, a California-based website that is the US's largest coalition of ethnic media with over 2,500 partners [2].

New America Media posted an article on May 26, "Did an American Mine Sink South Korean Ship?". The Madsen Report article, dated May 28, was entitled "Beijing Suspects False Flag Attack on South Korean Corvette."

The NAM story said: "In the recent US-China strategic talks in Shanghai and Beijing, the Chinese side dismissed the official scenario presented by the Americans and their South Korean allies as not credible."

The two articles basically agreed that a US mine ripped the *Cheonan* in two and sent the hapless South Korean corvette down to Davy Jones' locker. But they differed in two key aspects; one was the type of the mine used in the friendly-fire attack - limpet or rising - and the other was the nature of the friendly fire, deliberate or inadvertent.

These differences are probably due to Chinese-English translations, identification of the blast or analysis of the motivations behind the incident among Chinese experts.

The New America Media story identified the mine as a rising mine for shallow water operations, calling its launch "an inadvertent release" of a torpedo-firing mine. Rising mines lie on or under the sea floor and are equipped with acoustic sensors so it can rise and explode if a ship or submarine passes within range.

The Chinese term for a torpedo-mine is a "rising mine" and "rocket mine" and the American "captor mine" (MK60 Captor or encapsulated torpedo for deep-water operations) and "mobile mine" (MK67 for shallow water use).

The NAM article did not see any political purpose in the friendly fire but stressed that "any attempt to falsify evidence and engage in a media cover-up for political purposes constitutes tampering, fraud, perjury and possibly treason".

In striking contrast, the Madsen Report version classified the culprit as a limpet mine, as the name suggests attached to a target by magnets, and defined the friendly fire as "a covert program" deliberately intended to be "a false-flag attack designed to appear as coming from North Korea".

The MS report made a stunning revelation: "A [US Navy] SEALs diver attached a magnetic mine to the *Cheonan*, as part of a covert program aimed at influencing public opinion in South Korea, Japan and China."

The Yomiuri Shimbun reported on May 30 that a morning phone call from US President Barack Obama two days earlier had induced the reluctant Japanese Prime Minister Yukio Hatoyama, who resigned on Wednesday, to keep US Marine Corps air bases in Okinawa and dismiss Mizuho Fukushima, the Social Democratic Party leader, from a cabinet post.

The MS report made the following observation:

One of the main purposes for increasing tensions on the Korean Peninsula was to apply pressure on Japanese Prime Minister Yukio Hatoyama to reverse course on moving the US Marine Corps base off Okinawa. Hatoyama has admitted that the tensions over the sinking of the *Cheonan* played a large part in his decision to allow the US Marines to remain on Okinawa. Hatoyama's decision has resulted in a split in the ruling center-left coalition government, a development welcome in Washington, with Mizuho Fukushima, the Social Democratic Party, leader threatening to bolt the coalition over the Okinawa reversal.

The MS report wrote: "Beijing, satisfied with North Korea's Kim Jong-il's claim of innocence after a hurried train trip from Pyongyang to Beijing, suspects the US Navy's role in the *Cheonan's* sinking, with particular suspicion on the role of the [*USNS*] *Salvor*."

The two American stories wrote that Chinese naval intelligence based their suspicions on the following facts:

Fact One: Baengnyeong Island hosts a Secret Joint US-South Korean Naval Base for anti-submarine warfare (ASW) operations. Absent civilian traffic around it, "the noiseless conditions are near-perfect for picking up the slightest agitation, for example from a torpedo and any submarine that might fire it". The joint US-South Korean naval base is staffed by American and South Korean naval special operation force personnel.

Fact Two: An Aegis ship-led US flotilla was operating in the South Korean waters in question at the time of the sinking of the South Korean warship.

Fact Three: The US flotilla included a mine-laying *USNS Savor*, stationed close to Baengnyeong Island.

Contrary to the belief that the ship was under the command of the Seventh Fleet, the NAM story noted that the *USNS Salvor* was "controlled by the innocuous-sounding Military Sealift Command and is closely connected with the Office of Naval Intelligence since their duties include secret operations such as retrieving weapons from sunken foreign ships, scouting harbor channels and laying mines, as when the *Salvor* trained Royal Thai Marine divers in mine-laying in the Gulf of Thailand in 2006, for example."

Fact Four: The US Navy SEALs "maintains a sampling of European torpedoes for sake of plausible deniability for false-flag attacks. Also, Berlin does not sell torpedoes to North Korea, however, Germany does maintain a close joint submarine and submarine weapons development program with Israel."

Chinese findings carry clout
The Chinese findings goes a long way to explaining why Obama made an April 1 phone call to offer South Korean President Lee Myung-bak the privilege of hosting in Seoul in 2012 a second of the then nuclear summit to be held in Washington April 12. (See [See](#)

[Pyongyang sees a US role in Cheonan sinking](#), Asia Times Online, May 5).

The offer was aimed at appeasing the embarrassed South Korean premier into covering up the truth of the US friendly fire sinking of the corvette, in a bid to prevent a tsunami-like nationwide eruption of anti-American sentiments and the resulting massive opposition to the US bases in South Korea and Japan.

South Korea is in no way fit to host such a nuclear summit. Any one of the nuclear powers such as Russia, China, the United Kingdom and France should have been invited to host this dialogue's second event.

The Chinese findings illustrate once again that two presidents, Obama and Lee, have no care for human lives and show that Lee wept crocodile tears over the death of his fellow countrymen sailors, using their loss to become a "a favorite man of Obama" in the words of US Vice President Joseph Biden.

The Chinese findings also explain why US Forces Korea Commander General Walter Sharp unexpectedly attended the April 3 funeral of a South Korean rescue diver, Han Ju Ho, who died while participating in the search for missing sailors from the corvette. Sharp was seen consoling the bereaved family in an unprecedented expression of sympathy.

Han Ju Ho was called a legendary veteran member of the South Korean underwater demolition team that took part in the covert ASW program of the joint US-South Korean base on Baengnyeong Island.

Now it is obvious why the US envoy in Seoul, Kathleen Stephens, and Sharp went out of their way on April 7 to fly to a South Korean amphibious landing ship to have a look at search and rescue operations for the sunken corvette.

The two pledged total support to the rescue operations, but as it turned out, the Americans showed how little the lives of South Korean soldiers matter to the US. South Korean troops are useful to the Americans as their cannon fodder, nothing more and nothing less.

The pro-American conservative South Korean daily Chosun Ilbo on April 1 wondered why the US SEALs aboard the *USNS Savor* did not join the South Koreans in the search and rescue operation as of March 31.

The daily expressed what it termed as "speechless" dismay at the refusal to dive by US SEALs who cited fast currents, low underwater temperatures, and deep waters, while the South Korean rescue team was left to struggle alone all the day against heavy odds.

The Los Angeles Times reported from Seoul May 28 on the South Korean public skepticism to the May 20 final forensic report on the sinking of the corvette: Younger South Koreans "see the *Cheonan* incident in less threatening terms. They contend that for

all its bluster, North Korea is not an existential threat to their country. And they are suspicious of the motives of a conservative government they regard as descendants of the military regimes that ruled South Korea before it became a democracy in the 1980s."

"The government is lying," a 17-year-old high school student, Kim Da-yeon told the newspaper, wearing a Beatles T-shirt over her plaid school uniform, as her friends nodded with enthusiasm.

"The girls had stumbled on the demonstration in front of City Hall on a day off from school and picked Korean flags, but they said in unison that they didn't agree with the anti-North Korean sentiment. "The North Koreans are our friends, our family," they said, according to the newspaper report. "We don't want to fight them."

<http://www.atimes.com/atimes/Korea/LF04Dg02.html>

- China, Gulf Cooperation Council hold 1st strategic dialogue, blame Israeli attack on humanitarian ship (4th June)

(Xinhua) -- China and the Gulf Cooperation Council (GCC) held their first round of strategic dialogue in Beijing Friday, denouncing in a statement Israel's attack on a humanitarian aid ship to Gaza.

During the dialogue, Chinese Foreign Minister Yang Jiechi exchanged views on the China-GCC relationship and issues of mutual concern with Kuwaiti Deputy Prime Minister and Minister of Foreign Affairs Sheikh Mohammad Sabah Al-Salem Al-Sabah, Minister of State for Foreign Affairs of the United Arab Emirates Anwar Mohammed Qarqash, and the Council's Secretary General, Abdul-Rahman al-Attiyah.

Kuwait currently holds the rotating presidency of the GCC, and the United Arab Emirates will serve the next term.

Yang spoke highly of the progress made by the Council and the important role it played in maintaining regional peace and security, promoting economic growth and boosting communication between civilizations.

China's relationship with GCC member countries had developed rapidly in recent years, witnessing frequent high-level visits, strengthened political mutual trust and growing cultural exchanges, said Yang.

China had always viewed its relationship with the GCC from a strategic and long-term perspective, said Yang. China was willing to use the strategic dialogue to further collective cooperation, he said.

The GCC officials said the GCC attached great importance to China and was satisfied with the positive results gained from the cooperation. The organization hoped to push relations with China to a higher level.

At the end of the dialogue, the two sides signed the Memorandum of Understanding on Strategic Dialogue between the People's Republic of China and the Member States of the Cooperation Council for the Arab States of the Gulf.

In a press communique issued after the dialogue, the two sides said they were satisfied with the outcomes of the first dialogue, and agreed to hold the next dialogue in the United Arab Emirates next year.

The dialogue mechanism was conducive to deepening mutual trust, expanding mutually beneficial cooperation and promoting bilateral consultation and coordination in international organization, said the communique.

Chinese Vice President Xi Jinping met with the GCC delegation on Friday, and the two sides reached a broad consensus, said the communique.

- Chinese premier congratulates Kan on election as Japanese PM (4th June)

(Xinhua) -- Chinese Premier Wen Jiabao on Friday sent a message to Naoto Kan to congratulate him on his election as Japanese prime minister.

"China and Japan are important close neighbors to each other and important countries in Asia and the world. The development of stable, long-term good neighborly relations between them is in the fundamental interests of the two countries and two peoples and is conducive to peace, stability and prosperity in Asia and the world at large," the Chinese premier said.

Wen noted that his recent visit to Japan was a big success, which helped make new progress in the development of bilateral ties. He said China is willing to work together with Japan to implement in real earnest the important consensus the two countries have reached and push forward the strategic relations of mutual benefit in line with the principles laid down by the four important political documents concerning bilateral relations.

Kan was voted in as prime minister by the lower house of Japanese parliament on Friday afternoon to succeed Yukio Hatoyama.

- Chinese president calls for joint efforts to advance Sino-Russian ties (4th June)

(Xinhua) -- Chinese President Hu Jintao on Friday called on the foreign affairs departments of China and Russia to strengthen coordination and cooperation in order to advance the comprehensive development of bilateral ties.

The world situation was changing, and the foundation for the recovery of world economy was still fragile, Hu told Russian Foreign Minister Sergei Lavrov who was in Beijing for a one-day visit.

New issues and problems were emerging, Hu said during the meeting at the Great Hall of the People in downtown Beijing.

The foreign affairs departments of both countries should layout a well-prepared and result-oriented plan for high-level exchanges, promote cooperation in such sectors as trade and economy, energy, people-to-people contacts and cultural exchanges as well as exchanges and cooperation at local levels between the two countries.

Hu also stressed coordination and exchanges of views on major and sensitive issues in bilateral, regional and multilateral affairs so as to promote the China-Russia strategic partnership of coordination.

Lavrov conveyed greetings from President Dmitry Medvedev and Prime Minister Vladimir Putin to President Hu, saying Hu's visit to Moscow in May contributed to the success of the celebration activities on the 65th anniversary of the Great Patriotic War.

President Medvedev was anticipating his visit to China in the latter half of the year, and Russia would strengthen coordination and cooperation with China in order to promote the strategic partnership, Lavrov said.

Before the meeting, Chinese State Councilor Dai Bingguo and Foreign Minister Yang Jiechi met with Lavrov.

Dai said the importance and urgency of deepening the bilateral ties was becoming increasingly prominent, as the international situation was undergoing complicated and profound changes.

China was committed to continuously deepening and enriching the bilateral ties, and enhancing bilateral strategic coordination and pragmatic cooperation, so as to achieve common development, he said.

China believed the two countries would develop more overlapping interests, and the prospects of the bilateral relationship would become more promising, Dai said.

Lavrov hoped the two countries would succeed in important bilateral events, so as to ensure a closer relationship.

Russia and China should coordinate closely at the international stage, and work together to promote multi-polarization in the world.

After the hour-long closed door talks between Yang and Lavrov, the two foreign ministers held a press briefing at the Diaoyutai Guesthouse.

Yang said the two sides had a candid and in-depth discussion on international and regional issues of common concern, with the Iran nuclear issue and the Korean Peninsula situation on the agenda.

Describing China-Russia relations as "mature, sound and stable", Yang said he was confident of its future development because both countries had steadily maintained the basic principles of international relations, and had a strong willingness to boost the bilateral ties.

They also had effective mechanisms in many areas to ensure the development of bilateral relations, and had carried out close coordination in many international organizations, he said.

The broad prospect of cooperation and deep friendship between the two peoples provided solid foundation for the development of bilateral relations. said Yang.

Smooth China-Russia relations benefited the two peoples and the region and the world as a whole, Yang said.

Lavrov echoed Yang saying the coordination between China and Russia played an important role in peace and stability in the region and the world.

On the Iran nuclear issue, the two foreign ministers emphasized the importance of the dual-track strategy, and urged a diplomatic solution.

Yang said negotiations and consultations were the best way to resolve the issue. Actions taken by the UN Security Council should not punish the Iranian people and not impact their normal lives. China would keep close contact with all sides for a full resolution.

Lavrov said Russia shared the belief that the best course of action was to resolve the issue through dialogue on the one hand, and actions by the Security Council to support the reasonable and just demands of the International Atomic Energy Agency (IAEA) on the other hand.

On the Korean Peninsula situation, the two sides urged relevant sides to restrain and keep calm.

Yang said China was always committed to the peace and stability on the peninsula, and opposed to any action that damaged it. Under the current situation, it was most important to maintain peace and stability.

Lavrov also urged the sides to avoid extreme actions and resolve the issue through political and diplomatic channels.

This is the third China visit of Lavrov since he took office.

- Construction begins on China-Myanmar oil, gas pipelines (4th June)

(Xinhua) -- China National Petroleum Corporation (CNPC), the country's largest oil and gas producer and supplier, said Friday work had started on construction of two oil and gas pipelines between China and Myanmar.

In a statement posted on its website, the CNPC said Southeast Asia Pipeline Company, one of its affiliates, was put in charge of the design, construction, operation and maintenance of the pipelines.

As a controlling shareholder, Southeast Asia Pipeline Company had signed the deal with the Myanmar National Oil and Gas Company Thursday in Myanmar capital of Naypyitaw.

Each with an overall length of about 1,100 kilometers, the gas and oil pipelines are both expected to run from the Kyaukpyu port on Myanmar's west coast and enter China at Ruili, Yunnan Province.

The oil pipeline has a designed transport capacity of 22 million tonnes per year, while the natural gas pipeline has a designed transport capacity of 12 billion cubic meters annually, according to the statement.

The statement did not say when the project would be finished.

- Hu's visits significant to up relations with Uzbekistan, Kazakhstan: FM (4th June)

(Xinhua) -- Chinese President Hu Jintao's upcoming visit to central Asia is aimed to promote sustained, healthy and stable development of the Shanghai Cooperation Organization (SCO) and comprehensively boost China's ties with Uzbekistan and Kazakhstan, a senior Chinese diplomat said here Friday.

The remarks were made by Assistant Foreign Minister Cheng Guoping at a press conference on Hu's visit to central Asia.

At the invitation of Uzbek President Islam Karimov, Hu will pay a state visit to Uzbekistan and attend the annual SCO summit in the Uzbek capital of Tashkent from June 9-11.

China-Uzbekistan relations have maintained a good momentum of sound and stable development since diplomatic ties were forged in 1992, Cheng said, adding that Hu's state visit to Uzbekistan is his second after a state visit to the country in June, 2004.

Cheng said Hu will hold talks and meet with Uzbek leaders including Karimov, exchanging views on the current situation and prospects of bilateral ties as well as international and regional issues of common concern.

The two countries will ink a series of agreements on cooperation in economy and trade as well as other areas, he added.

The bilateral trade volume between China and Uzbekistan reached 1.91 billion U.S. dollars in 2009, with a year-on-year increase of 18.9 percent.

"Hu's visit is expected to help strengthen the China-Uzbekistan friendly and cooperative partnership", Cheng said.

As a guest of Kazakhstan President Nursultan Nazarbayev, Hu will also visit Kazakhstan from June 11-12.

Cheng said in recent years the China-Kazakhstan strategic partnership has developed rapidly, with frequent high-level exchanges and deepening political mutual trust.

Hu paid a working visit to Kazakhstan last December, Cheng said, noting that the upcoming visit is essential to the growth of the bilateral relationship.

Cheng said both sides attach great importance to Hu's visit and have made a lot of preparation for it.

During his stay in Kazakhstan, Hu will hold talks and meet with Nazarbayev and other leaders to further advance China-Kazakhstan relations, enhance pragmatic cooperation and exchange views on the international and regional issues of common concern, said Cheng.

Cheng said the two countries will sign agreements on economic and trading cooperation. "President Hu's visit is conducive to maintaining the good momentum of China-Kazakhstan high-level exchanges, strengthening political mutual trust, boosting pragmatic cooperation and advancing their strategic partnership," he said.

Uzbekistan and Kazakhstan, as China's good neighbors and major partners, enjoy a deep and traditional friendship, pragmatic cooperation and close personnel contact with China, Cheng said.

Cheng also said that it is China's policy to continuously consolidate and enhance mutual trust and friendly cooperation with Uzbekistan and Kazakhstan, which is in the common interests of the peoples of the three nations.

Hu's visit is conducive to deepening China's cooperation with the SCO members and observers in various fields, safeguarding the international and regional security and stability, as well as building a harmonious region featuring lasting peace and common prosperity, said Cheng.

Founded in 2001 in Shanghai, the SCO includes China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan, and covers an area of more than 30 million square km with a population of about 1.5 billion. Mongolia, Pakistan, Iran and India have become observer states after the SCO created an observer mechanism in 2004.

- Gates prods China on NKorea, military ties to US (5th June)

U.S. Defense Secretary Robert Gates challenged China to deal realistically with the short-term question of how to respond to an antagonistic North Korea and the longer-term issue of whether Beijing's expanding military can establish more durable ties with the U.S.

Asian nations cannot stand by in the face of North Korea's alleged sinking of a South Korean warship, Gates said during an international security summit Saturday that was dominated by questions about the North.

"To do nothing would set the wrong precedent," Gates said.

The U.S. and South Korea want China to back a new international condemnation or punishment of the North.

Gates joined South Korea in trying to marshal world support for the conclusion that North Korea was to blame for the sinking and should be held to account. South Korean

officials handed out glossy pamphlets containing the results of an international investigation that found North Korea blew the warship Cheonan apart with a torpedo.

China, the North's closest ally, has not assigned blame for the sinking in March that killed 46 South Korean sailors.

Gates met several times with South Korean officials over two days here, including a symbolic three-way discussion Saturday with officials from South Korea and Japan. Washington is pledged to defend both nations as a legacy of U.S. wars in the Pacific.

Gates made the point during that session that the three nations "have to have a united front to deter further provocation," Pentagon press secretary Geoff Morrell said afterward.

South Korea referred the sinking to the U.N. Security Council on Friday. The council has the power to impose penalties. China is one of five veto-holding members of the council.

China is the communist North's largest patron, giving it economic and political pull over an otherwise reclusive government. The U.S. and South Korea want China to use that clout to rein in the North Koreans.

At the security summit, Gates did not mention China's financial and diplomatic support for North Korea but said "the nations of this region share the task of addressing these dangerous provocations."

In a tense exchange following his address to the conference, Gates dismissed suggestions by a Chinese general that Washington was being hypocritical in criticizing North Korea but not Israel for its commando raid on an aid flotilla in the Mediterranean Sea this past week.

"There is a wide gap in the U.S. attitude and policy to the two instances," said Maj. Gen. Zhu Chenghu of China's National Defense University.

Gates said the attack on the warship was a surprise operation conducted "without any warning." Israel had issued several warnings to the flotilla not to enter its territorial waters, he said.

"I won't make judgment on responsibility or fault" about that incident, Gates said, adding that he favors an international investigation to determine responsibility.

The general also took on Gates over the issue of U.S. arms sales to Taiwan, a constant irritant to Beijing, and Gates' assertion that China's military is balking at forging more durable ties with the United States.

"The Chinese are taking the Americans as a partner, as friends, and Americans take the Chinese as enemies," Zhu said.

Gates challenged China to resume military cooperation suspended after the Obama administration went ahead with a planned weapons sale to Taiwan worth more than \$6 billion. The two powers cannot afford to misunderstand one another, Gates said.

Zhu said some contacts have continued since January, and made no promises.

<http://www.google.com/hostednews/ap/article/ALeqM5gfZU6TkgIYmSSD3eL0h1ScRegpEgD9G55POO0>

- Gates Urges Positive U.S.-China Military Relations (5th June)

Economic and political cooperation between the United States and China has flourished despite differences over U.S. arms sales to Taiwan, and the same should be true of the military relationship between the two countries, Defense Secretary Robert M. Gates said here today.

In a speech opening the first plenary session of the ninth annual “Shangri-La Dialogue,” an Asia security summit organized by the International Institute for Strategic Studies, Gates noted that although the arms sales have been going on for decades, China has cited them as its reason for breaking off interactions between the U.S. and Chinese militaries.

“For a variety of reasons,” Gates said, “this makes little sense.” He pointed out that U.S. arms sales to Taiwan have been going on throughout the decades since the 1979 normalization of relations between the United States and China. In addition, he said, the United States has demonstrated for years that it does not support independence for Taiwan.

“Nothing – I repeat, nothing – has changed in that stance,” he said.

And because China’s accelerating military buildup focuses largely on Taiwan, Gates added, U.S. arms sales are important to maintaining peace and stability across the Strait of Taiwan and throughout the region.

Considering all this, he said, President Barack Obama’s decision in January to sell selected defensive weapons to Taiwan should have come as no surprise.

“It was based on well-established precedent and the longstanding belief of the U.S. government that a peaceful and non-coerced resolution to the Taiwan issue is an abiding national interest, and vital for the overall security of Asia,” the secretary said.

Though the United States and China disagree on this matter, Gates told the delegates, U.S. arms sales to Taiwan over the decades since normalization have not impeded closer political and economic ties or closer ties in other security arenas of mutual interest.

“Only in the military-to-military arena has progress on critical mutual security issues been held hostage over something that is, quite frankly, old news,” he said. “It should be clear to everyone now – more than 30 years after normalization – that interruptions in our military relationship with China will not change United States policy toward Taiwan.”

Obama and Chinese President Hu Jintao have advocated a positive military-to-military relationship between their countries, Gates noted. “The United States Department of Defense wants what both Presidents Obama and Hu want: sustained and reliable military-to-military contacts at all levels that reduce miscommunication, misunderstanding and miscalculation,” he said.

The absence of military-to-military relationships between the United States and China has a cost, Gates added. “I believe they are essential to regional security and essential to

developing a broad, resilient U.S.-China relationship that is positive in tone, cooperative in nature and comprehensive in scope,” he said. “The United States, for its part, is ready to work toward these goals.”

Gates had hoped to visit Beijing while he was in the region to attend the Shangri-La Dialogue, but Chinese officials conveyed the message recently that the timing wasn't right. While en route to Singapore earlier this week, the secretary expressed his chagrin to reporters.

“I'm disappointed that the [People's Liberation Army] leadership has not seen the same potential benefits from this kind of a military-to-military relationship as their own leadership and the United States seem to think would be of benefit,” he said.

<http://www.defense.gov/news/newsarticle.aspx?id=59504>

- China defends ban on top military links with US (5th June)

China's military has broken off top-level links with the US because Washington has reneged on an undertaking to wind down arms sales to Taiwan, a top Chinese general said on Saturday.

In China's strongest public comment on the issue, General Ma Xiaotian, deputy chief of staff of the People's Liberation Army, said Beijing had “temporarily suspended” high level military visits, although lower level contacts were continuing.

General Ma told a security conference in Singapore that the PLA had acted because an arms package offered to Taiwan in January by President Obama was in breach of a 1982 agreement between the two countries.

“The sides agreed that the US would gradually reduce its arms sales to Taiwan, and the American side stated that arms sales to Taiwan would not exceed in qualitative or quantitative terms that seen in recent years [prior to 1982],” he said.

“If countries take this approach to commitments they have made I believe bilateral relationships will be seriously affected. We do not regard US arms sales to Taiwan as something normal.”

General Ma was responding to complaints by Robert Gates, the US defence secretary, that the Chinese military was “uninterested” in a “sustained and reliable” direct relationship with its US counterparts.

Mr Gates told the Asia Security Summit in Singapore that the need for such a relationship had been agreed between President Obama and President Hu Jintao, the Chinese leader, in order to avoid mistakes and miscalculations between the two sides.

“The US defence department wants what both presidents Obama and Hu want: sustained and reliable military to military contacts at all levels that reduce miscommunication, misunderstanding and miscalculation,” he said.

“There is a real cost to any absence of military to military relations. I believe they are essential to regional security – and essential to developing a broad, resilient US-China relationship that is positive in tone, co-operative in nature and comprehensive in scope.”

Mr Gates said President Obama's decision to sell fresh arms to Taiwan was in line with previous US practice, did not affect Washington's opposition to Taiwan independence, and had not affected high-level civilian contacts between the two sides.

However, General Ma's remarks underline China's extreme sensitivity about US arms sales to Taiwan, the self-governing democratic island nation China regards as a renegade province that must be reunited with the mainland, by force if necessary.

His comments were underlined by a second PLA officer, Major General Zhu Chenghu, head of strategic studies at China's National Defence University, who said US arms sales were "intended to prevent" the reunification of China.

"The Chinese have never damaged the interests of the US, while sales of arms to Taiwan really hurt the whole interests of China," he said.

"This sort of arms sale sends to the Chinese the wrong signal – that is that the Chinese are treating the Americans as partners as well as friends, while you Americans treat the Chinese as enemies."

General Zhu also accused the US of double standards in its responses to the alleged sinking of the South Korean naval ship Cheonan by North Korea, which Washington condemned, and the Israeli commando raid on a convoy of ships heading for Gaza, which it did not.

Mr Gates said the two incidents were not comparable.

<http://www.ft.com/cms/s/0/90785fa4-7083-11df-96ab-00144feabdc0.html>

- Chinese military official: China's national defense capability not to challenge any country (5th June)

(Xinhua) -- The development of China's national defense capabilities is not aimed at challenging, threatening or invading any other country, but to maintain its own security, a senior Chinese military official said here on Saturday.

Ma Xiaotian, deputy chief of the General Staff of the Chinese People's Liberation Army pointed out at the 9th International Institute for Strategic Studies (IISS) Asian Security Summit that some people still view China's development with suspicion, worrying that China will seek expansion and hegemony when it becomes strong, as some western countries did.

"The development of China's national defense capabilities is not aimed at challenging, threatening or invading any other country, but at, first and foremost, maintaining its own security," Ma said.

Ma noted that every country should combine its own interests of its own people with shared interests of people around the world, and its own national security with the common security with the international community.

He quoted an old Chinese saying that "one should help others succeed before he himself succeeds; one should help others prosper before he himself prospers," noting that this ancient wisdom for personal survival can provide a reference to international relations today.

"Only common development can guarantee sustainable development for all, and only common security is truly sustainable security," he stressed.

Ma said that solution to problems related to maritime affairs, cyberspace, outer space, climate and environment ultimately lies in further development and cooperation, and these issues should neither be politicized nor used as excuses to put pressure on the countries in pursuit of one's own interest.

"International community should bear in mind both the history and reality in handling those issues," he said. While upholding every nation's right to strive for sustainable development, he said "we should also give full consideration to the actual development level of different nations and gradually establish fair and effective international norms through serious, responsible and constructive negotiations."

"We believe maintaining security in the Asia-Pacific region serves China's interest, and it is also China's responsibility," Ma said, adding that China has the responsibility to make greater contribution to regional peace and prosperity and it is willing to do so.

The 9th International Institute for Strategic Studies (IISS) Asian Security Summit, the Shangri-La Dialogue, is held in Singapore on June 4-6. Delegations from 28 countries and regions, with more than 300 delegates including defense ministers, chiefs of defense staff, and other senior security policy-makers, attended the summit.

- Myanmar official media hail Chinese premier's visit (5th June)

(Xinhua) -- Chinese Premier Wen Jiabao's just-ended two-day goodwill visit to Myanmar has opened a new chapter for Sino-Myanmar relations, said the official newspaper New Light of Myanmar Saturday.

Premier Wen's visit helps strengthen the two countries' friendly relations and their bilateral cooperation in various arenas will contribute towards generation of a prosperous future, the editorial of the paper underlined.

Noting that the diplomatic ties between China and Myanmar are now in their 60th anniversary, the editorial said the two nations maintain the good neighborly relations based on equality, understanding and mutual support for each other.

"Bilateral cooperation in various sectors has made significant progress and the bilateral relations have grown to strategic relations," the editorial stressed.

With Myanmar and China sharing a common border, "the two peoples have been dealing with each other through fraternal sentiment for long and friendly relations between the two neighbors are very fruitful", the editorial appraised.

Premier Wen paid a visit to Myanmar from Wednesday to Thursday, the last leg of his four-nation Asian tour which had taken him to South Korea, Japan and Mongolia.

During his visit in the new capital of Nay Pyi Taw, Wen met with Senior General Than Shwe, Chairman of the State Peace and Development Council, and had talks with his Myanmar counterpart U Thein Sein.

The two countries signed 15 documents on cooperation covering areas such as natural gas, hydropower and other fields.

The two prime ministers also attended celebrations marking the 60th anniversary of diplomatic ties and took part in a handover ceremony for an international conference center, which was constructed with Chinese aid.

- Sino-US military relations rely on efforts from both sides: Chinese official (5th June)

(Xinhua) -- A sustained and reliable military-to-military relations between China and the United States should be established by efforts from both sides, a senior Chinese military official said here on Saturday.

China-U.S. relationship is among one of the most important bilateral relations, Ma Xiaotian, deputy chief of the General Staff of the Chinese People's Liberation Army said at a question and answer session of the 9th Asian Security Summit.

He noted that China has always attached great importance to building an all-round sound relationship with the United States, including the bilateral military ties. However, national defense officials from both countries find that the military exchanges are lagging behind the communication in other areas.

Since the establishment of bilateral ties between the two countries, the bilateral military ties have not escaped a strange circle, which is "development, standstill, another development, another standstill," Ma said. He said that both parties have tried to break the curse but failed to achieve obvious breakthrough.

Speaking on U.S. Defense Secretary Robert Gates' remarks about a "sustained and reliable military-to-military contacts," Ma said that efforts should be made by both countries, but not just by one side.

There are some main obstacles in the development of bilateral military relations, such as the U.S. arms sales to Taiwan, frequent reconnaissance by the U.S. naval ships and aircraft in the waters and airspace of China's exclusive economic zones, according to Ma. "So the barrier between U.S.-China military relations is not built by China." Ma stressed. "U.S. arms sales to Taiwan is not just an ordinary issue," he said. "The United States said that it does not support independence for Taiwan. We hope this is not what the United States says, but also what it does."

According to the U.S.-China joint communique of August 17, 1982, the U.S. stated in the communique its intention to gradually reduce the level of arms sales to the Taiwan, the quality and quantity of the arm sales to Taiwan will not exceed the previous level, and will eventually figure out ways to resolve the issue. However, Ma said that the United States has stuck to its old path and the arms sales remained to be a "serious issue" disturbing the U.S.- China relations over the past 30 years.

Ma said that the arms sales issue concerns about strategic mutual trust, political foundation of bilateral cooperation, as well as the commitment to the responsibility of the communique. He added that America's neglect of its responsibilities has undoubtedly affected the military cooperation between the two sides.

Ma also stated that the communication between the two militaries has not been suspended as claimed by U.S. Defense Secretary Robert Gates. He said the exchanges only paused in certain areas such as high level visits, but the two sides still exchange views in other areas which we think are important.

- U.S., China relations improving: U.S. Congressman (5th June)

(Xinhua) -- U.S.-China relations are improving on the back of their need for mutual support after undergoing a rocky period earlier this year, U.S. Congressman Adam Schiff said here Friday.

The bilateral relationship came under pressure due to U.S. arms sales to Taiwan, the Dalai Lama's U.S. visit and tensions in the Korean Peninsula, but the overall situation was good and the bilateral cooperation was at a very high level, the Democratic congressman from California told a Chinese press club luncheon.

Schiff said he didn't think the current tensions on the Korean Peninsula would have a serious impact on U.S. relations with China.

He said both countries needed each other's support in forums such as the six-party talks to resolve the issue of nuclear proliferation on the peninsula.

The United States also needed China's cooperation in developing alternative and green energy. The two nations could not simply compete with each other on this front, but needed to learn from each other, he said.

Schiff sponsored the Nuclear Forensics and Attribution Act to strengthen the U.S. Department of Homeland Security's efforts in developing techniques for "fingerprinting"

nuclear material and encouraged U.S. President Barack Obama to negotiate international agreements to govern international nuclear forensics activities.

Schiff is also leading the effort to combat intellectual property theft. He is a co-chair of the Congressional International Anti-Piracy Caucus, a bipartisan group of House and Senate lawmakers dedicated to working with America's international trading partners to secure the enactment of strong copyright laws as well as their vigilant enforcement.

Schiff said Hollywood movies are popular in China and the movie industry is one of the few sectors enjoying a trade surplus.

He said it was important for the U.S. to strengthen its efforts to fight piracy, admitting that in this field, the United States and China had many concerns.

- Chinese President to attend SCO summit (5th June)

President Hu Jintao will pay a state visits to Uzbekistan and Kazakhstan in the coming week.

President Hu will also attend the annual Shanghai Cooperation Organization summit in the Uzbek capital Tashkent.

The Foreign Ministry says the president's visit will be conducive to deepening China's cooperation with the SCO members and observers in various fields.

Cheng Guoping, Assistant Foreign Minister, said, "This SCO summit will summarize what the organization achieved in last year. It will analyze global and regional development as well as the opportunities and challenges it faces, so as to outline a direction and specific tasks for the next stage. It will also make plans for further cooperation in politics, security, economy and culture, and the enhancement of communication with non-SCO partners."

(Source: CNTV.cn)

- China, Philippines mark 35th anniversary of diplomatic ties (5th June)

(Xinhua) -- Philippine President Gloria Macapagal Arroyo lauded bilateral friendship at a ceremony held here Friday to mark the 35th anniversary of the establishment of Chinese-Philippine diplomatic relations.

Arroyo said "When I became President, I made June 9 every year Filipino-Chinese Friendship Day. In the past, I set aside June 9 to attend activities to my Filipino-Chinese Friendship Day in Manila. But this year, many of you will be with me in Shanghai to celebrate this occasion."

She said, "Our geographical ties, our trade relationship, our family relationship dates back centuries before our diplomatic relations and even before our two republics were established." "We are family, China and the Philippines are family." "We are family, more than neighbors."

"During my visits to China over the last nine years, I had the privilege of visiting many cities all over China, and was greeted with the highest-ranking officials, including President Hu Jintao, Premier Wen Jiabao, and former President Jiang Zemin," she said.

China is now our third largest trading partner. China is also one of the fast growing sources of tourists for the Philippines. The Filipino businessmen have almost invested 3 billions U.S. dollars in China. Likewise, Chinese investments in the Philippines have also grown in the past decades.

She also said "I may not be President next month, next year, and the years to come, but as congresswoman...Let me assure you that I remain committed as ever to promoting and further strengthening a solid partnership between our two countries."

Chinese ambassador to the Philippines Liu Jianchao said, "More than 35 years ago, our two countries were still overshadowed by zero-sum Cold-War mentality. Today, exchanges and mutual understanding at all levels have reached breath and depth never seen before.

He added that 35 years ago, China-Philippines trade volume was lingering around 72 million U.S. dollars. The figure spiked to a record-high at 30 billion U.S. dollars in 2007 and registered a quarter-on-quarter increase of more than 50 percent during the first three months of this year.

The numerous exchange visits of artists, writers, journalists, teachers, performers and sportsmen between our two countries have fostered deeper understanding of our ways of life as well as friendship between the Chinese and Filipino peoples. Only through friendship and mutual respect, through understanding and acceptance of common and contrasting characteristics, can nations truly live in an atmosphere of amity and harmony. Alfons A. Uy, president of Federation of Filipino-Chinese Chambers of Commerce, said Chinese-Filipino partnership flourished and grew stronger with the signing of the Joint Communiqué establishing diplomatic relations between China and the Philippines in 1975.

"We will also continue to lead the Chinese-Filipino community in undertaking projects that would promote national growth and development," he said.

The ceremony was jointly organized by the Federations of Filipino-Chinese Chambers of Commerce and Industry and other Chinese organs to mark the 112th Philippine Independence Day, the 35th anniversary of the Establishment of Diplomatic Relations between China and the Philippines and the 9th Filipino-Chinese Friendship Day.

- Friendship with China cornerstone for Pakistan's foreign policy: Zardari (5th June) (Xinhua) -- Friendship with China is a cornerstone for Pakistan's foreign policy and a common view shared both by the ruling party and the out-parties in the country, said the Pakistani President Zardari here on Friday.

While meeting with the out-going Chinese Ambassador to Pakistan Luo Zhaohui at his Presidency in Islamabad Friday afternoon, Zardari said that the government led by Pakistan People's Party will firmly adhere to the friendly policy towards China and actively engage itself in promoting the practical cooperation between the two countries.

The President said he has visited China for four times since he took office in less than two years and each visit is a learning opportunity for him. Pakistan should learn from China in terms of governing the country and ruling the party as well as balancing the relationship between stability and development so as to achieve a development together with China, he said.

Zardari said Pakistan supports the strategy of the Chinese government to achieve a leap-forward development and long-term stability in Xinjiang, an autonomous region in west China which borders Pakistan.

He said the development strategy recently announced by the Chinese government is an opportunity for Pakistan and Pakistan will benefit directly from the development in Xinjiang.

The Chinese Ambassador to Pakistan Luo Zhaohui said the Chinese side is happy to see the Sino-Pakistani relationship has maintained a positive development momentum and has made steady progress in recent years under the joint efforts of both sides.

Economic front

- China housing market a bubble; gov't policies able to reduce potential damage: economist (30th May)

(Xinhua) -- China's booming housing market is a bubble, evidenced by a series of statistics and the actions the central government is taking, an economist said here Saturday.

"A series of indicators - including ratios of housing prices to people's income, to rent, and to construction cost - all point to a bubble in the housing market," said Yao Shujie, head of the School of Contemporary Chinese Studies, University of Nottingham.

The nationwide average ratio of housing price to household income in China was 9.1 in 2009, compared with 4.74 for the UK and 3.09 for the US, said Yao, citing statistics from a research on China's property market he conducted in 2009.

The research also shows the nationwide ratio rose to 11.15 for the first two months of 2010 and in some major cities, including Beijing and Shanghai, registered over 20.

Last week, Chinese real estate services company E-House China released similar figures -- China's nationwide average ratio of house price to income was 8.03 in 2009 but those in Beijing, Shanghai, Hangzhou and Shenzhen were over 14.

In addition, the relationship between the house selling price index and the cost of renting index index is widening at an accelerated pace, as is the sale price versus cost of construction ratio, according to Yao's research.

Property prices in 70 cities rose in April by an average of 12.8 percent from a year earlier, higher than the annual 11.7 percent increase in March and the fastest pace since the National Bureau of Statistics began to compile monthly figures in July 2005.

"Surging house prices are driven by the supply push as well the demand pull," Yao said, adding that a strong urbanization trend, rising household income, demographic changes, a dearth of investment channels, and Chinese people's deep cultural imperative to buying one's own house has resulted in the growing demand.

On the supply side, local governments' intentions to reap revenues from land sales, developers' hoarding, government's lack of investment in housing, and excessive bank lending to developers have also helped push up prices, he noted.

The government needs to address the problem from both sides, and a slew of measures introduced in recent months, including raising down payments and mortgage rates for second homes, will likely have a bigger impact on in coming months, he said.

"Government policies are heading in the right direction, but the bubble can only burst naturally as a result of the collective action of house buyers, property developers, bankers and government officials. And government intervention can reduce the any damage caused by the deflating of the bubble," he said.

Yao suggested the government make real efforts to build more public housing, guide developers to build more small houses, and start collecting property taxes.

- Chinese premier calls for investment agreement, co-op secretariat among China, Japan, S Korea (30th May)

(Xinhua) -- Chinese Premier Wen Jiabao on Sunday called for further efforts to establish the mechanism and framework of cooperation among China, Japan and South Korea in line with a blueprint mapping out cooperation in the region over the next decade.

He made the call at a trilateral summit on South Korea's southern resort island of Jeju also attended by South Korean President Lee Myung-bak and Japanese Prime Minister Yukio Hatoyama.

The Chinese premier said the three countries should take into account one another's major concerns and properly handle sensitive issues so as to enhance political mutual trust and maintain peace and stability in the region.

This, he stressed, constituted the most important basis for deepening trilateral cooperation. He noted that in tackling global financial crisis, the three countries have maintained close communication and coordination in their joint efforts to oppose trade protectionism, deepening and broadening cooperation in all fields, thus achieving economic revival and growth in bilateral trade.

The premier called for greater input by the three countries to consolidate the economic recovery while continuing to implement appropriate policies. Meanwhile, they should adopt a long-term approach to the steady recovery and future growth of region's economy, and work together to create a favorable condition for this end, Wen said.

He urged the three countries to encourage joint researches by officials, businessmen and scholars on a free trade area, strive to reach a trilateral investment agreement at an early date, and enhance cooperation on standardization and establishment of a secretariat for trilateral cooperation.

While serving as major manufacturing and trade powers, the three countries should push for sustainable development, Wen said. They should accelerate their economic restructuring and the transformation of pattern of economic growth by vigorously developing green economy, recycle economy and conducting scientific and technological innovation, he added.

The premier also called for greater efforts to promote cultural and people-to-people exchanges among the three countries. They should join hands to promote the ideas of friendship, tolerance and harmony, broaden the exchange and cooperation in culture, education, tourism, media and encourage friendly exchanges among different cities so that cooperation among the three countries will enjoy broader and more solid popular support.

Wen said that as both neighbors and regional powers, the three East Asian nations should treat each other with respect and on an equal footing to achieve a win-win result. He expressed the confidence that as long as the three nations work together for their common goal, their future will be bright indeed.

- Effects of stringent gov't measures remain uncertain: report (31st May)

(Xinhua) -- Despite the recent gains in China's property stocks, investors remain concerned that uncertain effects of the government's clampdown on property market may lead to further tightening measures, Monday's China Daily reported.

"If the developers maintain high prices, the government may implement even harsher measures that are likely to target real estate companies by controlling bank loans to them," the newspaper quoted Wei Fengchun, an analyst at China Securities, as saying.

But Xia Junjie, a portfolio manager at Lion Fund, held a different opinion. "The government will likely take time to evaluate the efficacy of its measures and not introduce additional controls in the meantime," he said.

He added the property sector was unlikely to rebound until the third quarter when the government measures begin to work.

The property stocks have declined more than 30 percent since April, making the worst performing sector this year.

But the property stocks rebounded last week as the central government seemed to be slamming the brakes on its price tightening measures.

The benchmark Shanghai Composite Index has regained the 2,600-point last week territory after slumping nearly 20 percent from the peak of 3,338.66 points in last November.

- President Patil calls for greater market access for Indian goods in Chinese market (31st May)

President Pratibha Devisingh Patil, who is on a visit to China, said on Sunday that unless market access for Indian pharmaceutical, engineering and information technology companies improves, trade relations between India and China, which is under strain at present, would continue to worsen.

During her meeting here with the ruling Communist Party's Shanghai chief Yu Zhengsheng, Patil said it was important for Beijing to focus on trade imbalances and market access issues.

Briefing media persons about the meeting, Foreign Secretary Nirupama Rao underlined that India wanted more market access in China in fields like engineering goods, IT (Information and Technology), IT enabled services, agricultural products and commodities, and added that this issue has been well conveyed to the Chinese leadership during Patil's visit.

The trade relationship between the two countries has been seen as a crucial driver of overall bilateral relations amid persisting political strains over the long-pending border dispute.

India's recent restrictions on the import of Chinese telecom equipment in light of security concerns, has added to the list of strains.

Responding to a question on the dumping of Chinese goods in Indian markets, Rao said there are many corrective measures in place to check such practices.

"There are a number of anti-dumping investigations also on Chinese products coming into India. And , there are also safeguard duties that are placed on Chinese goods. Whenever we see a surge which is likely to affect our industry adversely, corrective measures are taken," she said.

Earlier, during the last leg of her China visit, Patil visited the Indian pavilion at the Shanghai World Expo, which is being described as the biggest and most expensive in exhibition history.

She also unveiled a statue of Rabindranath Tagore in the heart of old-town Shanghai, China's financial capital. Tagore had visited Shanghai in the 1920s and left a strong influence on a whole generation of Chinese intellectuals and writers.

<http://sify.com/news/president-patil-calls-for-greater-market-access-for-indian-goods-in-chinese-market-news-international-kf5mEcjhjac.html>

- Speculation, drought, hype behind farm produce price spikes: official (31st May)

(Xinhua) -- Speculation is said to be one of the factors that push up prices of some agricultural products in China, with drought and commercial hype conspiring to the spikes.

Government's moves this year to cool down the property market has weighed heavily on the stock market, which saw speculative capital shifting to some other targets, such as the non-staple grains market, said Peng Sen, vice minister in charge of the National Development and Reform Commission, the country's top economic planner.

Statistics from China's National Bureau of Statistics showed green mung bean cost nine yuan (1.32 U.S. dollars) a kilogram in October in 2009, but had soared to 20 yuan by May.

Prices for black soy beans and glutinous rice have also gained remarkably, tracking spikes in other farm produce like garlic.

"Major mung bean production regions in China's northeast, southwest, and in Inner Mongolia suffered severe drought from last year. Production in some areas slumped 40 percent," said Chen Guoqiang, chairman of Hangzhou Grain & Oil Development Co. Ltd. Seasonal factors have contributed to the rise in price of mung beans, which Chinese people like to boil during the summer for drinking. The drink relieves the summer heat and prevents strokes, said Chen.

Many also blamed market speculation for the price surge. But even as prices have risen, trade has not been particularly active.

The Chinese government has vowed to crack down on hoarding and farm-produce profiteering in recent days.

The NDRC said China would crack down on vegetable hoarding and curb speculation to maintain market order.

It urged local governments to step up efforts to strengthen market monitoring and clamp down on speculators who force up the prices of agricultural products like green beans and garlic.

Profiteers' illicit earnings will be confiscated and they may face fines of up to 1 million yuan.

China's State Council, the Cabinet, also held a meeting last week saying it would strike hard against farm-produce profiteers.

Hype -- claiming "garlic prevents swine flu" or "mung beans protect your health," for example -- is also a trick merchants touting high-priced farm produce have used.

But impacts on China's overall inflation due to recent price spikes in some agricultural products will be limited, according to NDRC vice minister Peng Sen.

Peng said the consumer price index, a major gauge of inflation, would not be much affected by the price surge because the consumption of these non-staple agricultural products was relatively low and demand flexible.

- China Vice Premier: Can Use Exchange Rate To Help With Economic Restructuring (31st May)

Jones)--China can use the exchange rate to help restructure the domestic economy, Vice Premier Li Keqiang wrote in a Communist Party-backed magazine published Tuesday. The topic of the essay in Qiushi magazine broadly covered issues related to China's economic restructuring toward more sustainable development. It didn't offer fresh policy details but provided Li's longer-term views on the Chinese economy. Li is expected to become China's next premier when party and government leaders change power in 2012-2013.

Li reiterated China's outlook on the yuan exchange rate to keep it basically stable at a reasonable and balanced level.

Li said overall price levels are stable but inflationary expectations have emerged, affected by rising international commodity prices and rising resources prices in China.

http://online.wsj.com/article/BT-CO-20100531-706355.html?mod=WSJ_latestheadlines

- Free trade zone for China, S.Korea, Japan to produce hefty benefits, thorough exploration needed (31st May)

(Xinhua) -- While regional integration is breaking down the walls dividing adjacent countries, free trade is thickening the web of their economic interdependence between them with potential benefits.

After concluding their third round of trilateral summit on Sunday in Jeju island, South Korea, leaders from China, South Korea and Japan have agreed to complete a joint research task by 2012 on the feasibility of grouping the three nations into a free trade zone.

To list the benefits of a free trade area, countries concerned are obliged to eliminate tariffs and quotas, allow faster flow of goods, as well as lower manufacturing costs and product prices.

Additionally, a free trade zone could also facilitate the free flow of human resources, capital and services, and promote a favorable environment for investment, thus strengthening political communication.

As the world is maneuvering to remove the remaining woes of the international financial crisis while facing a possible second dip amid the turmoil of the eurozone debt crisis, regional economic blocking up gains momentum.

Under such circumstances, China and the ASEAN Free Trade Area, the world's largest of its kind, came to birth on the first day this year. It has a 1.9-billion-population with 6,000 billion U.S. dollars in terms of the GDP and 450 million dollars in trade.

The motions to materialize free trade zone proposals are also found in Russia and Latin America.

Russia is advancing on the track of constructing a free trade zone within the members of the Commonwealth of Independent States, while the Community of Latin American and Caribbean nations is also in the making.

According to the data of China's Ministry of Commerce, the number of free trade areas worldwide will rise to some 400 by the end of 2010.

However, the idea of such an economic bloc between the three economic powers in the Northeast Asia is still preliminary, requiring sufficient deliberation.

If grouped, it would include Asia's first, second and the fourth largest economies and account for 70 percent of Asia's GDP or 20 percent of that of the world, standing next only to the European Union and the North American Free Trade Area.

With China as the biggest trading partner of South Korea and Japan's second, bilateral trade between the three nations, which totals about 200 billion dollars, is also considered as a catalyst for building the free trade zone.

Meanwhile, studies by some non-governmental research groups of the three countries have come to two conclusions: first, a free trade zone could further promote their economic growth; second, a trilateral free trade zone would outperform such an economic group as composed by any two countries of the three.

Moreover, China's competitiveness in natural resources and labor-intensive industries, which contrasts to that of South Korea and Japan in capital and technology-intensive sectors, could underpin the formation of the trade circle.

Nevertheless, shortcomings of free trade zones should not be neglected.

Once such a free trade zone is built, China has to consider the impact on some of its industries, the economic and social costs it has to pay and the liberalization of such areas as agriculture.

At present, the establishment of such a trilateral free trade zone has a long way to go. Along the way, not only a thorough exploration is needed, but also a practical attitude to push the process forward.

- China Employment Gain Signals Honda Wage Offer 'Tip of Iceberg' (1st June)

(Bloomberg) -- China's manufacturing job growth accelerated to the fastest pace in at least five years in the past three months, signaling more employers may be forced to follow Honda Motor Co. in offering higher wages.

The Federation of Logistics and Purchasing said yesterday in Beijing its average factory employment index for the past three months reached 52.7 even as its measure for manufacturing growth slid. The release came a day after Honda Motor Co. offered a 24 percent pay increase to workers at a factory in the aftermath of a strike that shut down its Chinese production.

Faster job growth and higher wages will help Premier Wen Jiabao's government rebalance the world's third-largest economy away from export dependence. The shift may also stoke inflation, making it more important that officials contain prices in part by ending China's currency peg to the dollar, said Peng Wensheng, head of China research at Barclays Capital.

"Honda's just the tip of the iceberg, and it reflects the urgency of adjusting China's growth model," said Huang Yiping, an economics professor at Peking University and a

former Citigroup Inc. chief Asia economist. “After three decades of rapid growth partly driven by cheap labor, China must adjust” to higher wages, he said.

Earnings are poised to rise even amid signs that the acceleration of growth in China’s industries may have peaked, economists said. Yesterday’s report showed the country’s manufacturing purchasing manager index dropped more than forecast, to 53.9 in May from 55.7 in April; readings higher than 50 indicate expansion.

Stocks Retreat

The decline contributed to a sell-off in stocks that saw the MSCI Asia Pacific Index snap a four-day winning streak. The Shanghai Composite Index fell 0.9 percent to 2568.28.

China’s regional officials are contributing to wage gains. After halting minimum wage increases last year amid the global recession, seven Chinese provinces raised their levels in the first quarter, according to the Labor Ministry. Companies from Dell Inc. to Hon Hai Group have also increased pay in their Chinese businesses this year.

Hon Hai Group, the assembler of Apple Inc.’s iPhones, said last week it may raise wages in China by 20 percent. Police and customers from Apple to Dell are probing Hon Hai’s working conditions after the deaths of at least 10 people at the company’s complex in Shenzhen. Honda’s China production had yet to return to full operation yesterday after some striking workers at the parts plant rejected the pay proposal.

‘Copycat’ Risk

“The Honda strikes could lead to an increase in these types of incidents,” Aurret van Heerden, president and chief executive officer of the Washington-based labor-monitoring group Fair Labor Association, said by phone yesterday. “This sort of labor action generally has a copycat nature.”

About a quarter of workers in nine Chinese provinces surveyed by the central bank said they expected at least a 10 percent pay increase this year, the state-run Xinhua news agency reported in March.

Tao Dong, a Hong Kong-based economist at Credit Suisse Group AG, said “I expect double digit wage growth a year for the migrant workers over the next few years.” China has about 145 million migrant workers across the nation, about 11 percent of the total population, according to government data.

“The events have dramatized the beginning of the end of an era of China as world factory,” Tao said.

Policy Toolkit

Faster wage increases and yuan appreciation should both be in policy makers’ toolkit to help reallocate resources away from exports toward domestic demand, said Peng at Barclays, who is based in Hong Kong. “Wage increases may push up domestic inflation so letting the yuan strengthen at the same time may help cool inflation.”

China’s consumer prices rose 2.8 percent in April from a year before, approaching the 3 percent target that the government has set for this year’s average.

Any change in the yuan’s 6.83 peg to the dollar, kept since July 2008 to aid exporters, may hurt manufacturers with thin profit margins, such as Zhejiang Mingfeng Car Accessories Co., an exporter of car covers and seats cushions whose margin last year stood as low as 2.5 percent.

“Pressure on wages has been greater this year especially as we expanded our business after the New Year holiday,” said Bai Ming, deputy general manager of Zhejiang

Mingfeng, adding that his company has raised wages by almost 20 percent. “Even a 3 percent yuan revaluation may cause great distress for our business,” he said.

China’s trade balance has already shrunk with foreign demand gains outstripped by domestic spending. The country’s gross domestic product climbed 11.9 percent in the first quarter from a year before, the most in almost three years.

China faces a “pressing” task in the “post-crisis era” to adjust its growth model and move away from growth reliance on investment and exports, which may be restrained by a slow world recovery, Vice Premier Li Keqiang wrote in the Chinese Communist Party magazine published yesterday.

<http://www.businessweek.com/news/2010-06-01/china-employment-gain-signals-honda-wage-offer-tip-of-iceberg-.html>

- Manufacturing From China to Europe Slows Amid Crisis (1st June)

(Bloomberg) -- Manufacturing growth from China to the euro region weakened in May, a sign that a rebound from the worst global recession since World War II may be slowing.

Manufacturing in China, where a crackdown on property speculation has damped construction, and the 16-member euro region expanded at a slower pace last month than economists estimated, two surveys of executives showed today. In the U.S., the Institute for Supply Management’s manufacturing gauge fell less than forecast.

Chinese manufacturing, which led a rebound from the U.S. to Japan, is weakening amid a drop in property sales and building just as Europe’s debt crisis erodes investor confidence. Chinese Premier Wen Jiabao said yesterday that the world needs to guard against the possibility of a second economic slump and Norbert Reithofer, chief executive officer of Bayerische Motoren Werke AG, said last month there are still “numerous risks.”

“It’s inevitable that there’s going to be a moderation in confidence given what’s been happening,” said Paul Donovan, deputy head of global economics at Zurich-based UBS AG. “At this stage this reflects confidence, not production. It’s the manifestation of uncertainty in markets impacting confidence.”

The Purchasing Managers’ Index for China fell to 53.9 in May from 55.7 in the previous month, the Federation of Logistics and Purchasing said. A separate index released by HSBC Holdings Plc and Markit Economics fell to the lowest level in a year.

U.S. Report

U.K. factories held up the pace of expansion in May and Swiss manufacturing growth accelerated to the fastest on record.

The MSCI Asia Pacific Index of stocks, which in May had its biggest monthly drop since 2008 on concern Europe’s debt woes may hurt the region’s growth, declined 1.2 percent

today after rising over the past four days. The Stoxx Europe 600 Index today extended its biggest monthly drop in more than a year.

European policy makers last month were forced to pledge a rescue package worth almost \$1 trillion to keep Greece's debt troubles from spreading to countries including Spain and Portugal. With governments stepping up spending cuts across the region, threatening to hurt the economic recovery, the euro has shed 15.4 percent against the dollar this year.

Confidence Game

"We're past the peak in growth," said James Nixon, co- chief European economist at Societe Generale SA in London. "In Europe, you can make a case that the sovereign-bond crisis has hurt confidence. Elsewhere in the world, there's very little sign of a really sharp slowdown in activity, however."

The Bank of Canada raised its key interest rate from a record low today, the first Group of Seven country to do so since last year's global recession, and said further moves will be "weighed carefully" against future growth in Canada and elsewhere.

Recent growth and inflation have been "largely as expected" while the global recovery is "increasingly uneven," the Ottawa-based central bank said in a statement.

Companies from the U.S. to Germany have relied on faster growth in emerging markets to boost sales. The Organization for Economic Cooperation and Development said on May 26 that it expects the global economy to expand 2.7 percent this year, with China seen growing more than 11 percent. The U.S. may grow 3.2 percent, almost three times the pace projected for the 16-member euro region, according to the Paris-based OECD.

Trimming Stimulus

Chinese policy makers are trimming stimulus this year after a \$1.4 trillion lending binge revived growth in 2009. Officials are targeting a 22 percent reduction in new loans and have sold bills and raised banks' reserve requirements to suck money out of the financial system.

"The economy may continue to maintain relatively fast growth, but the growth rate may slow," Zhang Liqun, a researcher at the State Council's Development and Research Center, said in the statement from the logistics federation. "The May PMI may be an indication that the economic rebound is stabilizing."

Munich-based BMW said on May 18 that it's sticking to its forecast of increasing 2010 earnings "significantly." Carlos Ghosn, CEO of Nissan Motor Co., Japan's third-largest automaker, said last month he expects Chinese sales to increase 14 percent this fiscal year, outpacing North American deliveries.

“Demand has stabilized on a lower level,” Stefan Fuchs, CEO of Fuchs Petrolub AG, Germany’s largest maker of lubricants, said on May 3. “We still don’t know if this is just re- stocking. The question is if the recovery is sustainable.”

<http://www.businessweek.com/news/2010-06-01/manufacturing-from-china-to-europe-slows-amid-crisis-update2-.html>

- China to stick to economic opening-up policy: official (1st June)

(Xinhua) -- China will continue its economic opening-up policy and it stands ready to join hands with other countries to overcome the global economic difficulties, a senior Chinese official said here on Monday.

"We firmly believe that opening-up will generate unlimited vitality for trade as well as dynamism for economic growth. Under no circumstances will China change its opening-up policy," said Yi Xiaozhun, China's vice minister of commerce.

Addressing a WTO session reviewing China's trade policies in the past two years, Yi said his country was still going through a period of rapid industrialization and urbanization, a process that "will unleash enormous demand for investment and consumption."

"It is predicted that China's total imports will exceed 7 trillion U.S. dollars in the next five years," Yi told delegates from the world trade body's 153 members.

According to the official, many uncertainties still exist in the global economy, with major developed countries still in slow recovery and the international money and bond markets haunted by potential crisis.

In the meanwhile, China, which suffered severe impacts by both natural disasters and the global economic crisis, still faces a big challenge in creating jobs at home.

"China still has 150 million people living in poverty. We have to create jobs not only for 30 million unemployed people registered in cities, but also over 20 million people newly added to the working population every year," Yi said.

"Nevertheless, China is ready to join hands with other countries to overcome the difficulties," he added.

The official reiterated that "China firmly supports multilateralism and always regards the multilateral trading system as the cornerstone of its trade policy."

He also called for a successful conclusion of the long-stalled Doha Round trade negotiations, as it "is of great significance to realize rebound of the global economy and resist trade protectionism."

"China stands ready to make joint efforts with other members to conclude the Doha Round with an outcome that is comprehensive and balanced, delivering its development mandate," he said.

- Cheap Labor Fighting Back in China (2nd June)

As the global race to the bottom for private industry labor continues, it seems the younger Chinese laborer - many of which are exposed to the rest of the world via the internets (sic) - is beginning to have enough. While not a new issue [[Feb 28, 2008: China Raising Minimum Wage](#)] the very high profile suicide cases at mega contract manufacturer

Foxconn along with strikes at Honda plants in [China](#) are bringing this issue to the forefront of public conscience. Even Apple's [Steve Jobs](#) is [concerned](#):

[Apple Inc](#) Chief Executive [Steve Jobs](#) finds "troubling" a string of worker deaths at Foxconn, the contract manufacturer that assembles the company's iPhones and iPads, but **said its factory in China "is not a sweatshop."** "It's a difficult situation," Jobs, dressed in his customary black turtleneck and jeans, said on stage. "We're trying to understand right now, before we go in and say we know the solution."

"The situation at Hon Hai is negative for Apple, so they need to work together to try to resolve this," said Jenny Laia technology analyst at CLSA Ltd. in Taipei. **About 70% of Apple's products may be manufactured at Hon Hai's facilities**, she said.

Not everyone agrees with Mr. Jobs, who is obviously biased:

Foxconn is a sweatshop that "tramples" the rights of workers partly because it pays about 900 yuan (\$131) a month, forcing factory employees to do overtime to support themselves and their families, according to Li Qiang, founder and executive director of [New York](#)-based China Labor Watch.

While this is a positive for "humanity" you can almost hear the siren call of other countries, such as Vietnam, [[Apr 7, 2010: Vietnam Begins to Lure Business Away from China](#)] beckoning for the world's corporations to exploit their workers if the Chinese won't have it.

"We have been seeing wage inflation over the past several months," said Chris Ruffle, who helps manage \$19 billion as China co-chairman of Martin Currie Ltd. **Rising salaries may prompt businesses that operate plants in China to move to lower-cost countries such as Vietnam and Cambodia**, Ruffle said.

<http://www.ibtimes.com/articles/26335/20100602/cheap-labor-fighting-back-in-china.htm>

- China's economic planner says vegetable prices to decline further (2nd June) (Xinhua) -- China's vegetable prices will fall further with increasing supplies as temperatures continue to climb, the National Development and Reform Commission, the country's top economic planner, said Wednesday.

Average retail prices for 15 kinds of vegetables, including tomatoes, cucumbers and eggplants, dropped by 10.15 percent in May from April, the NDRC said.

Prices for some vegetables fell drastically when the peak supply season came by the end of May, it said.

NDRC monitoring showed prices of cucumbers on May 26 averaged 4.04 yuan (59 U.S. cents) per kg, 22 percent down from a month earlier while green rape dropped 20.1 percent in price month on month to 7.82 yuan per kg.

In China, food prices account for a third of the weighting in the consumer price index (CPI), a main gauge of the country's inflation.

China's CPI picked up in April, rising 2.8 percent year on year because of lower comparison base last year and rising food prices because of adverse weather.

The government set a target to keep the full-year growth in the CPI at about 3 percent this year.

- China's restrictions on resource exports consistent with WTO rules: experts (2nd June)

(Xinhua) -- China's curbing of exports of some raw materials to protect the environment and reduce its trade surplus is in line with World Trade Organization (WTO) rules, experts say.

In its biennial review of China's trade policies, the WTO alleged Monday China may be giving its manufacturers an unfair advantage by restricting exports of some raw materials. China uses restrictions such as prohibition, licensing, quotas and partial tax rebates to manage exports of certain resources so as to conserve resources and energy, the WTO report said.

"Usually, the WTO is concerned about import restrictions rather than export restrictions," Wednesday's Economic Information Daily quoted Tu Xinquan, vice president of China National Institute of WTO, as saying.

"The WTO report may be related to the U.S. and European Union (EU) appeal last year to the WTO over Chinese restrictions on raw material exports," Tu said in an interview with the newspaper, Xinhua affiliate.

The WTO report only considered the importers' views and has no legal force, Tu said.

"It is neither a verdict nor a final judgement. It merely points out the problem," he added.

China has reduced its exports of energy-intensive and other environmentally destructive goods to address its trade imbalance and to protect the environment, Tu said.

China's practices are consistent with GATT obligations and Article XX as the restrictions achieve health and environmental goals, an unnamed expert at the Beijing WTO Affairs Center said.

The U.S. and the EU have restrictions on exports, too, said Dr. Lei Yanhua, a researcher with the Chinese Academy of International Trade and Economic Cooperation, an affiliate of China's Ministry of Commerce.

It is absurd for the U.S. and the EU to press China on environmental protection standards while criticizing China for restricting exports of energy-intensive and highly polluting resources and products, he said.

- Chinese real estate developers to face financial difficulties: report (2nd June)

(Xinhua) -- China's property developers will have financial difficulties in the future as the liability ratio of 13 of the country's top 50 listed developers had already exceeded 70 percent, Wednesday's Shanghai Securities News reported.

The government's recent property market tightening will continue to slow the market in the second half of the year, said the newspaper, citing a report released by China Real Estate Appraisal (CRA) Tuesday.

The report indicated that centrally-administered state-owned property developers had fared better than other enterprises amid the government tightening measures.

Stock prices of listed property developers had slumped well over 20 percent since the government introduced macro control measures in April.

China Overseas Land and Investment Ltd., subsidiary of the centrally administered China State Construction Engineering Corporation, had maintained rapid growth and replaced China Vanke Co. as the country's largest listed property developer by market value, said the CRA report.

Total assets of the top 50 listed property enterprises hit 1.78 trillion yuan (261.64 billion U.S. dollars) at the end of 2009, up 38.8 percent year on year, it said.

Total revenue of these companies rose 48.3 percent year on year to stand at 406.04 billion yuan, while net profit topped 83.84 billion yuan, up 67.38 percent.

- Reform raises natural gas prices (2nd June)

The National Development and Reform Commission (NDRC) announced a 24.9 percent rise in natural gas prices Monday in a reform to spur supply of the cleaner-burning fuel, the use of which is growing fast as the country gives more weight to the environment.

China last raised both wellhead gas prices and wholesale prices to industrial users in November 2007 but exempted more sensitive consumers such as households and fertilizer firms. This time, the NDRC said it would abolish the two-tiered gas pricing system. The announcement said onshore wellhead prices would rise 0.23 yuan a cubic meter, or 24.9 percent, which would result in a total of 1,155 yuan (US\$169.1) per 1,000 cubic meters.

(Source: Shenzhen Daily)

- China opposes U.S. penalties on Chinese steel gratings: Commerce Ministry (3rd June)

(Xinhua) -- China opposes the U.S. decision to set final duties of up to more than 200 percent on imports of steel gratings from China, the Ministry of Commerce (MOC) said in a statement Wednesday.

This came after the U.S. Commerce Department Tuesday announced final anti-dumping duties of 136.76 to 145.18 percent on the gratings to "offset below-market pricing." It also set a countervailing duty of 62.46 percent.

MOC said the United States had acted "discriminatorily" in the anti-dumping and anti-subsidy investigation and made the wrong conclusion, and China is dissatisfied and is opposed to this.

Such move could hurt the interests of China, which both Chinese government and enterprises would not accept, the ministry said.

China urged the U.S. to take effective measures to correct the mistake, it said.

According to the U.S. trade remedy procedure, the U.S. International Trade Commission (ITC) will also make its final injury determination about the product soon.

If the ITC makes affirmative final determinations that imports of steel gratings from China materially injure, or threaten material injury to, the domestic industry, the Commerce Department will issue anti-dumping duties and countervailing duties orders.

In 2009, the United States imposed a series of trade remedy measures on Chinese products, and the value involved was eight times more than that in 2008, the MOC statement said.

"Such action not only hurts the interests of China, but also has an adverse impact on bilateral economic and trade ties," it said.

China hoped the United States could show restraint in using trade remedy measures and act to fight trade protectionism, it said.

- Honda to resume car production in China (3RD June)

Honda Motor Co says it will resume production in China after workers on strike at an auto parts factory returned to work. But Japan's No. 2 automaker said Thursday that wage negotiations between Honda and Chinese employees at Honda Auto Parts Manufacturing Co. are still ongoing. Honda spokeswoman Tomoko Uchida declined to give details of the wage talks.

The strike, which began on May 17, caused a lack of transmissions and engine parts, forcing Honda to shut production at its four auto assembly plants in China.

But workers at the auto parts plant returned to work, enabling Honda to resume production at the four factories on Friday and Saturday. Honda said it has yet to decide whether to keep the four plants in operation next week.

<http://economictimes.indiatimes.com/news/international-business/Honda-to-resume-car-production-in-China/articleshow/6007343.cms>

- Chinese company approaches Ethiopian market with latest technology (3rd June)

(Xinhua) -- A Chinese electronics manufacturer, namely Hisense, is promoting latest technology in Ethiopian market.

Hisense has supplied modern electronics products of high technology to local customers in the country.

While covering the 3rd National Information Communication Technology (ICT) Exhibition at the Addis Ababa Exhibition Center on Thursday, Xinhua has learnt that local customers are highly attracted with the products displayed by Hisense.

A number of local and foreign companies have exhibited their products in the exhibition co-organized by the Ethiopian ICT Development Agency and the Ethiopian Telecommunications Corporation.

The Chinese telecommunication company, ZTE, is also participating in the exhibition.

Dong Xiaojie, Sales Manager in Africa's Sales Department with Hisense, said the company has developed good business channels to get its products to win markets.

Dong said the ICT exhibition here is a good opportunity to introduce Chinese high quality products to Ethiopian customers.

"This year we have found a right partner in Ethiopia that is Glorious, which has trust that we have many years experience in this industry. We have developed business channels and that is why we have chosen them; and we can see now that our products are sold very well in those channels," said the sales manager.

He said the local partners have shown great interest in Hisense products, especially the 3D (three dimensions) films.

According to him, Hisense is doing the business confidently as they are receiving good feedbacks from the customers and the local people like the quality products by Hisense.

"This is the first time Hisense entered Ethiopian market and we have been receiving encouraging feedbacks from the market even the local people. The local customers also

love Hisense technology and the quality so that we are more confident to do this kind of job in the market," he added.

Selam Geremew, an Ethiopian, told Xinhua that she loves very much the technology supplied to Ethiopian market.

Selam said the technology by Hisense is very new to Ethiopians.

"I am very happy to see these technologies in our country. From this I can see the level of technology especially the 3D technology by Hisense which is a very recent phenomena here in Ethiopia. It is our first time to have 3D films in our country," she said.

"From this exhibition, we can learn where the technology is now; and I am very, very happy to see this, especial these Hisense products," she added.

Nesri A. Ibrahim is a product manager with Glorious and has been dealing with Sony almost for 10 years now here in Ethiopia.

Xinhua approached him while he was working with Hisense products at the exhibition.

Nesri said "The technology has now moved to China and we are now with Hisense brand."

"We have been dealing with Sony almost for 10 years now. The technology has now moved to China and we have the chance to meet Hisense Brand which is well known in China and all over the country. For that reason we plan to introduce Hisense Brand to Ethiopian market," said he.

He said the feedback from the market is very promising.

"We have tested them in the market and we have had very good feedback and hopefully we will do good business with Hisense because the technology is recent and of high quality," he added.

- Nationwide crackdown on statistical forgery (3rd June)

A nationwide examination of statistical work will start soon, media reported Thursday.

Figures like gross domestic product (GDP), industry output, grain yield, income of urban and rural residents, etc, will be the focus of the examination.

The National Bureau of Statistics of China, Ministry of Supervision, and Ministry of Justice started examining the statistical process with the aim of rooting out deceptive acts and create trust and a transparent statistical working environment.

The examination will focus on the process of data collection, analysis methods, etc, to see whether there are any illegal statistics collections, fake figures, forgeries or arbitrary statistics publications, etc.

(Source: Chinadaily.com.cn)

- China bans milk, meat imports from Japan (3rd June)

Travelers are being advised not to bring milk products or meat imports into China from Japan following a ban due to the latest foot-and-mouth outbreak, the Guangzhou Daily reported Thursday.

China stopped importing milk powder, milk, beef and cattle-related products from Japan at the end of April since the start of outbreak in the country.

China's top quality watchdog, General Administration of Quality Supervision, Inspection and Quarantine (GAQSIQ), and Ministry of Agriculture issued the ban on imports of

cloven-hoofed animals and related products from Japan, to stop the disease spreading to animals here, but not due to food safety.

Though foot-and-mouth disease cannot cross to humans, buying or taking milk powders from Japan is forbidden, an unnamed official of Guangdong Entry-Exit Inspection and Quarantine Bureau explained in the report.

He also said Japanese milk powders with Chinese signs on the market were imported before the outbreak and can still be purchased.

The outbreak of foot-and-mouth disease was discovered in southern Japanese prefecture Miyazaki on April 20.

(Source: Chinadaily.com.cn)

- Steel price down despite iron ore price hike (3rd June)

International suppliers are raising iron ore prices. But as experts have pointed out, this does not necessarily mean a rise in steel prices. In the first four months of this year, the price of imported iron ore in the Chinese market rose by 26 percent, which pushed up steel prices for a time.

On April 15th, the price of deformed steel bars rose to 43-hundred yuan per ton in the Shanghai market. But since then, the steel market has seen a continuous fall. The price of deformed steel bars dropped by over 10 percent to only 39-hundred yuan per ton. Experts attribute this to the demand change caused by recent policies.

Liu QiuJun, Chief analyst, said, "The government's structural adjustment policies have greatly pushed down investment in infrastructure. Also the tightening policies to curb the real estate market have dampened demand of property developers."

(Source: cntv.cn)

- ICBC says to advance globalization at stable pace (3rd June)

(Xinhua) -- The Industrial and Commercial Bank of China will use the global economic recovery to advance the globalization process as well as deal with challenges with patience, the ICBC chief said Wednesday.

Jiang Jianqing, chairman of ICBC's board of directors made the remarks during a discussion at the eighth World Investment Conference in La Baule, western France.

With the development of China's financial reform, the interaction between China and the foreign financial industry grows much closer, Jiang said. He said Chinese financial institutions are gradually becoming a vital power on the global stage with their prudent and active merger and acquisition activities.

By the end of 2009, China's five major banks had established 84 business institutes overseas, among which ICBC has 24 business institutes and 180 branches in 21 countries and regions outside China, Jiang said.

Taking the past 10 successful merger cases as examples, Jiang laid out the four principles that the ICBC conforms with in doing merger operations: investing with a strategic plan, calculating controllable risk, basing on reasonable prices and making determined and prudent decisions.

Noting that a number of foreign investors are opening branches or seeking stock shares in China, Jiang saw it as a situation that not only benefits foreign institutes but also

promotes Chinese financial operators to better harness risk, optimize investment structure and accelerate engagement with the global market.

ICBC is currently the world's largest lender by value. The bank's 2010 first quarter net profit rose 18 percent on year to about 6 billion U.S. dollars (about 858 million U.S. dollars), and its outstanding yuan-denominated loans grew nearly 6 percent to 6 trillion yuan (858 billion U.S. dollars).

The conference is a European forum focused on technology, business, investment and policies to stimulate global economic growth. European Council President Herman Van Rompuy and other European financial leaders participated in the conference.

- China's economic planner rejects stagflation risk report (4th June)

(Xinhua) -- China's National Development and Reform Commission (NDRC), the top economic planner, refuted a report on Friday claiming China is facing stagflation risks, arguing the national economic growth might slow slightly but stagflation is not going to occur.

The NDRC response followed the release of a domestic report that claimed rising inflation and slowing economic growth would lead to stagflation in China.

The NDRC added that the report was inaccurate and likely to cause misunderstandings and confusion, according to a statement released on its website.

The statement went on to say growth in China's gross domestic product (GDP) was likely to slow down this year because of a higher comparison base used in the second half of last year, but it would still be one of the world's strongest growth rates and should not be labeled as "stagflation".

Further, the NDRC noted that the consumer price index (CPI), a major gauge of China's inflation, was likely to exceed the government's 3-percent growth target in several months, but "there is a foundation to achieve the full-year CPI target of 3 percent" as long as China continued improving macro-regulations, it said.

The NDRC statement noted that China would see "stable and comparatively fast economic growth" and "a moderate consumer price increase" this year.

China's GDP rose 11.9 percent from a year earlier during the first quarter of this year. The CPI increased 2.4 percent year on year in March while the growth for April accelerated to 2.8 percent, according to the National Bureau of Statistics (NBS).

The NBS is scheduled to release May economic data, including the CPI, fixed asset investment and retail sales, on June 11.

- Food prices fall in late May: figures (4th June)

(Xinhua) -- Food prices in China's 50 major cities started to fall in late May, figures released Friday by the National Bureau of Statistics showed.

During the May 21-30 period, vegetable prices in these cities had dropped. Prices of cabbages fell 7.5 percent, celery fell 2.1 percent and tomatoes fell 7.8 percent compared to the May 11-20 period.

The average price of long beans was down the most by 12.5 percent at 6.99 yuan per kilogram during the period, figures showed.

However, there were some moderate price rises in the late May period, most notably rice was up 0.7 percent at 4.59 yuan (0.67 U.S. dollars) per kilo. Flour remained unchanged at 4.2 yuan per kilo.

Prices of edible oil were stable and only a maximum 0.2 percent price rise was recorded for meat including pork, beef and chicken.

In China, food prices account for one third of the weighting of consumer price index (CPI), a main gauge of inflation.

China's CPI rose 2.4 percent year on year in March and the growth for April accelerated to 2.8 percent, according to statistics from the National Bureau of Statistics.

The government is aiming to keep inflation under 3 percent for 2010.

Economists earlier said the possibility of serious inflation in the country was easing.

Chief economist at China International Capital Corp. Ha Jiming forecast the May CPI to rise 3.2 percent from a year earlier last week.

Official economic figures for May including CPI are expected to be released next week.

- Geithner urges China to resume exchange rate reform (5th June)

US Treasury Secretary Timothy Geithner urged China Saturday to let the yuan appreciate as a critical part of its economic reforms.

Geithner, speaking after a Group of 20 finance ministers' meeting, said the grouping had discussed "a more flexible exchange rate policy" in China.

He said this would be an important part of wider economic reforms pursued by Beijing to make its economy less dependent on exports and drive up domestic demand.

"China has laid out very ambitious reforms designed to help strengthen growth in household income, consumption growth and to strengthen domestic demand," Geithner said.

"A necessary part of that reform is to resume reform of their exchange rate mechanism."

International Monetary Fund managing director Dominique Strauss-Kahn told a separate news conference that "something obviously has to be done" about the value of the Chinese currency.

"The IMF still believes that the renminbi (yuan) is substantially undervalued," he said.

But even a 20-25 percent appreciation would not resolve the issue of global imbalances. "So it is only part of the problem," he said.

In a communique following the two-day meeting, the G20 warned that market convulsions sparked by Europe's debt crisis posed major challenges to the global economy. They did not single out specific currencies for mention.

Critics of China's currency policy say Beijing keeps the yuan artificially low to make its exports cheaper.

Speculation had grown in recent months that China was ready to allow a gradual yuan appreciation. Analysts say that now looks unlikely because the government will seek exchange rate stability as the European sovereign debt crisis rages.

At recent annual talks with the United States, President Hu Jintao said China would adjust its exchange rate policy at its own pace.

Beyond the yuan issue, Washington is concerned about accusations China is skewing its trade and investment climate in favour of domestic companies.

However, in his comments Geithner framed the yuan issue as part of a wider effort to rebalance the global economy.

"A shift towards higher saving in the United States would need to be complemented by strong domestic demand growth in Japan and in the European surplus countries," he said.

The yuan was effectively pegged at about 6.8 to the dollar in mid-2008 as the financial crisis sank its teeth into global trade, after rising by more than 20 percent since 2005 as China's export-driven economy soared.

<http://www.google.com/hostednews/afp/article/ALeqM5ji-I7mjVXQoVKghX2Y134yIA5hdg>

- Economists fight misconceptions about China (5th May)

(Xinhua) -- China's strong economic recovery is drawing much interest from economists, policymakers and media around the world as developed countries struggle to overcome the global downturn. Yet, common misunderstandings about China are increasing as more people unfamiliar with the country air their views.

Inaccurate criticism of China's exchange rate policy, investment environment, and global warming negotiations has only increased the misconceptions about the country.

Economists interviewed by Xinhua said more openness and candid discussions with time would clear up the misunderstandings and give outsiders a clearer picture of how contemporary China works.

Arthur Kroeber, managing director of GaveKal-Dragonomics, an economic research firm in Beijing, published an article in the Washington Post in April, in which he discussed five commonly misunderstood issues, including the yuan exchange rate and China's massive investment in resources in Africa.

The report described China's economic rise as "one of the biggest stories of this generation." The dramatic growth from poverty to the top exporter in just three decades had resulted in "myths and misperceptions about the challenges and opportunities that China posed to the rest of the world", it said.

MYTHS ON YUAN, INVESTMENT ENVIRONMENT

Arguments concerning China's exchange rate policy have been intense. The Chinese government is accused of deliberately undervaluing its currency to give its exporters an advantage. The result is a huge trade gap between China and the U.S., so the argument goes.

China has repeatedly fought the accusation, and called for the U.S. to lift restrictions on various hi-tech products to China, saying this would balance the trade.

The issue is not a straight forward one. The appreciation of the yuan will not solve America's woes.

"I don't think the yuan is the real reason for China's trade surplus as China's March trade deficit shows the issue is independent from the exchange rate," Loechel Horst, professor at the China Europe International Business School, while talking on a Xinhua talk show.

China has a large volume of exports because its low labor and capital cost made the products cheaper and thus competitive, he said.

"Because of its own comparative advantage, Germany is also a large exporting nation in spite of a strong euro", he said, adding the accusation was mainly driven by domestic and political pressure on the U.S. government.

Cheng Enfu, chairman of the World Association of Political Economy -- also on the talk show -- shared the view adding that criticism of China's exchange rate was to distract people from focusing on Wall Street as the cause of the financial problems in the U.S..

He said China should allow the yuan to appreciate a bit which would help improve the quality of the economy and promote economic restructuring and adjust the export mode. However, the government would not be forced to do so by foreigners.

China's investment environment also has faced undue criticism, which has escalated since Google's exit from China's mainland market citing cyber attacks.

Some foreign companies said China's discrimination toward foreign investments was rising, its regulation environment worsening and business operations becoming more difficult.

Loechel said there "are some limits, for example, on the amount of stakes that financial institutions are allowed to buy, or that foreign banks have to wait long times to open branches."

However, he said, the main problem was foreign firms were feeling more business pressure from growing competition from local rivals.

Cheng said China's policies did not discriminate foreign enterprises but granted them favorable policies to attract investment.

"The Chinese government gave too many favorable policies to attract foreign investment and the current policies are not so favorable as they were, which caused complaints," he added.

RISING CHINA

Experts said it was quite understandable that China would face more challenges and criticism as it gained in power.

China has rapidly grown to become the world's third largest economy land and is posed to overtake Japan to become number two.

China's growth slowed when the financial crisis hit in 2008. However, the economy soon resumed its rapid expansion after the government unveiled a four-trillion-yuan (586 billion U.S. dollars) stimulus package in November of 2008, which helped to push the

growth rate up to 11.9 percent in the first quarter this year after an 8.7 percent increase in 2009.

"China is very successful in dealing with the economic slowdown, making China more visible and more important," Loechel said.

"Somehow not all people in the west have good feelings, and the west needs some time to get familiar with the fact and accept it."

The media was also responsible for creating misunderstandings, experts said.

Cheng said foreign media in some western nations focuses on reporting negative events because of the cold-war mentality or ideological factors.

The western media should abandon the cold-war mentality or downplay ideologies and report China in a more object way, Cheng added.

"The role of press in the west is to sell newspaper. So sometimes bad news is good news," Loechel said.

"Actually, three important events are able to help western people know better about China," he added, citing the Beijing Olympics Games, the impressive recovery from the global economic crisis and the Shanghai World Expo.

To clear up misunderstanding, every nation must be more open, Loechel said, adding that more forums and talks should be organized on various levels to improve understanding.

Loechel said China was in the process of becoming integrated in the global community and China -- given its growing strength -- would play a very influential role in transforming the world this century.

Social front

- China bans evidence from torture (31st May)

Evidence obtained under torture cannot be used in China's courts, the government has said, weeks after a convicted murderer was set free because his victim turned out to be alive.

Laws banning torture are already in place, but analysts say they are widely disregarded.

Officials were embarrassed by the case of Zhao Zuohai, who spent 11 years in jail for a murder that never happened.

He says he was beaten by police until he confessed.

He was eventually given \$96,000 (£67,000) in compensation and two policemen accused of beating him were arrested.

Correspondents say convictions in the Chinese court system are strongly dependent on confessions, motivating police to use force.

'Big progress'

The government issued two new sets of procedures - the first covers evidence in cases subject to the death penalty, and the second rules on evidence obtained under duress in all criminal cases.

For people appealing against the death penalty, testimony given under duress and evidence from unnamed sources is now to be excluded.

Death-penalty defendants have also been given the right to ask for an investigation into whether their testimony was obtained illegally.

The regulations banned any evidence of unclear origin, confessions obtained through torture, or testimony obtained through violence and intimidation.

Legal expert Zhao Bingzhi told the state-run China Daily that it was the first time a "systematic and clear regulation" had been given on the issue.

"Previously we could only infer from abstract laws that illegal evidence is not allowed. But in reality, in many cases, such evidence was considered valid," he said.

"This is big progress, both for the legal system and for better protection of human rights. It will help reduce the number of executions."

http://news.bbc.co.uk/2/hi/world/asia_pacific/10198592.stm

- Mainland, Taiwan jointly commemorate wartime relics protection (2nd June)

(Xinhua) -- Beijing's Palace Museum and Taiwan's National Palace Museum will hold a series of events this month to commemorate the saving of millions of cultural relics from the invading Japanese in the 1930s and 1940s.

Experts from the two museums will stop at more than 11 cities along the route taken by the Chinese guardians who moved the items from Beijing to safety in the the south of the country.

From June 3 to 18, the group would visit surviving witnesses of the event, collect documentary and video materials, and hold symposiums, said Beijing Palace Museum spokesman Li Wenru at a news conference Wednesday.

The route would include Zhengzhou city in Henan Province, Xi'an in Shaanxi, and Chengdu, Chongqing, Changsha and Guizhou, said Li.

"The success of this heritage transfer was considered a miracle at the time, when fascism was running rampant across the nation," Li said.

"The launch of the tour will raise awareness of the event among Chinese and commemorate the national spirit of historical preservation."

The tour would also mark the 85th founding anniversary of the Beijing Palace Museum and 65th anniversary of the victory over the Japanese occupation.

The tour was expected to result in a series of reports, exhibitions and documentaries, Li said.

- Senior official calls for promotion of religious values (2nd June)

(Xinhua) -- A senior Chinese official has called for promoting the values of the country's religions, such as sincerity, harmony, safeguarding the nation and loving the people.

Du Qinglin, vice chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and head of the United Front Work Department of the Communist Party of China (CPC) Central Committee, made the remarks during his visit to southeastern Fujian Province from May 31 to June 2.

Du told religious people that efforts should be made to build temples, churches and monasteries into harmonious places and let religions be compatible with socialism and safeguard national interests.

He said as Chinese citizens, religious people should have the country, the people and the law in mind, safeguard the nation's fundamental interests, abide by the law and religious principles and keep to the rule of the profession.

Religious people should identify "positive elements" in religious sutras and tenets and "explain them in a way that was in line with the era and easily received by followers," Du said.

He said they should carry forward the tradition of benevolence and helping people in need, and devote themselves to social services such as helping the elderly and the disabled and in disaster relief.

Religious communities should find their "place in economic and social development" and let religions "better serve society," he said.

- **Backgrounder: President Hu's greetings to children for Children's Day (2nd June)** (Xinhua) -- Chinese President Hu Jintao toured a museum in Beijing along with children from home and abroad, before hundreds of millions of children across the country celebrated the International Children's Day on Tuesday.

The following are Hu's greetings to children ahead of or on the Children's Day since the year 2004.

On May 31, 2004, the President toured the China Science and Technology Museum and the Beijing Children's Palace. He joined children in visiting the Shenzhou V re-entry capsule and watching science and entertainment programs, as well as playing table tennis.

On May 29, 2005, the President watched a singing and dancing performance by children from the Little Red Star Kindergarten Art Troupe. Hu walked onto the stage at the end of the performance and took photos with children.

On May 31, 2006, the President visited handicapped children and orphans at the Beijing Children's Welfare Institute, where he taught them to make "zongzi", traditional glutinous rice dumplings wrapped in bamboo leaves and eaten to celebrate the Dragon Boat Festival. Hu later visited the Xisibei Kindergarten in the capital's Xicheng District, where he joined kids in singing songs and drawing pictures.

On June 1, 2007, the President visited a kindergarten and a primary school in the capital's Daxing District. Hu joined children playing with toy bricks at the kindergarten and played basketball and rope skipping with students at the school. He also planted two tomato seedlings.

On May 31, 2008, the President visited kids studying in a quake-proof tent in the quake-hit Ningqiang County in northwest China's Shaanxi Province. On June 1, Hu visited kids studying in a tent school in the Jiangjiashan village in northwest China's Gansu Province.

On May 31, 2009, the President visited the Jushan Primary School in the capital's Haidian District, where most students were children of migrant workers. Hu later visited the Fangcaodi Primary School, an international school, where he played games with children and taught them to make dumplings.

On May 31, 2010, the President toured the China Science and Technology Museum in Beijing along with children from home and abroad, where he encouraged children to be ambitious and pursue an all-round development.

Ethnic issues

Environmental front

- **China solicits public opinion to protect polluted lake (3rd June)** (Xinhua) -- A draft regulation on the protection of water resources and ecological environment of the Taihu Lake, the third largest freshwater lake in China, was made public Wednesday to solicit opinions.

According to the draft posted on the website of the State Council's Legislative Affairs Office, www.chinalaw.gov.cn, local authorities must readjust their economic structure and eliminate outdated industries with high water consumption and pollution.

Recycled paper-making companies with a yearly output of less than 50,000 tonnes, as well as other pollutant-discharging companies with backward production capacities, and those do not operate in accordance with national industrial policies or meet discharge standards, could no longer operate near the Taihu Lake, the draft said.

Taihu has been plagued by algae due to severe industrial pollution in recent years. In 2007, an algae outbreak forced local water plants to stop household water supplies in Wuxi City, Jiangsu Province.

The draft said local government would set discharge limits and annual pollution reduction plans for all polluters near the lake.

Establishment of new chemical and pharmaceutical enterprises and projects, sewage outlets, garbage recycling facilities, golf courses, floating restaurants, poultry and livestock farms should not be allowed near the lake, the draft regulation said.

It also banned storage and transportation of toxic materials, and the sales and use of laundry detergent containing phosphorus near the Lake, and demanded limited use of fertilizer and pesticide.

Those who violate the draft regulation would face administrative punishment, in addition to fines ranging from 10,000 yuan (1,464 U.S. dollars) to 500,000 yuan or one to three times of the money involved in their illegal activities, and would have to pay for government efforts to undo the damages they have caused, the draft said.

The public is invited to comment on the draft regulation any time before June 30 via online postings, email or letters.

- Green fight "goes beyond pollution" (5th June)

Environmental protection is about choosing the right path for economic growth and the right consumption model, beyond pollution control, environment minister Zhou Shengxian said on Friday.

"We have not successfully put the brakes on severe pollution - a result of the country's vulnerable ecosystems, large population, extensive economic growth that relies heavily on resource consumption and unsound environmental supervision systems," said Zhou at a ceremony to mark World Environment Day, which falls on Saturday.

The country needs to step up its green economic policies to facilitate the shift to a "highly effective and low-emission" growth mode, Zhou said.

To that effect, the Ministry of Environmental Protection will continue to promote the reform of energy use and pricing to reflect market demand and supply, resource shortages and environmental prices, he said.

A tax system that encourages energy saving and environmental protection will be established, and the existing environmental economic policy tools, such as green security, green purchase and green trade, will be improved, Zhou said.

Encouraging a green lifestyle has also been highlighted as a crucial measure to curb excessive consumption and reduce emissions.

Consumption choices, such as preferences for smaller cars and energy-efficient appliances, could have deep impact on green production, analysts have said.

Faced with mounting challenges to fight the country's environmental problems, Zhou was particularly concerned that with the strong economic rebound, emissions may rise again as production capacity expands.

"In some places, backward facilities or enterprises which have already been phased out may surface again," Zhou said.

In the first quarter of this year, China already saw a 1.2 percent increase in the emissions of sulfur dioxide, a major air pollutant, compared with the same period last year, as the country's economic growth accelerated to 11.9 percent.

China has witnessed a steady drop major air and water pollutants in the past three years, thanks to stringent environmental regulations and the closure of highly polluting, energy intensive companies.

Still, new environmental problems such as heavy metal pollution have also emerged in recent years, Zhou said.

The ministry received 12 cases related to heavy metal pollution last year, with 4,035 people suffering excessive blood lead levels and 182 people afflicted with excessive cadmium levels.

"We have also seen an increase in the frequency of severe pollution accidents throughout the country," Zhou said.

Last year, the country recorded 171 emergency pollution cases, a 26.7 percent rise year-on-year.

Last February, 1 million residents of Yancheng, Jiangsu province, were reportedly left without tap water after highly toxic carbolic acid from a local chemical company contaminated drinking water sources.

(Source: China Daily)

Cyber/Technology Front

- Stronger copyright protection, better regulation needed amid software industry's fast growth: China official (2nd June)

(Xinhua) -- Stronger software copyright protection and better regulation are needed as the software industry has stepped into almost every aspect of the national economy, a senior Chinese official said Wednesday.

"China will promote the use of authentic software and beef up protection of software copyright in the age of the internet," said Minister of Industry and Information Technology Li Yizhong while attending an industry forum in Beijing.

China will crack down on copyright abuse and firms' anti-competitive behavior in accordance with the law, Li said.

China's software industry has maintained rapid growth in recent years.

The sector's revenue hit 997 billion yuan (146 billion U.S. dollars) in 2009, up 25.6 percent year on year and 16 times the 2000 level.

Li encouraged traditional industries to be creative and further integrate with the software industry.

He said technological progress and innovation are required to strengthen the software sector and to allow the sector to play a greater role in boosting social and economic development.

The sector's revenue totaled 362.6 billion yuan in the first four months of 2010, up 28.7 percent compared to the same period last year, according to figures released Tuesday by the Ministry of Industry and Information Technology.

Regional report

North

Politics

Social front

- Ideological education stressed for Chinese college students (30th May)

(Xinhua) -- A senior Communist Party of China (CPC) official has urged greater effort to promote the ideological education of the nation's college students.

"Continuous efforts should be made to boost college students' ideological thought to nurture qualified successors for the construction of socialism with Chinese characteristics," said Li Changchun, member of the Standing Committee of the Political Bureau of the CPC Central Committee.

Li made the remarks at a two-day meeting on the ideological education of college students, held in Beijing on Saturday and Sunday.

Li said although college students' ideological education has achieved good results in recent years, it is still not meeting the needs of the nation, the Party and the expectations of the people and the needs of achieving the healthy development of the students.

He urged universities to create a sound environment for students' healthy growth and to keep ideological education close to reality, life and the students.

Economic front

- Top political advisor calls for coordinated regional development (1st June)

(Xinhua) -- China's top political advisor Jia Qinglin has called for greater coordination between five north China regions -- Beijing, Tianjin, Hebei, Shanxi and Inner Mongolia - - in order to spur national economic development.

Jia, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), told a forum for regional economic development Monday that regional economic development should be coordinated nationwide.

This could be done by improving innovation ability, advancing key sciences and technologies, and establishing more innovation centers and research transformation bases. To promote regional development, efforts were also needed to optimize industrial structure and layout, to develop cultural industries and to set up a modern industrial system characterized by high-end manufacturing and advanced services, Jia said.

Improved infrastructure and ecological environments, as well as modern transportation systems, were important guarantees to regional development, Jia said.

He called for efforts to deal with unbalanced regional development, by giving preferential policies and government support to rural and less-developed areas.

In addition, reforms in administration, finance, taxation and social management were needed for a more healthy development for private investment, Jia said.

- Beijing lifts minimum wage to 960 yuan (3rd June)

The minimum monthly wage for workers in Beijing will be raised to 960 yuan (\$140.8) from July 1st, Legal Evening News reported Thursday.

The Beijing Bureau of Human Resource and Social Security announced Thursday morning the minimum wage standard will rise by 160 yuan (\$23.5), or 20 percent, from the current 800 yuan (\$117.3) per month.

The capital city usually raises the standard once a year but did not make an adjustment in 2009.

Wang Yan, director of labor relations department of the bureau, said the lift of the minimum wage aims to guarantee the rights of low-income workers and will not cause a price hike, the report said.

"Beijing has lifted the minimum wage standard for many years and has never found the adjustments resulted in a price increase of commodities and services," said Wang.

The bureau estimated that 100,000 people in the capital city will benefit from the increase of the minimum wage.

Beijing has carried out the minimum wage system since 1994 and the average annual increase rate is 10.02 percent, according to Legal Evening News citing the bureau.

In Beijing, employers must pay employees no less than the monthly minimum and also pay social insurance and housing fund contributions.

Many Chinese provinces including the economic powerhouses Guangdong, Shanghai and Zhejiang have raised the minimum wages since this year.

Currently, Shanghai has the highest minimum wage across the country – 1,120 yuan per month (\$164.2).

(Source: Chinadaily.cn)

Northwest

Politics

- New acting governor of China's Shaanxi approved (2nd June)

(Xinhua) -- Legislature of northwest China's Shaanxi Province Wednesday approved the nomination of Zhao Zhengyong as acting Shaanxi governor to replace outgoing governor Yuan Chunqing.

The 15th session of the Standing Committee of the 11th Shaanxi Provincial People's Congress accepted the resignation of Yuan, who was moved Monday by the Communist Party of China (CPC) Central Committee to head northern province of Shanxi as its Party chief.

Zhao, 59, has been a Standing Committee member of the CPC Shaanxi Provincial Committee since 2001. He became vice governor of Shaanxi in 2005.

Social front

- Vice Premier stresses quality, environment protection in rebuilding of quake zone (2nd June)

(Xinhua) -- Chinese Vice Premier Hui Liangyu Wednesday urged authorities to keep high standards and prioritize environmental protection in their reconstruction of the quake zone in Qinghai Province.

Authorities should put quality first, "prioritize people's livelihoods and environmental protection, be frugal and ensure safety" and accelerate reconstruction, Hui said at a quake relief meeting held by the State Council, the Cabinet.

A rebuilding plan for Yushu was reviewed at Wednesday's meeting.

The plan was "well oriented," "pools wisdom from various parties and suits Yushu's situation," said a statement issued after the meeting.

The plan would be submitted for review at the State Council's executive meeting after further revisions, said the statement.

A 7.1-magnitude earthquake jolted Yushu prefecture, northwest China's Qinghai Province, on April 14, leaving almost 2,700 dead, with 270 people still missing.

The government has pledged to finish reconstruction work within three years.

Hui also urged schools and authorities to prepare well for the resumption of classes in the quake zone in the new semester, which usually begins in September.

He said students in the worst-hit areas could choose to transfer to schools in other regions if their own areas lacked resources.

"The resumption of children's education has a direct bearing on their future, as well as the overall rebuilding process, social stability and ethnic unity in the quake zone," he said.

In addition, Hui warned of epidemic disease outbreaks in shelter centers.

He called for careful disposal and disinfection of medical and biological waste, and measures to ensure the safety of drinking water.

Economic front

- China introduces resource tax in Xinjiang (2nd June)

(Xinhua) -- China Tuesday introduced a new tax on sales of crude oil and natural gas in western Xinjiang Uygur Autonomous Region, the Ministry of Finance said Wednesday.

The 5 percent tax is aimed to increase revenue for the local government of the resource-rich Xinjiang, and is part of a support package for the region unveiled at a central work conference held in Beijing last month.

The new measure, a shift from current taxes based on output, is a crucial step to save natural resources by raising the consumption cost. The government intends to impose the tax nationwide after regional trials.

Thick oil, high condensation oil and high sulphur natural gas is taxed less at 3 percent, while oil recovered by tertiary methods is taxed 3.5 percent.

- Senior Chinese leader stresses leapfrog development, lasting stability in Xinjiang (2nd June)

(Xinhua) -- Senior Chinese leader Zhou Yongkang on Wednesday called for efforts to ensure "leapfrog development and lasting stability" in western China's Xinjiang Uygur Autonomous Region.

Speaking at a training session in Beijing for cadres being sent to Xinjiang to support the region's development, Zhou said the "pairing assistance" model for Xinjiang must be promoted to ensure the prosperity of all ethnic groups in Xinjiang and to build a well-off society in an all-round way.

The "pairing assistance" model, revealed by the Chinese central government at a high-level meeting on March 29 and 30, requires 19 provinces and cities to support the development of Xinjiang.

Zhou, who is a member of the Standing Committee of the Political Bureau of the Communist Party of China Central Committee, said the provinces and cities assisting Xinjiang should give priority to enhancing people's livelihoods by improving their housing conditions and the social security systems in the region, as well as by boosting employment and promoting bilingual education.

Efforts must be made to help Xinjiang build industrial parks and development its agriculture and animal husbandry sectors to bridge the development gap between Xinjiang and eastern China's coastal areas to improve local residents' living standards, he said.

The assisting provinces and cities should also help Xinjiang train cadres and talented people, improve education in the region, and safeguard social stability and harmony, Zhou said.

He called on the assisting provinces and cities to prioritize the needs of Xinjiang's local people so people of all ethnic groups can benefit from the "pairing assistance."

Northeast

Politics

Social front

Economic front

- Chinese trade union demands KFC raise workers' pay (2nd June)

(Xinhua) -- U.S. fast food chain KFC has failed to respond to a Chinese trade union's demand to increase its employees' salaries, the union's chief said here Wednesday.

A lawyer representing the tertiary workers' union in Shenyang, capital of northeast China's Liaoning Province, sent a letter two months ago to the Shenyang branch of Yum! Brands Inc. China Division, which manages KFC outlets in Shenyang, demanding a timely increase in workers' wages.

"We urged the company to clarify clauses regarding workers' pay rises in the draft version of the collective labor contract," said Feng Hui, head of the Shenyang Municipal Trade Union for Services Industries.

"But we've yet to receive a positive response from the company," Feng said.

Feng said the union asked KFC to define workers' minimum salary in the contract.

The company was obliged to negotiate with the union on the draft contract within ten days of receiving the lawyer's letter, the union director said.

Li Zhongmin, a public relations manager with Yum! Brands Inc. in Shenyang, explained the company needed to report the matter regarding contract changes to the company's China headquarters, which has caused a delay in responding to the letter.

"KFC is cautious in making changes to labor contracts. But once the contract is signed, we will fulfill our obligations," Li said.

Yum! Brands Inc. in Shenyang, which manages 57 KFC outlets and 11 Pizza Hut restaurants, submitted a draft labor contract to the union on Feb. 12 this year. But the union regarded that draft as "favorable to the company and unfair to its employees."

"We suggested the company define the minimum wage as based on the city's minimum wage in the services sector, 900 yuan (131.7 U.S. dollars) per month. But the company insists it be the city's general level of minimum wage, 700 yuan per month," said Feng.

An employee surnamed Zhang at a KFC outlet in University Town in Shenyang said the minimum wage there was 5.6 yuan per hour, lower than the city's minimum wage of 7.2 yuan per hour.

Union statistics show Yum! Brands Inc. in Shenyang has 2,000 employees on its payroll. The company's profits rose 30 percent between 2007 and 2009.

"It is a shame the world's largest restaurant company insists of the city's minimum wage level," said Feng, the union chief.

Duan Yang, a union worker, said the union in 2008 achieved a minimum annual salary of 18,509 yuan for restaurant workers. But many KFC workers only receive about 8,000 yuan a year.

He said Yum! Brands is reluctant to give an annual pay rise of 5 percent as the union has suggested, even after Walmart's Shenyang subsidiary agreed to an 8-percent annual pay rise in its 2008 collective labor contract.

"We have referred to the city's general salary levels over the past two years when giving suggestions to KFC. It is hard for us to understand why the company is still reluctant to accept the suggested salary level -- which is already very low, even for Shenyang," said Wang Yiqing, deputy chairman of the Shenyang Federation of Trade Unions.

Wang said according to the city's regulations, the government can blacklist a company that fails to protect workers' basic welfare and fine both it and its legal representative.

Meanwhile, Yum! Brands Inc. China Division in Shanghai Tuesday marked the opening of the 3,000th KFC outlet in China.

KFC entered China's mainland market in 1987.

China is KFC's second largest market after the United States.

Southwest

Politics

Social front

Economic front

- WB approves loan to boost city building in China's Chongqing (4th June)

(Xinhua) -- The World Bank has approved a loan worth 84 million U.S. dollars to help southwest China's Chongqing Municipality adapt to rapid urbanization.

The loans would be used to improve roads linking urban and rural areas, water supplies, employment training, and primary health care in underdeveloped areas of the municipality, especially in villages, the statement said.

The loan is part of the 190-million-U.S.-dollar investment by the Chongqing Urban-Rural Integration Project to achieve those goals, said a statement from the World Bank.

"The project supports the balanced long-term growth in both urban and rural areas through the provision of basic services," said Paul Kriss, World Bank's senior urban specialist in charge of the loan project.

Chongqing Municipality's urban population has soared from 36 percent of the total in 2000 to 50 percent in 2008. However, annual per capita income in urban areas is almost 3.8 times the level in rural areas.

South central

Politics

- Shenzhen elects new mayor (5th June)

(Xinhua) -- The legislature of Shenzhen, a boomtown in south China's Guangdong Province, elected Xu Qin as the city's new mayor Saturday, replacing the outgoing acting mayor Wang Rong.

The fifth Shenzhen Municipal People's Congress made the decision at its first meeting Saturday.

Xu Qin, 49, was previously an official with the National Development and Reform Commission and vice mayor of Shenzhen.

He has been a Standing Committee member of the CPC Shenzhen Municipal Committee since 2008.

Xu majored in engineering and holds a Doctor of Business Administration (DBA) degree from Hong Kong Polytechnic University.

Xu replaces acting mayor Wang Rong, who was appointed secretary of the CPC Shenzhen Committee to replace Liu Yupu, 61.

Liu is now chairman of the Standing Committee of the Shenzhen Municipal People's Congress.

Social front

- WB approves loan for improving Chinese city's environment (2nd June)

(Xinhua) -- The World Bank has approved a loan of 100 million U.S. dollars to support an environment project in south China's Nanning city, the bank's China office said Wednesday.

The Nanning Urban Environment Project, with a total investment of 254 million U.S. dollars, will help the capital of Guangxi Zhuang Autonomous Region to stop the deterioration of surface water quality in selected districts.

The project will fund the expansion of treatment capacity at wastewater treatment plants, development of new wastewater collection and treatment facilities, environment rehabilitation of rivers and technical assistance to set up an innovative system for river basin management, the office said.

Economic front

- Shanghai submits property tax proposal for review (1st June)

plan to impose a property tax on residential real estate had been submitted to the Central Government for review, the China Securities Journal reported yesterday.

The city may impose the tax on people without residence permits and those who do not file income tax declarations for three years or more, the report said, quoting unidentified people.

China's housing prices jumped by a record in April even after the government intensified a crackdown on speculation to limit the risk of an asset bubble and keep housing affordable. Beijing restricted residents to buying only one new home starting this month, making itself the first city to implement a policy authorized by the Central Government.

Shanghai was working on rules “more strict” than the Central Government’s to cool down the local property market, Chen Qiwei, a spokesman for the city’s government said Friday.

The National Development and Reform Commission plans to “gradually” promote a reform to the nation’s real estate tax this year, according to a statement on the Central Government’s Web site yesterday that didn’t elaborate.

Shanghai developers had delayed sales of new residences because the municipal government had not yet announced its property policy, the Oriental Morning Post reported yesterday, quoting unidentified developers. Only 46 of a scheduled 96 developments were put on sale for the month as of Friday, reported the newspaper quoting Soufun.com, a real estate data research Web site.

China needed a property crash for stocks to return to a bull market because that would jolt investors into switching money to equities, former Morgan Stanley economist Andy Xie said at a forum in Beijing on Thursday. Property prices in 70 Chinese cities jumped 12.8 percent in April, the biggest gain since data began in 2005.

(Source: Shenzhen Daily)

- China expands pioneer special economic zone Shenzhen (2nd June)

(Xinhua) -- The State Council of China has approved the expansion of the Shenzhen Special Economic Zone (SEZ) in an effort to accelerate its development, the legislature of the booming town in south China announced Wednesday.

Starting on July 1, Baoan and Longgang districts will be officially incorporated into the SEZ, increasing its total area to 1,953 square kilometers from 396 at present, the legislature said at a press conference.

The move is expected to offer more space to enhance Shenzhen's scientific innovative capacity and seek balanced development in the city, one of China's first group of SEZs set up in 1980, according to the approval.

SEZs were considered as showcases of China's reform and opening-up when it initiated the drive more than 30 years ago.

- Apple Chief Defends China Suicide Factory (2nd June)

Apple chief Steve Jobs has defended the factory in China where the firm's iPhone is produced, following a spate of suicides at the plant.

Ten workers at Taiwanese company Foxconn have killed themselves this year, all by jumping off buildings at its factory in Shenzhen, China.

Now Mr Jobs has sought to reassure his customers that the company's ethical standards have not been compromised.

Speaking at a technology conference, Mr Jobs insisted: "Foxconn is not a sweatshop.

"You go in this place and it's a factory but, my gosh, they've got restaurants and movie theatres and hospitals and swimming pools."

The firm, that makes Apple's iPhones as well as products for Dell and Nokia, has announced it is giving its Chinese assembly line workers an immediate 30% pay rise.

"We hope the hike in wages will help improve the living standards of the workers and allow them to have more leisure time, which is good for their health," an official at Foxconn's parent company Hon Hai said.

Employees at the plant earn just over 900 yuan (£90) per month - the province's minimum wage.

"In Shenzhen, where the Foxconn factory is located, I think a basic wage of 2,000 yuan (£200) a month is absolutely necessary," said Geoffrey Crothall, editor of the China Labour Bulletin.

The deaths have thrown a spotlight on conditions for millions of Chinese factory workers which can involve long hours, low pay and high stressful.

Many Chinese factory workers are migrants from poor and rural areas in the centre of China, living far away from their family and communities.

With cities like Shenzhen benefitting from the booming Chinese economy, they are drawn by the hope of a better life.

http://news.sky.com/skynews/Home/Business/Apple-CEO-Steve-Jobs-Defends-The-Chinese-IPhone-Factory-Where-10-Worker-Committed-Suicide/Article/201006115642178?lpos=Business_First_World_News_Article_Teaser_Region_4&lid=ARTICLE_15642178_Apple_CEO_Steve_Jobs_Defends_The_Chinese_IPhone_Factory_Where_10_Worker_Committed_Suicide

- Chinese vice premier stresses ecological protection as Hainan's tourism industry develops (2nd June)

(Xinhua) -- Chinese Vice Premier Wang Qishan Wednesday urged attaching greater importance to environmental protection in the development of Hainan Province's tourism industry.

Local authorities should make proper use of Hainan's unique natural resources and properly protect the island's ecology while developing the tourism industry, Wang said during a three-day inspection tour from Monday to Wednesday.

He ordered relevant departments to improve tourism services and management while boosting efforts to build tourism infrastructure.

The central government announced in January it will develop China's only tropical island, Hainan, into an international tourist resort by 2020.

- Pay dispute at Honda's China plant settled, production resumed (5th June)

(Xinhua) -- Labor dispute at a spare parts plant of Japan's second-largest automaker Honda in south China's Guangdong Province has been settled, the company and some employees confirmed.

Honda Auto Parts Manufacturing Company, a factory wholly-owned by Honda Motors Co. in Foshan City, Guangdong, said in a statement late Friday that representatives from its management and workers had reached a consensus on pay after days of consultations. The document gave no details about pay rises or any new remuneration packages, though it offered an apology of the company's management for "inconvenience" as a result of the dispute.

A worker, who only gave his surname as Li, told Xinhua Saturday the plant had agreed to increase wages by an additional 134 yuan a month.

"Plus the 366 yuan increase it offered earlier this week, each worker expects a 500-yuan (73.5 U.S. dollars) rise for monthly salary," Li said.

Workers at the spare parts plant went on strike on May 17 demanding a pay rise of 800 yuan a month. Honda had to close four assembly plants, including three in Guangdong and one in the central Hubei Province, due to lack of supplies of gear-boxes and other accessories as a result.

The workers returned to work Wednesday morning while wage negotiations continued. All four assembly plants had restarted operation by Saturday.

A Trade Union official in Foshan's Nanhai District, where the parts plant is located, said earlier the average wage of the striking workers was 1,200 yuan a month, slightly higher than the local average but far below the workers' expectations.

The company said it would seriously look at its management processes, improve communication with the workers and improve labor relations.

Its management also apologized for any "inconveniences" caused by the dispute.

East

Politics

- CPC names new provincial Party chief (31st May)

(Xinhua) -- Zhang Baoshun, former secretary of the Shanxi Provincial Committee of the Communist Party of China (CPC), has been appointed as Party chief of eastern Anhui Province, the CPC Central Committee said Monday.

Yuan Chunqing, governor of northwestern Shaanxi Province, is to take Zhang's place as Party chief of northern Shanxi Province, a CPC Central Committee statement said.

Wang Jinshan will no longer be Anhui Party chief.

Zhang, born in 1950 and a native of Qinhuangdao City in north China's Hebei Province, joined the CPC in 1971. He once served as Shanxi governor.

Yuan, born in 1952, started his career as a local police officer. He later studied at Peking University and obtained a law degree.

He served in the Communist Youth League of China and the CPC Central Commission for Discipline Inspection before moving to Shaanxi in 2001 to become deputy secretary of the Provincial Committee of the CPC.

Social front

- Senior official calls for promotion of religious values (2nd June)

(Xinhua) -- A senior Chinese official has called for promoting the values of the country's religions, such as sincerity, harmony, safeguarding the nation and loving the people.

Du Qinglin, vice chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and head of the United Front Work Department of the Communist Party of China (CPC) Central Committee, made the remarks during his visit to southeastern Fujian Province from May 31 to June 2.

Du told religious people that efforts should be made to build temples, churches and monasteries into harmonious places and let religions be compatible with socialism and safeguard national interests.

He said as Chinese citizens, religious people should have the country, the people and the law in mind, safeguard the nation's fundamental interests, abide by the law and religious principles and keep to the rule of the profession.

Religious people should identify "positive elements" in religious sutras and tenets and "explain them in a way that was in line with the era and easily received by followers," Du said.

He said they should carry forward the tradition of benevolence and helping people in need, and devote themselves to social services such as helping the elderly and the disabled and in disaster relief.

Religious communities should find their "place in economic and social development" and let religions "better serve society," he said.

Economic front

- Shanghai tops as sourcing center (2nd June)

Multinational firms are expected to increase procurement value by 30 percent in Shanghai this year, thanks to the recovering economy and their expansion plans in China, a United States-based business-to-business media firm said yesterday.

In 2010, multinationals, including Wal-Mart, Honeywell and Dell, will spend US\$50 billion on procurement in Shanghai, an annual increase of 30 percent, according to Global Sources.

"The booming demand of Chinese consumers hasn't changed despite the uncertainties in the global economy," Tommy Wong, general manager of Global Sources Exhibitions, said at a press conference for the China Sourcing Fair: Electronics.

"Shanghai has become China's most vibrant sourcing hub thanks to location and its economy," Wong added.

China's retail market value is set to grow 79 percent annually from 2009 to 20.8 trillion yuan (US\$3.06 trillion) in 2014. The value of the electronics market will jump 55.8 percent to 1.38 trillion yuan in the period, according to the China Retail Report.

Dell, the world's No. 2 PC maker, plans to increase procurement in China from US\$23 billion in 2008 to US\$25 billion this year.

Asian consumer electronics markets, led by China, will account for 36 percent of the global market next year from 34 percent now, according to the US Consumer Electronics Association.

More than 3,000 Chinese retailers, including Bailian Group, Trust-Mart and Wangfujing Store, have set up procurement offices in Shanghai, Global Sources said.

The fair, which opens today in Shanghai, boasts more than 460 booths displaying the latest consumer electronics, computers, telecommunication and GPS products.

(Source: ShanghaiDaily.com)

HONGKONG AND MACAU

Politics

Social front

- HK reports 101 HIV cases in first quarter (1st June)

(Xinhua) -- Hong Kong reported 101 cases of Human Immunodeficiency Virus (HIV) infections in the first quarter of 2010, the Center for Health Protection of the Hong Kong government announced Tuesday.

The new cases found has brought the cumulative total of reported HIV infections in Hong Kong to 4,544 since 1984.

Of the 101 HIV cases, which comprised 75 males and 26 females, 20 acquired the infection via heterosexual contact, 41 via homosexual or bisexual contact, four through drug injection, and one through mother-to-child transmission.

The routes of transmission of the remaining 35 cases were undetermined due to inadequate information, the center's consultant Dr Wong Ka-hing said at a press briefing on Tuesday.

Nineteen new cases of Acquired Immune Deficiency Syndrome (AIDS) were reported in the first quarter, taking the number of confirmed AIDS cases reported in the city to 1,125 since 1985. Forty-two percent of the new AIDS cases were related to heterosexual contact and 42 percent to homosexual or bisexual contact.

In this quarter, the most common AIDS-defining illness was pneumocystis pneumonia, a kind of chest infection.

Economic front

- Hong Kong stocks fall 6.4 pct in May, largest monthly decline since January (31st May)

(Xinhua) -- Hong Kong stocks fell 6.4 percent in May, the largest monthly decline in percentage term since January, after the benchmark index ended flat on Monday as the mood of bargain hunting was overshadowed following slumps in Chinese Mainland's markets.

Analysts expected the local index to perform better in June as several negative market concerns have already been factored in during the recent correction.

The Hang Seng Index closed slightly down 1.52 points, or 0.01 percent, at 19,765.19 on Monday after trading between the intra-day low at 19,629.83 in the afternoon session and the intra-day high of 19,823.99 in the early morning session.

Turnover slumped to 47.56 billion HK dollars (6.1 billion U.S. dollars) from Friday's 71.67 billion HK dollars.

The four major sub-indices moved differently. The properties sub-index lost 0.50 percent and the finance slid 0.2 percent. The commerce and industry gained 0.34 percent while the utilities added 0.2 percent.

Among blue chips, heavyweight HSBC Holdings went down 0.56 percent to 71.2 HK dollars. HKEX fell 1.16 percent to 119.6 HK dollars.

StanChart expecting its IDRs to go public in India on June 11 fell 1.08 percent to 183.5 HK dollars.

China Mobile, the world's largest mobile operator by subscribers, rose 0.82 percent to 73.7 HK dollars. Chinese telecom stocks China Unicom rose 0.53 percent and China Telecom fell 0.55 percent.

Cheung Kong, local developer by Asian tycoon Li Ka-shing, slid 0.96 percent to 88.7 HK dollars. Among other local property stocks, Sun Hung Kai Property, New World and Sino Land went down 0.96 percent, 1.58 percent and 1.84 percent respectively.

As for Chinese mainland's leading oil companies, PetroChina rose 0.47 percent to 8.53 HK dollars while Sinopec Corp fell 0.64 percent to 6.19 HK dollars.

CNOOC, the HK-listed unit of China's National Offshore Oil Corp. , rose 0.97 percent to 12.46 HK dollars.

On insurance stocks side, China Life edged up 0.15 percent while Ping An fell 1.96 percent and PICC P&C edged down 0.69 percent.

Among the mainland's major lenders, ICBC, the world's largest bank by market value, edged up 0.48 percent. Bank of China edged down 0.26 percent. China Construction Bank gained 0.48 percent.

Green-concept stock China Longyuan surged 3.6 percent.

- HK's exchange fund assets total 2.2 trillion HK dollars in April (31st May)

(Xinhua) -- The total assets of the exchange fund amounted to 2,198.9 billion HK dollars (282.5 billion U.S. dollars) by the end of April, announced the Hong Kong Monetary Authority (HKMA) on Monday.

The assets were down 20.3 billion HK dollars from the previous month, with a decrease of 22.2 billion HK dollars in foreign currency and an increase of 1.9 billion in Hong Kong dollar.

The decline in foreign currency was mainly due to a decrease in unsettled purchases of securities, which was partly offset by valuation gains on foreign currency investment, said the HKMA.

Meanwhile, the rise in Hong Kong dollar was regarded as the result of placements received from fiscal reserves, explained the authority. (1 US dollar is equivalent to 7.7835 HK dollars)

- HK's retail sales up 15.6% in April (1st June)

(Xinhua) -- The total retail sales value rose to 25.1 billion HK dollars (3.2 billion U.S. dollars) in April, up 15.6 percent over a year earlier, the Census and Statistics Department of Hong Kong Special Administrative Region government announced on Tuesday.

The total retail sales volume grew 12.4 percent after netting out the effect of price changes over the same period.

Gradually improving income and job conditions amid an entrenched economic recovery, together with the growth in inbound tourism, have been providing continuing support to retail business, the department said.

The recently increased level of uncertainty in the external environment, together with the consolidation in the asset markets, may temper somewhat the growth momentum of local consumer demand. However, the further expansion of inbound tourism should remain favorable for retail business.

The sales volume of motor vehicles and parts grew 54 percent, followed by electrical goods and photographic equipment at 26.1 percent; jewelry, watches and clocks, and valuable gifts at 22.1 percent; footwear, allied products and other clothing accessories at 14.6 percent. The sales volume of fuel dropped 0.7 percent.

Taking the first four months together, total retail sales grew 18 percent in value or 15 percent in volume on a year earlier.

- HK stocks fall for third consecutive day (2nd June)

(Xinhua) -- Hong Kong shares fell for the third consecutive day on Wednesday, as the market kept quiet with no clear direction over uncertainties including euro zone's debt issue.

The benchmark Hang Seng Index edged down 25.15 points, or 0.13 percent, to close at 19,471.80 on Wednesday after trading between 19,372.13 and 19,656.22 during the session.

Turnover totaled at 55.3 billion HK dollars (7.09 billion U.S. dollars), up from Tuesday's 49.52 billion HK dollars (6.36 billion U.S. dollars).

Analysts expected the index to trade in a fairly wide range of 18,800 to 20,600 in the next few weeks.

Among blue chips, Esprit made largest decline at 3.3 percent to 41.90 HK dollars on concerns over its large presence in Europe and persistent worries about sovereign debt in the euro zone. The company derives 84 percent of its revenue from the region.

Chalco, China's top aluminum producer, continued to weigh on the index's decline by falling 2.2 percent to 6.20 HK dollars. The company lost 4.66 percent on Tuesday.

Shares of Prudential rose 1.9 percent to 64.70 HK dollars after the U.K. insurer said it was withdrawing from an agreement to buy AIG's Asian life insurance unit AIA Group Ltd.

Bank of East Asia finished flat at 28.45 HK dollars, down from an intraday high of 29.60 HK dollars.

XinAo Gas, the largest Hong Kong-listed Chinese piped-gas distributor by market capitalization, dropped 11.4 percent to 16.84 HK dollars.

HSBC Holdings rose 1.49 percent to 71.45 HK dollars.

HKEX fell 1.18 percent to 117.5 HK dollars.

Chinese mainland's property stocks moved differently after they dropped across the board Tuesday on expectation of property-market cooling measures in the mainland.

China Overseas fell 1.09 percent to 14.48 HK dollars. China Res Land rose 2.44 percent to 14.3 HK dollars. Shimao Property rose 2.48 percent to 11.56 HK dollars after it recorded an 11-percent decrease in the sales for the first 5 months.

China's major oil companies also continued to lose. PetroChina slid 0.71 percent to 8.34 HK dollars. Sinopec Corp fell 1.65 percent to 5.98 HK dollars.

- Hong Kong stocks open 1.77% higher (3rd June)
(Xinhua) -- Hong Kong stocks rose 351.09 points, or 1.77 percent to open at 19,822.89 Thursday.

- Gold price closes lower in HK on June 4 (4th June)
(Xinhua) -- The gold price in Hong Kong went down 160 HK dollars to close at 11,188 HK dollars per tael on Friday, according to the Chinese Gold and Silver Exchange Society.

The price is equivalent to 1,205.26 U.S. dollars a troy ounce, down 17.24 U.S. dollars at the latest exchange rate of one U.S. dollar against 7.792 HK dollars.