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National report

Political front

- More Chinese officials selected through competitive elections, reflecting increased fairness (26th July)

(Xinhua) -- Three key Ministry of Public Security (MPS) department heads have taken office after several rounds of "competitive elections," reflecting increased openness, fairness and democratic decision-making in the selection of officials.

The three new MPS bureau heads are: Wu Heping, director of the Publicity Department; Liu Yuejin, director of the Drug Control Bureau; and Bi Xiaoming, head of the Bureau for Retirees.

The three were selected out of the 311 candidates who were interviewed for the positions. Yang Fengrui, former Drug Control Bureau director and Liu's predecessor, said 35 people recommended themselves for the three posts and that other candidates were recommended by colleagues and superiors.

"The selection process was greatly opened to voters' views, enabling them to elect the most capable people. Previously, only leaders could nominate candidates, and the selection process was opaque," Yang said.

During the interviews, candidates were asked professional questions that were "closely related to the positions they were vying for."

The nine judges were officials from the Communist Party of China (CPC)'s Central Commission for Discipline Inspection; the Organization Department of the CPC Central Committee, which is in charge of officials' selection; the Ministry of Human Resources and Social Security; and the MPS itself.

During the selection process, judges elicited the opinions of both high-level officials and ordinary members of the departments.

Wang Yixing, deputy director of the MPS General Office, said the election of the three bureau heads is "a guide for future elections of MPS officials."

Traditionally, officials in various levels of government in China were appointed by superiors or elected in non-competitive or single-candidate elections.

Over the last decade, though, the central leadership has pushed for election reforms nationwide.

Open debate and competitiveness have been a hallmarks of the selection of grassroots-level officials, especially the election of village heads, allowing capable and talented people to hold public offices.

The Outline for the Deepening of the Reform of Official Selection (2010-2020) released at the end of 2009 said competitive elections must be introduced for the appointment of officials.

"By the end of 2015, no less than one third of new officials at the departmental level in a ministry or a provincial government must be selected through competitive election," it stipulates.

Some people worry that open debates and competitive elections will lead to an "ostentatious election show." They also fear that election outcomes can be decided at higher levels before the election, with the election itself a charade designed to give the illusion of democratic decision-making.

Li Chunsheng, director of the MPS Personnel Training Department and a member of the ministry's Competitive Election Leading Group, said corruption in officials' selection must be rooted out.

The expansion of democracy will continue as efforts must be made to allow the most "qualified" person to hold key positions, an Organization Department of the CPC Central Committee statement regarding the MPS's competitive elections said.

- Chinese vice president calls for more efforts to recruit global experts (29th July) (Xinhua) -- Chinese Vice President Xi Jinping on Thursday said more efforts should be put into a program for recruiting global experts, which was initiated in 2008. The experts should be respected and supported, and should be given a free hand in their work, Xi said. He urged leading Party and government officials across the country to provide decent work and living conditions for the experts. Overseas top-notch professionals were indispensable for China's drive of opening up and reform, he said. The recruitment of the experts was an inevitable part of scientific and technological development, expansion of the country's talent pool and improved capacity of independent innovation, he added. Xi made the remarks when visiting 70 specialists recruited under the program, who were invited by the Central Committee of the Communist Party of China (CPC) and State Council to the northern seaside resort Beidaihe to holiday. By May this year, 662 people had been recruited under the program, which gives priority to leading scientists who are able to make breakthroughs in key technologies, develop high-tech industries and lead new research projects. Xi hailed the achievements of the program, saying it boosted the emerging industries, improved scientific research and promoted retention of talent. According to the National Medium and Long-term Talent Development Plan (2010-2020) unveiled in June, the government will work out favorable policies in terms of taxation, insurance, housing, children and spouse settlement, career development, research projects, and government awards for high-calibre overseas experts who are willing to work in China.

- CPC vows to strengthen exchanges with South Africa's ANC (28th July) (Xinhua) -- The Communist Party of China on Wednesday vowed to strengthen exchanges and cooperation with the African National Congress (ANC), the ruling party of South Africa, on party building and national construction. The pledge came out of a meeting between Liu Qi, a member of the Political Bureau of the CPC Central Committee and chief of the CPC Beijing Municipal Committee, and a delegation of officials from the ANC, led by national chairperson Baleka Mbete. "The CPC will deepen its friendly relations with the ANC and have more exchanges on party building and national construction, so as to promote the strategic partnership between the two countries," Liu said. Mbete echoed Liu saying the ANC also attached much importance to its relationship with the CPC, and hoped to learn from the CPC.

The two sides also discussed China-South Africa relations. Liu said South Africa is an important developing country and regional power, and China values its relationship with it.

He extended congratulations to South Africa for successfully holding the 2010 World Cup.

Mbete said she believed that the visit to China would deepen mutual understanding and friendship between the ANC and CPC, and would promote bilateral relations.

The delegation is in China for a seminar held by the CPC.

- Moral standards for officials' personal life necessary: newspaper (30th July)

(Xinhua) -- New standards adopted by a county in China for performance assessment based on officials' moral conduct outside of work was a step forward, according to a commentary in the official newspaper of the Communist Party of China (CPC).

In the article signed by Zhong Zuwen in Friday's People's Daily, the author said the new standards emphasize "both morality and professional competence with morality taking priority" in official selection and promotion.

A county in east China's Jiangsu Province has recently adopted new rules to include records of local officials' marital fidelity, filial piety, parenting and good neighborliness in their biannual performance assessments.

"The standards included in the new rules reflect the traditional virtues in Chinese society and are also the basic moral requirements for the officials," the article said.

The article cited the late Tao Xingzhi, a famous ideologist and educationist, as saying that "a person who is not morally upright in his personal life is very likely to do harm to the public."

The article said most of the officials convicted of corruption in recent years were found to have had extramarital relations.

Morality standards for officials were necessary given the links between immoral actions in one's personal life and workplace corruption, the article said.

The author also urged that cadres and officials at all levels should set moral examples for the public and promote harmony in their families and society.

- Mainland will agree to cross-Strait military security talks: defense spokesman (30th July)

(Xinhua) -- The Chinese mainland will agree to discuss military security and mutual trust across the Taiwan Strait "at a proper time" so as to maintain stability in the region, a defense spokesman said Friday.

"The mainland and Taiwan can make contact and exchanges on military issues at a proper time," Defense Ministry spokesman Geng Yansheng said at a press conference. Discussions would focus on "the establishment of military security and mutual trust mechanisms," he said.

Preparations "should be done step by step and starting from the easy ones," he said.

"Peaceful development of cross-Strait relations conforms to the fundamental interests of people on both sides and represents their common aspirations," he said.

Foreign relations

- Chinese FM stresses mutual trust in Sino-EU relations (26th July)

(Xinhua) -- Visiting Chinese Foreign Minister Yang Jiechi said here on Sunday mutual trust, support and enhanced cooperation are needed in the development of Sino-EU relations.

Yang made the remark during talks with his Austrian counterpart Michael Spindelegger, during which they exchanged views on Sino-European relations.

Yang said China and the European Union, while the biggest developing country and the biggest bloc of developed countries respectively, are also two major economies in the world. The two sides have neither fundamental conflict of interests, nor unresolved historical issues. Both sides believe in multilateralism and cultural diversity. Both support free trade. The two sides share broad common interests in tackling global climate change, driving world economy towards an early revival, and improving global management.

China and Europe are major players in promoting world peace and development, Yang noted.

Yang pointed out China and Europe are currently each in their own vital phase of development. With the international situation going through profound changes and ever-growing global challenges of various sorts, China and Europe need mutual trust, support and strengthened cooperation, Yang added.

He said China attaches great importance to the development of comprehensive strategic partnership with EU and is willing to make joint efforts with EU in three aspects in order to improve the partnership.

Firstly, keep up high-level visits and communications, strengthening mutual political trust. Secondly, strengthen parliamentary, party and people-to-people communications, consolidating public opinion and social foundations in the development of Sino-Eu relations.

Thirdly, comprehensively push forward pragmatic cooperation, especially in areas of trade, high and new technology, green economy, standing together against trade protectionism, so as to achieve mutually beneficial and win-win situation.

Yang also noted that the 13th meeting between Chinese and EU leaders, planned by both sides, and due to be held in October, is an important opportunity to define future Sino-EU relations. China would like to strengthen communication with EU, so the meeting could achieve positive results.

Spindelegger said Austria was willing to play an active part in enhancing the development of Sino-EU relations.

- Brazil sees potential in cultural cooperation with China (27th July)

(Xinhua) -- Brazil and China can share their experience in world heritage preservation to boost cultural exchanges, Minister of Culture Joao Luiz Silva Ferreira said on Monday. Speaking in an interview with Xinhua on the sidelines of a meeting of the World Heritage Committee of the United Nations Educational, Scientific and Cultural Organization (UNESCO), Ferreira said he was impressed by the Chinese culture.

"I made an official visit to China, and Shanghai impressed me more than New York, because of its opportunities for development," he said.

"In Beijing I met with officials from the area of culture, who were interested in Brazilian policy of heritage preservation. And possibilities for technical cooperation are open," said Ferreira, who was chairing the ongoing World Heritage Committee meeting.

The minister said China and Brazil have many similarities, as both are major developing countries with fast economic growths.

President Luiz Inacio Lula da Silva considers China a friendly country, but there is a need to improve bilateral exchanges, he said.

"The Chinese know little about Brazilian culture, except for academic people. I talked to a researcher from the Chinese Academy of Sciences who has in-depth knowledge about Brazilian history, culture, literature, but these are specific cases," he said. "Similarly, Brazil knows little about China."

Technical cooperation in world heritage preservation can be a good starting point, he said. November will be the Month of Chinese Culture in Brazil featuring National Ballet of China in a tour of major cities, and the possibility a "Year of China" in Brazil is currently under discussion, the minister said.

Ferreira also said Brazil and China can consider joint platforms to promote their cultural products. The two have had good cooperation on the international fronts in intellectual property protection and biodiversity preservation.

The minister said he was interested in the Chinese policy for audiovisual production, especially animation, and considered China a global reference that can inspire the Brazilian government.

He said he was impressed by the longevity of Chinese artwork, especially graphic arts.

"I saw pieces in a museum in Shanghai that attracted my attention for their exceptional quality. They influenced Japan and other Eastern countries, and have a great meaning for the world. Brazilian artists rely on them as a source," he said.

- U.S. involvement will only complicate South China Sea issue (27th July)

(Xinhua) -- The United States has played up the South China Sea issue again in the international arena.

At the ASEAN Regional Forum Foreign Ministers' Meeting in Hanoi last week, U.S. Secretary of State Hillary Clinton talked at length about U.S. "national interests" in the South China Sea.

Hinting there is what she called "coercion" in the region, Clinton called for consistency with customary international laws, the UN Convention on the Law of the Sea (UNCLOS) in particular.

It is ironic that the United States is asking others to abide by the UNCLOS while itself still shunning a UNCLOS full membership.

It is known to all that the U.S. Senate has not yet ratified the UNCLOS, as some U.S. politicians insist that the ratification would "diminish" U.S. "capacity for self-defense."

While disputes remain between China and several countries around the South China Sea, they have already concluded the Declaration on the Conduct of Parties in the South China Sea (DOC) in accordance with the UNCLOS.

Thanks to the DOC, the situation in the South China Sea remains peaceful, and no party has ever used "coercion" and posed any threat to regional peace or navigation security in the South China Sea.

Ignoring the advice of the Chinese delegation, Clinton, with a prepared script at hand, tried to make an issue of the South China Sea at the meeting, claiming she was objecting to the "use or threat of force" in this ocean area.

The question is: as the situation in the South China Sea is peaceful, what is the logic in Clinton's "objection? "

So her real intention is questionable.

History has repeatedly proven that the involvement of a superpower in disputed areas did, more often than not, complicate the situation and bring tragedy to parties concerned.

Superpowers often adopted the strategy of "divide and rule." They stirred up tensions, disputes and even conflicts, then set foot in to pose as a "mediator" or a "judge" in a bid to maximize their own interests.

In the 19th century, the British empire adopted the tactics of "divide and rule" to fight powers in the European continent.

Nowadays, the United States is resorting to the same old trick when dealing with some disputes and conflicts in the international arena.

By claiming U.S. national interests in the South China Sea, Washington intends to expand its involvement in an ocean area tens of thousands of miles away from America.

Obviously, Washington's strategy is to play the old trick again in the South China Sea, in its bid to maintain America's "long-held sway" in the western Pacific Ocean.

For decades, the United States has regarded itself as a dominant power in the Pacific Ocean, and the Pentagon deems any change of the status quo as a severe challenge to it.

As South Korea's Yonhap news agency put it, Washington is worried that China's presence in the South China Sea could "undermine America's long-held sway in Asia."

As a matter of fact, it is U.S. officials, scholars and media who are exaggerating the "tensions" in the South China Sea, while most countries in the region are convinced that the situation there is peaceful.

As Beijing-based The Global Times points out, Washington is trying to incite the hostility of countries around the South China Sea toward China in a bid to seek its own interests.

Unfortunately, some countries around the South China Sea are embracing the U.S. strategy, thus voluntarily playing into the hands of Washington.

These countries may cherish illusions about the internationalization of the South China Sea issue and hope for outside involvement that would cater to their own interests.

But the fact is that things will most likely run counter to their wishes, and they will finally turn into a chess piece of a superpower.

Take Hillary Clinton's trip to Hanoi for example. While playing up the South China Sea issue, she immediately rapped a few ASEAN countries over the issues of "human rights" and "press freedoms."

In short, Washington always puts its own interests above those of ASEAN countries and becomes lukewarm whenever it comes to the question of offering help to these countries.

For countries around the South China Sea, direct bilateral negotiations are the best way to resolve their disputes, and seeking outside involvement is doomed to failure.

The above-mentioned DOC stipulates that "the parties concerned undertake to resolve their territorial and jurisdictional disputes by peaceful means, without resorting to the threat or use of force, through friendly consultations and negotiations by sovereign states directly concerned."

The DOC thus enhances mutual trust among the countries concerned and creates favorable conditions and a good atmosphere for efforts to seek a final solution to the disputes.

Chinese Foreign Minister Yang Jiechi said that attempts to internationalize the issue would "only make matters worse and resolution more difficult," and that "international practices show that the best way to resolve such disputes is for countries concerned to have direct bilateral negotiations."

To sum up, outside involvement will only complicate the South China Sea issue and hinder a smooth resolution of the thorny issue.

Therefore, Asian countries should display wisdom in resolving the issue through direct friendly consultations, and should be on guard against being used as a chess piece paving the way for outside involvement.

- China, Japan conduct first round of negotiation on East China Sea issue (27th July) (Xinhua) -- China and Japan on Tuesday conducted the first round of negotiation on the implementation of the principles of consensus concerning the East China Sea issue.

Present at the talks were Ning Fukui, director general of the Chinese Foreign Ministry's Boundary and Ocean Affairs Department, and Akitaka Saiki, director general of the Japanese Foreign Ministry's Asian and Oceanian Affairs Bureau, Natural Resources.

In a positive, candid and practical atmosphere, the two sides exchanged views on the implementation of the principles of consensus.

And the two sides agreed to make concerted efforts to gradually accelerate the process of implementing the principles of consensus through friendly consultations and attain the common goal of turning the East China sea into a sea of "peace, cooperation and friendship."

The decision to hold the negotiation was made by Chinese Foreign Minister Yang Jiechi and his Japanese counterpart Okada Katsuya after a meeting on the sidelines of the ASEAN Ministerial Meeting in Hanoi, according to a press release from the Chinese foreign ministry Thursday.

- Italy plays central role in China-EU relations: Chinese ambassador (28th July) (Xinhua) -- Italy plays a central role in advancing the ties between China and the European Union, the Chinese ambassador to Italy said Wednesday.

"China strongly intends to boost dialogue with Europe and looks at Italy as a strategic bridge for this," said Ambassador Ding Wei.

Speaking at a foreign policy forum hosted by the Italian Foreign Affairs Ministry, Ding said "EU-China relations in the last 40 years were benefitting from a positive historical phase thanks to the excellent commercial, political and cultural ties existing between Italy and China."

The ambassador recalled the evolution of EU-China relations, observing that Europe today is China's greatest commercial partner and the fourth largest foreign investor with a total trade volume amounting to 360 billion US dollars in 2009.

"In the future China-EU relations are set to further increase and will become ever more crucial in maintaining world order, stability and peace," Ding said.

The ambassador said he hoped that China and Europe work closely together on such issues as lifting the embargo on arms sales to China and the recognition at the world level of China's status as a market economy.

If Europe and China have progressed in dialogue, Ding said, the merit goes primarily to Italy. Since 1970, when Italy-China diplomatic ties were first launched, bilateral trade exchanges have risen from 120 million U. S. dollars to more than 30 billion U.S. dollars in 2009. Ding expects it to reach 40 billion U.S. dollars by the end of this year.

"In just 40 years the number of Chinese people visiting Italy has multiplied by 400 times. Today's daily exchange is higher than annual trade in 1970," the ambassador said.

Talking about illegal immigration, Ding called for greater cooperation between Chinese and Italian authorities, saying the problem must be tackled in a peaceful and constructive way.

The ambassador was a key participant at the foreign policy forum held during the two-day Ambassadors to Italy Conference on July 27-28. The event was organized by the Italian Foreign Ministry to discuss global issues and diplomacy's role in meeting the world's challenges.

- Mexico sees huge potential in cooperation with China: FM (29th July)

(Xinhua) -- Mexico and China have great potential to expand the scope of cooperation, Foreign Minister Patricia Espinosa said Wednesday.

After rapid growth of bilateral ties over recent years, plenty of room remains for the two countries to get closer, she told Xinhua on Wednesday in an interview ahead of the fourth meeting of the Mexico-China Permanent Binational Commission.

At the meeting, to be held here Thursday and Friday, the two countries will be able to structure a work program for the period 2011-2015, a guide for the development of bilateral ties, said Espinosa, who will jointly preside over the meeting with her Chinese counterpart Yang Jiechi.

The program is aimed at deepening political dialogue on a range of topics, including climate change, financial architecture and reform of international financial institutions, and thus creating a stronger voice for developing countries, she said.

Meanwhile, Mexico hopes to expand cooperation with China in education, culture, science and technology and other areas, and to increase trade between the two countries, she added.

"The truth is that there is a very strong trade flow from China to Mexico, because China is our second commercial partner. We would like at the same time to see more presence of the Mexican exports in the Chinese market," Espinosa said.

"We already have some products in that market, but we think that we also can contribute to the Chinese consumer with products of high quality at competitive prices."

Mexico also welcomes more Chinese investors, said the foreign minister, noting that current Chinese investment in Mexico is "much lower than the potential" of a country like China, which boasts many powerful and internationally competitive enterprises.

- Singapore holds ASEAN-China friendship conference (29th July)

(Xinhua) -- The 5th Conference on ASEAN- China People-to-People Friendship Organizations (CACPPFO) opened here on Thursday.

More than 300 government officials, political leaders and business delegates from ASEAN member countries and China gathered to discuss opportunities to further strengthen efforts in the five pillars of cooperation in economy, culture, education, health and sports.

Themed "ASEAN-China Cooperation: Opportunities and Challenges", the conference aims to reinforce strategic partnerships and friendly relations between China and ASEAN countries by promoting multilateral exchanges and dialogues.

Addressing the conference, President of the China-ASEAN Association Gu Xiulian said: "We are happy to see that, with the joint efforts by all the participants, the China-ASEAN (10+1) people-to-people mechanism for friendship and cooperation becomes more and more mature, with more practical friendly cooperation and more colorful activities under the conference."

Gu said that from the dialogue relations to good neighborly partnership of mutual trust, and to the strategic partnership, relations between China and ASEAN enjoy its development step by step. China can not prosper without ASEAN and ASEAN's development also needs China.

The Chinese delegation is led by Gu and Singapore delegation is headed by Phua Kok Khoo, president of the Singapore China Friendship Association.

Participants said the event is of great significance as this year marks the 20th anniversary of the establishment of diplomatic relations between Singapore and China.

There will also be an exhibition titled "Rich Culture and Green Technology" featuring technological products, culture, education materials and software.

The two-day conference is organized by the Singapore China Friendship Association.

- Chinese DM stresses China-Japan people-to-people friendship (30th July)

(Xinhua) -- Chinese Defence Minister Liang Guanglie on Thursday stressed the importance of people-to-people friendship between China and Japan.

Liang made the remarks in a meeting with a delegation of Japanese veterans who once fought along with Chinese soldiers during China's War of Resistance Against Japanese Aggression and the War of Liberation.

Liang expressed his thanks for the Japanese veterans for their contribution to China's national liberation as well as their efforts for friendship between the two countries.

China-Japan relations have made unprecedented development since the normalization of bilateral ties 38 years ago, said Liang, urging the two countries to learn from history and open a new path for future friendly cooperation.

The development of China-Japan friendship must depend on the peoples of the two countries, said Liang, adding that the two countries should jointly pursue peaceful

coexistence, generation-to-generation friendship, reciprocal cooperation and common development.

Members of the Japanese delegation described their participation in the wars as precious experience, saying they would continue to push forward Japan-China friendship.

The 36-member delegation arrived in Beijing on Wednesday for a 10-day visit to China as guest of the China Association for International Friendly Contact, a non-governmental organization in China.

- China's defense expenditure at appropriate level: spokesman (30th July)

(Xinhua) -- China's defense expenditure has always been maintained at a reasonable and appropriate level, a Defense Ministry spokesman said here Friday.

China's annual defense expenditure has been around 1.4 percent of its GDP in recent years while the share of some major world powers is between 2 and 4 percent, Geng Yansheng, the ministry's new spokesman, said at a press conference two days ahead of the 83rd anniversary of the founding of the People's Liberation Army, on Aug. 1.

"We have always coordinated the national defense building with the country's economic development," Geng said.

He said China has and always will take the road of peaceful development and pursue a purely defensive national defense policy.

China will neither enter into an arms race nor militarily threaten any other country, he said.

China will neither seek hegemony nor engage in military expansion, he added.

"The fundamental task of the Chinese military is to protect the nation's sovereignty, security and territorial integrity, " he said.

Currently, China's security environment is generally stable, but there are still some threats, he said.

Talking of the ongoing revolution in military affairs worldwide, Geng said the Chinese military must respond appropriately.

Geng said the Chinese military has made contributions to the maintenance of world peace and stability.

He said in recent years, the Chinese military has diligently performed its international duties, actively participated in UN peacekeeping missions, escorted merchant ships through troubled waters and participated in international humanitarian aid operations.

He said China has established military ties with over 150 countries.

The Ministry of National Defense has established a spokesperson system and a website. White papers on China's national defense policies have also been released, allowing the world to better understand the Chinese military.

- China rejects Western standards on human rights, Vice FM says (30th July)

(Xinhua) -- China is gradually learning and absorbing ideas on human rights that can grow on its soil, and remains opposed to attempts by the West to impose its standards on China, says Chinese Vice Foreign Minister Fu Ying.

In a recent interview with the German weekly newspaper Die Zeit, Fu said it seems "controversial and illogical" that Western countries acknowledge China's economic success and contributions to efforts against the global financial crisis, while "definitely" turning a blind eye to China's political progress.

It seems as if the West wants to say that China has achieved all these without the leadership of the government and the Communist Party, maybe in total anarchy, Fu said.

"I still remember when I was an interpreter in the 1980s, human rights was always on the menu in our dialogues and our European guests brought lists of names with them," she said.

"Thirty years later, China has moved on, and so much has changed. In 2004, protection of human rights was incorporated into China's constitution. Many relevant laws and rules have been amended accordingly," Fu said.

However, European delegations still come to China with the same stance, accusing China in a commanding way, Fu said.

"I really don't hear much mentioning of China's human rights progress," she said.

Yet, those political extremists seem to be presenting the whole picture of China's human rights for European countries, she said.

Fu believes that to know the real China, it's not enough to "single out things you are interested in, or only listen to people who talk your talk."

The most important is to look at the benefits of the majority of the people, she said.

- China extends helping hands abroad (30th July)

(Xinhuanet) -- China has provided aid to more than 160 countries in Africa, Asia, Latin America and in the South Pacific since 1950.

The nearly 2,000 aid projects include agriculture, construction, transport, medical care and education, according to figures from the Ministry of Commerce.

In addition to the money and materials that have been sent to these countries and regions, China has also provided foreign aid experts, among them a doctor, a rice expert and an engineer.

Rice to feed the world

Huang Dahui's tan and the scars on his hands are the result of years of work in fields all around the world.

The 45-year-old professor is the chief training officer with the China-aid Hybrid Rice Technology Training Center, based in Changsha, capital of Hunan province.

Hybrid rice is produced by crossbreeding different varieties of rice and much of the research was originally done in the 1970s by the man known as the "Father of Hybrid Rice" Yuan Longping.

His work in China helped significantly increase rice output and allowed 20 percent of the world's population to feed itself with just 7 percent of the world's farmland.

Huang, a former student of Yuan, has helped people in eight countries breed China's hybrid rice since 1996.

"Our goal is to eliminate hunger on Earth," Huang said in his simple office before giving a lecture to students from Asia, Africa and Latin America.

"Students don't need to pay anything and get a daily subsidy for meals and lodging. Lessons are offered in English, French and Portuguese," Huang said.

- Venezuela, China discuss new cooperation agreements (30th July)

(Xinhua) -- Venezuela and China held talks Thursday on ten new agreements involving cooperation in energy, mining, food and gas sectors, the state-run Venezolana de Television (VTV) reported.

China agreed to back Venezuela's 17 development projects by providing four billion U.S. dollars in credit loans via the China Development Bank (CDB), it said.

Vice President Elias Jaua, who attended the meeting, said they are all viable projects that would be completed in three years.

Since May 2010, the two countries have been mulling a series of non-oil projects in Venezuela, which will be financed by the CDB with a credit of 20 billion dollars.

Venezuela is China's fifth-largest trading partner in Latin America, and both countries have set up a bilateral investment fund of 12 billion U.S. dollars to finance their economic and manufacturing development.

- 15,000 Chinese soldiers join UN peacekeeping missions in two decades (30th July)

(Xinhua) -- China has dispatched a total of 15,000 soldiers to UN peacekeeping missions worldwide over the past two decades, a high-ranking military official said Thursday.

Major General Xu Nanfeng, head of the Chinese delegation to the UN Military Staff Committee, told senior UN officials, including UN peacekeeping chief Alain Le Roy, and diplomats at a reception marking China's Army Day observed on August 1.

This year marks the 83rd anniversary of the founding of the Chinese People's Liberation Army (PLA) and the 20th anniversary of China's participation in UN peacekeeping operations.

"Two decades ago, Chinese officers and soldiers began to engage in the international peacekeeping efforts. For the first time in history, the Chinese PLA presented itself on the world stage," Xu told some 200 guests present here at the New York residence of the Permanent Mission of China to the United Nations.

Now, China is one of the most important troops contributing countries in the United Nations, and contributes the largest number of peacekeepers of the five permanent members of the UN Security Council, he said.

Over the past 20 years, the PLA has participated in 18 UN peacekeeping operations, and dispatched a total of 15,000 peacekeepers, with nine of the Chinese peacekeepers lost their lives in the line of duty, Xu said. At present, around 2,000 PLA officers and soldiers are involved in nine of the 15 UN peacekeeping operations.

"In recent years, more and more Chinese officers have worked as organizers and commanders of peacekeeping operations. Some of them have served in important posts

such as force commanders, military section chiefs, and staff officers of the UN Headquarters," Xu said.

"The professionalism, tenaciousness and outstanding performance displayed by Chinese officers and soldiers during the peacekeeping operations have won high acclaim from the UN agencies, governments and people of recipient countries, and the international community," he added.

- UN official lauds China's contribution to peacekeeping efforts (30th July)
(Xinhua) -- A senior UN official said Thursday that the world body will "continue and grow cooperation" with China in the area of peacekeeping.

"We are extremely pleased with China's participation in the UN peacekeeping operation," UN peacekeeping chief Alain Le Roy told Xinhua at a reception held at the residence of Chinese Mission to the United Nations.

The event was to commemorate the 83rd anniversary of the founding of the Chinese People's Liberation Army (PLA), which falls on Aug. 1. It also marked the 20 years of China's participation in UN peacekeeping operations.

Chinese peacekeepers have demonstrated "a great degree of professionalism, discipline and dedication," Le Roy said, adding that he was deeply impressed by their "fantastic job" in many UN bases.

"It is our task to make sure that Chinese representation is adequate and at high-level both in the UN headquarters and in the field," said the UN under-secretary-general.

China is now a major troop contributor to UN peacekeeping operations, and has the largest number of UN peacekeepers among the five permanent members of the UN Security Council.

Over the past 20 years, China has participated in 18 UN peacekeeping operations, and dispatched a total of 15,000 peacekeepers, among them nine lost their lives in the line of duty.

At present, around 2,000 Chinese officers and soldiers are involved in nine of the 15 UN peacekeeping operations.

Le Roy said he expects more cooperation with China in the future.

"We are glad to know that China will continuously and steadily increase its participation in UN peacekeeping, and we are eager to continue and grow our cooperation with China," he said.

- China calls on US to contribute to bilateral military exchange (30th July)
(Xinhua) -- China on Friday called on the United States to "handle carefully" sensitive issues such as arms sale to Taiwan and contribute to the development of military-to-military relations between the two countries.

Senior Colonel Geng Yansheng, spokesman of China's Ministry of National Defense made the call after being asked to comment on the possibility of military- to-military exchanges between the two countries in the near future after U.S. Secretary of State Hillary Clinton talked at length about U.S. "national interests" in the South China Sea recently.

China has attached great importance to and has taken a positive attitude towards the development of military relations between the two countries, Geng said, adding China has made unremitting efforts in this regard.

He urged the U.S. to create "favorable environment and conditions" to promote military-to-military relations between the countries.

In January, China cut off some military exchanges with the U.S. following the Pentagon's decision to sell a nearly 6.4-billion-U.S.-dollar arms package to Taiwan, an inalienable part of China.

Subsequently, none of the planned high-level visits between the two militaries have been possible over the last six months.

- China reiterates "indisputable" sovereignty over South China Sea islands (30th July)

(Xinhua) -- A Chinese Defense Ministry official Friday said China had "indisputable sovereignty" over islands in the South China Sea and the surrounding waters, one week after U.S. Secretary of State Hillary Clinton talked of U.S. "national interests" in the area. Defense Ministry spokesman Geng Yansheng said at a press conference that China would push for the resolution of differences regarding the South China Sea with "relevant countries" through dialogue and negotiations and objected to having the issue internationalized.

China would respect the liberty of ships and aircraft from "relevant countries" traversing the South China Sea in accordance with international laws, Geng said.

- China to send troops to Kazakhstan for anti-terrorism drill: spokesman (30th July)

(Xinhua) -- More than 1,000 army and air force officers and soldiers from China's People's Liberation Army (PLA) will take part in an anti-terror exercise in Kazakhstan this autumn, a Chinese Defense Ministry spokesman said Friday.

The "Peace Mission 2010" exercise would be the seventh of its kind held under the framework of the Shanghai Cooperation Organization (SCO), Geng Yansheng told a press conference two days ahead of the 83rd founding anniversary of the PLA, on Aug. 1. It would also be the largest military exercise involving the PLA and troops from other countries this year, Geng said. He did not specify exactly when the exercise would be held.

Geng said the exercise aimed to demonstrate SCO member states' determination and capacity to combat terrorism, separatism and extremism, showcase their mutual trust and pragmatic cooperation, and the shared wish to protect regional peace and stability as well as to boost common development and prosperity.

Geng said the PLA was increasingly transparent in its military exercises, and asked media organizations to cover these exercises in an accurate manner.

- China disagrees with EU's unilateral sanctions on Iran (30th July)

(Xinhua) -- China opposed unilateral sanctions levied on Iran by the European Union (EU), said Foreign Ministry spokeswoman Jiang Yu here on Friday.

"We hope the relevant parties will adhere to diplomatic means on the issue," said Jiang in response to a question.

China maintains that the Iran nuclear issue should be resolved through dialogue and negotiations, she added.

EU foreign ministers on Monday approved tougher sanctions on Iran over its refusal to halt its uranium enrichment program, including measures to block oil and gas investment.

EU's restrictive measures, which went beyond UN sanctions imposed on June 9, followed a similar move by the U.S.

On July 1, U.S. President Barack Obama signed a new Iran sanction bill into law, which was described by him as "striking at the heart" of Iranian government's nuclear ability.

Iran has submitted a letter to the Director General of the International Atomic Energy Agency (IAEA) Yukiya Amano on resuming the nuclear talks.

The letter, jointly provided by Iran's National Security Supreme Council and Iran's Atomic Energy Organization, expresses Iran's readiness to start uranium swap talks, said Iran's local media on Monday.

"We welcome Iran's move on the issue," said Jiang.

China hoped the talks between Iran and the Vienna Group, comprising the United States, France, Russia and the IAEA, would start as soon as possible, she said.

"We hope the relevant parties will reach consensus on the issue at an early date," said Jiang, adding this will help promote the process of resolving the Iran nuclear issue through dialogue and negotiations.

- World moving toward balance of power: Chinese FM (31st July)

(Xinhua) -- Chinese Foreign Minister Yang Jiechi on Friday said he disagreed with the theory that world power is shifting from West to East.

Speaking at a joint press conference with his Mexican counterpart Patricia Espinoza, Yang said the world is witnessing a trend that various forces are moving toward a relative balance of power.

He described the trend as an inevitable outcome when the world is becoming increasingly multipolar, economic globalization is developing in depth, and the scientific and technological revolution is bringing about rapid changes.

The process toward a multipolar world not only involves the rapid development of newly-emerging major developing countries, but also the strengthening of many developing countries as regional powers. This is evident in Asia, Africa and Latin America, Yang said.

The developing countries and groups composed of these countries have become a force to be reckoned with in world arena, just like their counterparts in the developed world, the Chinese foreign minister said.

The democratization of international relations is the common aspiration of the people the world over. It is also the requirement and one of the practical outcome of the ongoing multipolarization and globalization process, Yang said, citing the Group of 20 and its growth as an example.

The world countries should rise up to the complicated global challenges and tackle, through consultation, major global issues that bear on world peace and development rather than let a few countries have the final say because the fundamental interest of all countries are at stake. All countries should enhance dialogue and cooperation to achieve a mutually beneficial and win-win outcome, the minister said.

An outstanding problem at present is that many developing countries' reasonable stands and legitimate demands do not receive due respect and attention, he said, urging the developing countries to strengthen unity and strive for equal say and representation in international organizations and equal rights in international community.

This is a protracted and arduous process, yet an inevitable trend of the historical development, he said.

To safeguard and boost the common interests of developing countries and the fundamental interests of all peoples, China will actively promote South-South cooperation and South-North dialogue and push the international political and economic order forward in a more just and fairer way, he said.

On the same day, Yang and Espinoza attended the closing session of a two-day meeting of the China-Mexico Permanent Binational Commission, a high-level platform for the two countries to discuss cooperation in various fields.

The two sides agreed to continue their dialogue and cooperation in bilateral and multilateral fields to further deepen the strategic partnership between China and Mexico. The two countries also signed the Common Action Plan for 2011-2015 and other documents.

Mexico is the second leg of Yang's four-nation tour, which will also take him to Cuba and Costa Rica. His first stop was Austria.

- China, Mexico agree to strengthen economic ties (31st July)

(Xinhua) -- Chinese Foreign Minister Yang Jiechi and his Mexican counterpart, Patricia Espinosa, agreed here Friday to boost bilateral cooperation in economy, trade, investment and tourism.

At a joint press conference with Espinosa, Yang said China attaches great importance to trade and economic cooperation with Mexico, and will continue to import Mexico's high quality products.

Yang said China will encourage well-established Chinese companies to search for investment opportunities in Mexico.

He also said China will promote cooperation with Mexico in tourism, adding the two countries are mulling a second direct flight, which will connect the two countries' capitals. Espinosa, for her part, said Mexico presents many investment opportunities for Chinese investors in the fields of minerals, auto, aviation and space, construction and new energy. Earlier in the day, Yang and Espinosa jointly presided over the closing session of the fourth meeting of the China-Mexico Permanent Binational Commission, a high-level platform for the two countries to discuss cooperation in various fields.

Over 150 delegates attended the two-day talks, whose previous three sessions took place in 2004, 2006 and 2008.

- Cooperation heralds bright future for China-Costa Rica ties: ambassador (31st July)

(Xinhua) -- The establishment of diplomatic ties between China and Costa Rica in 2007 and the rapid growth of bilateral ties since then are in the interests of the two countries and peoples, said China's ambassador to the central American nation.

China has confidence in the prospects of the two-way ties and attaches importance to the bilateral friendly cooperation, Ambassador Li Changhua told Xinhua in a recent interview ahead of Chinese Foreign Minister Yang Jiechi's visit to Costa Rica between Aug. 1 and 2.

Stressing it is the first visit by a Chinese foreign minister to the central American nation since the two countries forged diplomatic ties, Li said the Chinese government is willing

to make joint efforts with Costa Rica to facilitate win-win cooperation and foster a bright future for the bilateral relationship.

The ambassador said China-Costa Rica relations have been developing in a rapid and comprehensive way in the past three years. Bilateral dialogues and consultations have been conducted on an equal basis as the two sides are enhancing political trust and broadening consensus.

There have been frequent high-level exchanges including visits by heads of state from the two countries and exchanges between the two parliaments and political parties in both countries, he said.

China and Costa Rica have been coordinating closely on crucial global and regional affairs such as UN reform and climate change, Li said.

There is a great potential for bilateral economic cooperation as China has become Costa Rica's second biggest trading partner, he said.

In the first half of 2010, bilateral trade grew 58 percent year-on-year while Costa Rica's exports to China increased 68.7 percent over the period.

The two nations signed a free trade pact in April, providing a positive and secure mechanism for expanding bilateral trade and investment so as to enhance the win-win cooperation, Li said.

Besides, people-to-people exchanges between the two nations have been on a rise during recent years, he added.

Li said the China now offers 50 scholarships every year for Costa Rican students and provides dozens of short-term training courses in technology, journalism, administrative management, among others.

China's Confucius Institute has opened a branch at the University of Costa Rica, which has become a platform for communication in culture and education between the two countries.

Bilateral cooperation in technology such as in biodiversity and hybrid rice have also proceeded smoothly, said the ambassador.

He said China-Costa Rica cooperation has great potential because the two economies complement each other.

Li suggested the two countries further cooperation in new energy, environmental protection and biotechnology, promote trade and investment, and create favorable conditions for cooperation between enterprises.

China and Costa Rica also need to broaden communication and cooperation in education, science and technology, culture and tourism, so they could jointly contribute to the construction of a harmonious world, he added.

Economic front

- "Double dip" recession unlikely in China in H2: report (25th July)

(Xinhua) - China's economy is unlikely to see a "double dip" in the second half of this year, and the economic growth for the remaining six months is expected to surpass 9 percent, according to a Bank of Communications report released Saturday.

China's economic growth will slow down in the next half year, while consumer prices would fall from its peak, said the nation's fifth largest commercial bank in a report on the outlook of China's economy for the second half of 2010

"For China, it is never a recession unless the economic growth drops below 7 percent," said Lian Ping, chief economist with the Shanghai-based bank.

The growth is sustainable and healthy for the economy as the growth rate stays around 9 percent, he said.

China's exports, a major force driving the economic growth, would continue to rebound in the second half, and the growth for the entire year would stay above 20 percent, according to the report.

For the latter half of 2010 consumption is to grow by 18.5 percent from a year ago while investment growth will drop steadily to about 21 percent due to government support to the private sector and strategic emerging industries, it said.

Increasing labor costs, resources and food prices is expected to push up China's consumer prices, but the growth would be restrained in the second half due to the slowing money supply and eased imported inflationary pressures, it said.

China's gross domestic product (GDP) expanded 11.1 percent in the first six months of this year from one year earlier, data from the National Bureau of Statistics (NBS) showed. China's consumer price index stood at 2.6 percent in the first half of 2010, according to the NBS, while retail sales and fixed asset investments grew 18.2 percent and 25 percent year on year, respectively.

China would maintain a stable monetary policy for the rest of the year since the global economic condition is still complicated, and an interest rate hike is unlikely to be seen, said the report.

The bank estimated that new loans for the entire year would stand between 7 to 8 trillion yuan (1.03 trillion to 1.18 trillion U.S. dollars).

The bank also forecasted in the report that the Chinese government would remain tough with the property sector, but there is little possibility for additional curbs on the market. Property investment would largely fall, but there will not be a significant decline in property prices.

Lian suggested that the Chinese government pay attention to the possible cumulative effect of policies on the economy and keep market liquidity at a reasonable level.

- China's economy unlikely to see double-dip, economist (25th July)

(Xinhua) -- While China's slowing economic growth in the second quarter renewed concerns about a "second-dip" of the world's third largest economy, analyst said it is not likely to happen, as the slower pace does not necessarily mean low level growth.

China's gross domestic product (GDP) grew 10.3 percent between April and June, retreating from the 11.9 percent growth in the first three months, as the effects of the 4-trillion yuan stimulus packages weaned off which eased fixed-asset investment expansion. Lian Ping, chief economist of the Bank of Communications, told Xinhua in an interview that though the growth slowed, but the 10.3 percent was still strong, even 9 percent growth was high enough for the Chinese economy.

"The growth rate is unlikely to fall below the 6.1 percent rate in the first quarter of 2009 when the economy decelerated to a decade low as it was hard-hit by the global financial crisis. A double-dip is not going to happen," he said.

He noted investment was a crucial engine for the Chinese economy, therefore it deserved consistent attention and efforts as exports and consumer spending were unlikely to play a decisive role in powering growth.

Although China's exports rose significantly in the second quarter, Lian said that would not continue in the third quarter as the negative impact of the European sovereign debt crisis on China's external demand would gradually emerge.

He said people should not worry too much about the normal fluctuations of the economy, which was currently still on track. The macro-economic policy should be kept stable, in order to give investors correct market expectations.

Chinese President Hu Jintao has said that the government should stick to the pro-active fiscal policy and moderately loose monetary policy in the second half of this year to ensure a stable and relatively rapid economic development.

Speaking at a symposium held in Beijing last Tuesday, with attendance of people from the non-communist parties and the All-China Federation of Industry and Commerce, as well as celebrities without party affiliations,

Hu said the economy is developing in the right direction under the government's macroeconomic controls and the government would maintain the continuity and stability of its economic policies to make them more targeted and flexible according to new conditions.

- China key for trade growth: WTO chief (26th July)

(Xinhuanet) -- The World Trade Organization (WTO) on Friday lauded China for the significant role it has played in reviving global trade growth and said the nation has more than fulfilled its commitment to the organization.

The WTO said in its annual report released on Friday that it expects global trade to grow by 10 percent this year.

WTO chief Pascal Lamy told reporters in Shanghai that "trade growth is coming back fast after a terrible 2009, thanks in no small measure to the continuing dynamism of China and the other nations."

"China's strong economic growth and its demand for imports are important factors in the stabilization of the global economy," said Lamy.

The nation has also quickly integrated into the world economy after it entered the WTO in November 2001. It has been an active member and has strictly adhered to the WTO rules, he said.

Lamy's comments are in sharp contrast to the tirade launched by the US against the nation and its trade policies. US Deputy Trade Representative Demetrios Marantis had recently said in Washington that China must honor its past commitments and provide new market access. "Failure to do so imperils not just our bilateral ties, but also the success of multilateral trade talks," said Marantis

Firing a salvo, he said the US may even file new WTO complaints against China to defend its (US) rights.

Marantis' comments came after China submitted a revised proposal on government procurement agreement (GPA) to the WTO. Under the new proposal, China plans to open up some sectors of government procurement to foreign companies.

"China's latest GPA offer is better than its earlier proposal," Lamy said.

"The nation has fully fulfilled its commitments and set up a trade mechanism in line with the WTO rules. The Chinese market is now one of the most open markets worldwide," the Ministry of Commerce said in a statement on Wednesday.

Tariffs on commodities were slashed to 9.8 percent in 2009 from 15.3 percent before 2001. The tariffs on agricultural goods have fallen to 15.2 percent and 8.9 percent for industrial goods.

"China has also removed all non-tariff measures to abide by the commitments it has made," said the ministry

In terms of service trade, China has opened up 100 service sectors, including banking, insurance, telecommunications, education, distribution and accounting, it said.

China has also made significant contribution and commitment during the recent Doha Round talks, said the ministry.

The Doha Round of negotiations began in 2001 and aims to reduce tariffs and eliminate trade barriers. The talks were suspended several times in the past nine years due to differences between the developed and developing nations on key issues like agricultural tariffs.

During his visit to Beijing on Wednesday, Lamy expressed serious concern on the delay in negotiations and said failure to clinch an early will seriously hurt the image of WTO.

(Source: China Daily)

- FTA boosts China-ASEAN H1 trade by 55 pct (26th July)

(Xinhua) -- Trade between China and the Association of Southeast Asian Nations (ASEAN) surged 55 percent in the first half of this year to reach 136.5 billion U.S. dollars boosted by an agreement to expand bilateral trade, the China-ASEAN Free Trade Area (CAFTA), officials say.

China's trade with the ASEAN also outgrew the country's total foreign trade by 11 percentage points for the same period, Gao Hucheng, China's vice minister of commerce, said Monday at a press conference held in Beijing.

China's imports from ASEAN countries hit 71.9 billion U.S. dollars in the first half, up 64 percent year on year, while exports to them from China grew 45 percent to 64.6 billion U.S. dollars, Gao said.

China's non-financial direct investment in ASEAN member states neared 1.2 billion U.S. dollars in the first half while investment from ASEAN countries in China reached 3.1 billion U.S. dollars, Gao said.

As of the end of June, aggregate bilateral investment reached 69.4 billion U.S. dollars, he said.

Gao said the global financial crisis had not affected the progress of CAFTA which seeks to expand bilateral trade by slashing tariffs.

"The creation of the CAFTA shows China and ASEAN countries' confidence and determination to fight the financial crisis together, by promoting trade and investment liberalization," said Gao.

"The establishment of CAFTA has also pushed the China-ASEAN strategic partnership to a higher level, and has helped the global economy," Gao said.

An event to expand trade cooperation, the 7th China-ASEAN Expo will be held in Nanning, capital of Guangxi Zhuang Autonomous Region, from Oct. 20 to 24 this year

So far, 4,522 booths have been booked by exhibitors from both home and abroad, Chen Wu, vice chairman of Guangxi regional government said at the press conference.

- China's software industry revenue up 29.1 pct in H1 (27th July)

(Xinhua) -- Revenue in China's software industry rose by 29.1 percent year on year to 604.8 billion yuan (about 89.34 billion U.S. dollars) in the first half of 2010, the Ministry of Industry and Information Technology (MIIT) said Monday.

The speed of the growth was 6.4 percentage points higher than the same period last year, said a statement on the MIIT website.

Further, export volume of software grew by 22.7 percent to 10.33 billion U.S. dollars in the first six months, but the speed of the growth was 6.4 percentage points lower than the average level of the industry, the statement said.

Furthermore, outsourcing services provided by the country's software industry rose by 38.8 percent to 1.23 billion U.S. dollars, though the growth speed was 25.7 percentage points lower than the previous year.

However, experts note that the development of China's software industry remains unbalanced. The eastern regions finished 529.3 billion yuan of software business revenue, about 87.5 percent of the country's total business volume.

- U.S. business wants China currency bill dropped from package (27th July)

(Xinhua) -- More than 20 business groups have recently urged the exclusion of a bill on China's currency policy from a package of manufacturing bills that lawmakers will start voting on this week.

The Currency Reform for Fair Trade Act, also known as the Ryan-Murphy Bill, "will not bring manufacturing jobs back to the United States," the business groups said in a letter sent to House of Representatives Speaker Nancy Pelosi and Majority Leader Steny Hoyer. "Instead, the bill will likely result in the loss of jobs and market share in many competitive U.S. agricultural, manufacturing and service industries that either operate in, or export to, China," the letter says.

The letter was signed by 28 business groups, including the Business Roundtable, National Foreign Trade Council, National Retail Federation, the U.S. Chamber of Commerce and U.S.-China Business Council.

Sponsors of the Ryan-Murphy Bill have claimed the Chinese currency yuan is significantly undervalued to give China an unfair advantage in trade with the United States.

If enacted, the bill would require the Commerce Department to impose countervailing or anti-dumping duties against China.

The bill came amid political pressures ahead of the upcoming congressional elections.

The business groups said they "strongly disagree that legislation is the best means to achieve that goal," referring to the bill's stated goal of saving manufacturing jobs in the United States.

"China is unlikely to proceed more quickly with currency reforms if threatened with this action," they said in the letter, which was posted on the website of the U.S.-China Business Council last week.

Estimations of the "correct" currency value "would be inherently subjective and potentially politicized." The proposed legislation would also likely violate the United States' commitments under World Trade Organization (WTO) rules, the letter says.

"Additionally, China could mount a successful challenge to U.S. sanctions in the WTO," it says.

China has insisted its currency policy should not be influenced by external pressures. Its central bank pledged on June 19 to allow greater flexibility in yuan exchange rate movements.

Analysts were divided on whether the yuan should appreciate, with some seeing the international pressure being applied to China to appreciate as the cause of asset bubbles.

While some exporters in the United States blame what they see as an undervalued yuan for unsatisfactory business performance, importers and the retail industry say they benefit from cheaper goods and services from China and other countries thanks to the international division of labor.

Lawmakers will start voting this week on the package of bills aimed at helping U.S. domestic manufacturers and the energy sector.

The Ways and Means Trade Committee of the House of Representatives is expected to hold a hearing to consider possible legislative options when lawmakers return on the week of Sept. 12 from a six-week break.

- China to continue proactive fiscal policy in H2: Finance Minister (27th July)

(Xinhua) -- China will continue its proactive fiscal policy in the second half of the year, focusing on speeding up economic restructuring, Finance Minister Xie Xuren said Tuesday.

Xie made the statement at a conference in Hefei, capital city of east China's Anhui Province. The conference aimed to outline plans for the country's financial work in the second half of the year.

He asked local authorities to give more attention to quickening the pace of economic restructuring and improve product quality and industrial efficiency.

The country would improve its macro-regulation policies according to changes in domestic and international economies, making the policies more flexible and targeted, Xie said.

China would continue efforts to boost domestic demand, especially consumption, in the second half, he said, urging better implementation of the minimum wage system and programs such as the subsidized home appliance purchase scheme in rural areas and auto replacement policy.

He also demanded continuous financial support for agricultural production, technological innovation and energy saving, emission cutting projects as well as disaster relief, among others.

China's fiscal revenue rose 27.6 percent year on year in the first six months of this year to 4.33 trillion yuan (640.32 billion U.S. dollars), the ministry said. Fiscal expenditure for the first half increased 17 percent to 3.38 trillion yuan.

In 2008, China shifted its fiscal policy from a "prudent" to a "proactive" stance and eased monetary policy from "tight" to "moderately loose," to counter the global financial crisis.

- China's Attempts to Manage Foreign Perceptions (27th July) STRATFOR

A flurry of global media reports on Monday showed China defending itself against a rising chorus of international criticism. An editorial in the state-run People's Daily complained that the world is unfairly holding China responsible for problems that are not of its doing, not its fault, or not problems at all, while ignoring China's positive

contributions to global economic stability. An editorial in the London-based Financial Times by the Chinese Commerce Minister emphasized that China's business environment is not becoming hostile to foreign investors, contrary to recent complaints by executives of major Western firms, but rather is continuing to open up and offer opportunities. Meanwhile Hu Xiaolian, deputy governor of the central bank, argued that China should continue pursuing a more flexible exchange rate.

These and similar articles are characteristic of the daily conversation in the global media, and China's balancing of its public image as it continues to grow rapidly and rise in international importance. What was notable was the fact that several public statements, editorials and leaks published on the same day by domestic and foreign media outlets contained a heightened degree of defensiveness, as if in a concerted effort to win Beijing some much needed breathing space. The message was that China's growing power is being exaggerated and thus attracting unfair foreign animosity.

The Chinese statements seem calculated to respond to several recent economic criticisms from prominent figures. For instance, last week, chief executives from Siemens and BASF, two of Germany's industrial giants, criticized China's business environment directly to Premier Wen Jiabao, in front of German Chancellor Angela Merkel; over the weekend U.S. Treasury Secretary Timothy Geithner emphasized yet again that the United States was waiting to see how fast and how far China would let its currency rise in value; and on Monday the newly appointed Japanese ambassador to China suggested pointedly that the yuan would rise by as much as 40 percent.

“China has long struggled to prevent its rise from becoming conspicuous and triggering negative reactions, while at the same time acting on its own yearning for greater international influence and recognition.”

But China does not feel as if it is being attacked merely on the economic front. Monday's statements came as the United States conducted the second day of anti-submarine warfare exercises with South Korea in the Sea of Japan, and after a week of visits from high-level U.S. politicians and military figures to South Korea, Vietnam and Indonesia. China protested loudly against the drills as a threat to its security, and criticized U.S. Secretary of State Hillary Clinton's offer to help resolve territorial disputes between Southeast Asian states and China in the South China Sea, where Beijing is busy reasserting its sovereignty. Separately, leaks emerged about Japan's plans for the further evolution of its Self-Defense Forces, including expanding the size of its submarine fleet in the face of China's growing naval capabilities. In other words, China is not only feeling pressure from foreign countries over business and trade matters, but also is feeling physically surrounded by the military forces of the world's leading military power and its allies (and potential allies) in China's neighborhood.

No wonder then that Beijing would seek to emphasize publicly that its rising economic and military power is being overstated and weaknesses are being ignored. China has long struggled to prevent its rise from becoming conspicuous and triggering negative reactions, while at the same time acting on its own yearning for greater international influence and recognition. Sometimes this is merely a matter of public relations. For example, after

repeatedly emphasizing its praiseworthy role in boosting global growth during an economic crisis it did not cause, China vocally distanced itself from the popular notion of the United States and China forming an elite pair of nations, or “G-2,” since it knew that in the ostensibly flattering grouping lay greater exposure to U.S. competition and — at least eventually — animosity.

Yet what is important is that China’s attempts to manage foreign perceptions of its rising status go deeper than public relations bureaucracies. Beneath all the talk, genuine disagreements within China’s political and economic elite are intensifying over the future of the country, regarding the right goals to pursue and the most dangerous threats to arm against. Fundamentally, Chinese leaders are aware of the weight of the nation’s domestic challenges, namely the expeditious management of economic growth that creates jobs for the world’s largest population and satisfies increasingly higher expectations for standards of living. China is also struggling to correct imbalances between regions, socio-economic classes and ethnicities, while knowing the risks to social order and regime stability caused by rapid change and disparity.

China is in the unenviable position of having to assert itself abroad without significantly offending greater powers. At the same time, China needs to meet its populace’s rising demands without inspiring wishes that cannot be fulfilled. Different factions of the elite are pushing in different directions, not only in the face of an impending economic slowdown but also as the country enters a period of uncertainty ahead of a generational leadership transition in 2012 that will define the country’s potential well into the future. The leaders are therefore extremely anxious about foreign pressure that could help break the country’s tenuous stability and their own hold on power, and this anxiety will continue to reverberate in the press.

- China denies pressure for technology transfer in rail network: official (28th July) (Xinhua) -- A Chinese railway official Wednesday denied claims that China forces foreign companies to transfer technologies when they win contracts for work on the country's high-speed rail network.

Ministry of Railways (MOR) chief engineer He Huawu said at press conference that Chinese companies did not press foreign partners to transfer high-speed rail technologies. He was responding to a question by a Financial Times reporter regarding claims that China had pressed foreign companies to transfer their technologies in return for market access.

China's high-speed rail networks had developed rapidly as independent technological innovation based on existing technologies helped the country make trains that could travel up to 350 kilometers per hour, He said.

"But the 350 km/h speed is not the end as we are aiming at a 380 km/h speed for the Beijing-Shanghai high-speed railway," he said.

Construction of the 1,318-km rail line between the two cities started in 2008. The railway is scheduled to open by 2012, "but we are trying to open the line sooner," said He.

Travel time on the new line would be reduced to less than five hours compared with the present 10-hour journey by train between the two cities.

Chinese companies had sought cooperation with their foreign partners including Siemens, Bombardier and Alstom.

China opened its first high-speed rail line linking Beijing and Tianjin in 2008 in cooperation with Germany-based Siemens.

France's Alstom has bid in March to supply locomotives for the world's fastest rail line in China as it also considered offering high-speed train maintenance services to China.

China would host the World Congress on High Speed Rail for the first time, when the event is held in Beijing from Dec. 7 to 9 in Beijing, He said.

The MOR would co-host the congress with the UIC (International Union of Railways). The past six congresses were all held in Europe, He Huawu, MOR chief engineer, said at a press conference.

The high-speed rail congress has been initiated and organized by the UIC since 1992 as an international event for showcasing and exchanging the achievements made in high-speed rail sector.

China already has the world's biggest high-speed rail network with 6,920 km of lines in operation.

By 2012, China would have a railway network of 110,000 km, of which 13,000 km would be high-speed lines.

Trains traveling at up to 350 km/h, including the Beijing-Tianjin, Wuhan-Guangzhou, Zhengzhou-Xi'an and Shanghai-Nanjing services, are already the fastest in the world.

- IMF hails China's policy response in financial crisis (28th July)

(Xinhua) -- Chinese authorities have taken "quick, determined and effective" measures to help its economy regain momentum against the worst financial turmoil in decades, said the International Monetary Fund (IMF) on Tuesday.

"Executive Directors commended China's proactive and decisive policy response to the global economic crisis," the IMF Executive Board said in its annual report on China's economic policy assessments and recommendations after consultation with Chinese authorities.

"The authorities' quick, determined, and effective policy response has helped mitigate the impact on the economy and ensured that China has led the global recovery."

SOUND POLICY RESPONSE

The report said China's fiscal stimulus package adopted in the crisis has increased expenditure on public infrastructure, pensions, health care as well as education, and lowered taxes and incentives to boost purchases of consumer durables.

On monetary policy, it noted China's central bank lowered interest rates and reserve requirements, and removed limits on credit growth, which led to an extraordinary surge in bank lending.

In late 2008, China unveiled a four-trillion-yuan (590 billion U.S. dollars) stimulus package and shifted its fiscal policy from a "prudent" to a "proactive" stance and eased monetary policy from "tight" to "moderately loose," to counter the global financial crisis.

"These policies were instrumental in arresting the downward momentum to both activity and confidence," said the report, noting that China's economic growth began to pick up in the second quarter of 2009 and reached an average for the year of 9.1 percent. It expected China's economy to remain robust against the backdrop of a still-fragile global economic recovery.

China, the world's third largest economy, expanded at a 10.3-percent year-on-year rate in the second quarter this year, slower than the previous two quarters. But the cooling down is considered good for economic restructuring and preventing overheating.

BENEFIT WORLD ECONOMY

China's solid economic recovery also benefited other countries by driving up the sluggish global demand.

The report said China's recovery has "significant positive spillovers" to the region and the world economy as a whole, both through increased demand for commodities and through higher imports of capital goods.

China's recovery has driven up its demand for big-item commodities such as crude oil, metals and agricultural products, which contributed to a surge in global commodity prices. On the other hand, economic recovery boosted the country's demand for imported goods, resulting in a quick decline in its current account surpluses.

China's trade surplus fell by 42.5 percent in the first six months this year from a year earlier to 55.3 billion U.S. dollars, according to the General Administration of Customs (GAC).

Economists projected that China's trade surplus this year would decline by around 20 billion dollars from the 2009 level.

MAIN POLICY CHALLENGE

The IMF believed that the main policy challenge Chinese authorities face now is "to calibrate the pace and sequencing of exit from the fiscal stimulus and credit expansion, while making further progress in reorienting the economy toward private consumption."

"With the recovery becoming increasingly well established, the government has begun to unwind some of its crisis response measures," said the report.

Credit growth has been slowed, reserve requirements modestly increased, and prudential requirements related to property lending were tightened, it added.

The report considered it appropriate that China maintains fiscal support for a steady resumption of private demand, while suggested a gradual phase out of the fiscal stimulus in 2011, provided the current trajectory for the economy is maintained.

China has listed the transformation of economic growth pattern high on its economic agenda. It vowed to create a more consumption-oriented economy, rather than one fueled by large scale investment and exports.

The IMF also appreciated the recent decision by China's central bank to return to the managed floating exchange rate regime, and commended the government for "its pragmatic deployment of a range of countervailing prudential measures to contain property price inflation."

Stimulus policies, while helping spur the economy, also triggered problems, including a lending boom and a surge in property prices.

In April, the government imposed a raft of measures to rein in soaring house prices and curb property market speculation, including tightening scrutiny of developers' financing, the limiting of loans for third-home purchases and higher down-payments for second-home buying.

- China's industrial profit up 71.8% in 1H (28th July)

(Xinhua) -- Profits at Chinese industrial enterprises in 24 regions climbed 71.8 percent year on year to 1.61 trillion yuan (237.5 billion U.S. dollars) in the first six months, the National Bureau of Statistics (NBS) said Wednesday.

The growth rate was 11.2 percentage points lower than that in the first five months, the NBS said in a statement.

Combined revenues for the enterprises totaled 25.9 trillion yuan in the first half of the year, up 36.5 percent from a year earlier - a growth rate 2.4 percentage points lower than in the January-to-May period.

Most of the 39 major industries posted year-on-year profit growth.

The 24 regions comprise all of the Chinese mainland provinces, municipalities and autonomous regions except the Inner Mongolia and Tibet autonomous regions; Hunan, Guangdong, Hainan and Yunnan provinces; and Chongqing.

China's industrial value-added output expanded 17.6 percent year on year in the first half of the year. But month-on-month growth began to slow in March, with June's growth at 13.7 percent year on year.

- China relieved over IMF's conciliatory tone on Yuan (29th July)

China appeared relieved as the International Monetary Fund softened its stand on Yuan revaluation, partially backing Beijing's move to free its exchange rate system in a gradual manner.

Welcoming China's recent decision to return to a managed floating exchange rate system, the 24-member executive board of the International Monetary Fund (IMF) early this week softened its tone by dropping "substantially" when talking about Yuan's undervaluation in an annual report on US Treasury.

The downbeat tone from the IMF's long-held position, which claimed that the Chinese currency is "substantially undervalued", will ease pressure on the appreciation of Chinese currency Yuan, when the world's third-largest economy faces increasing risks of a slowdown, Chinese economists said.

China scrapped the Yuan's 23-month-old peg to the US dollar and pledged to seek greater flexibility in the value of its currency on June 19.

The Yuan has edged up about 0.7 per cent since and traded today at 6.7787 per dollar from the 6.80 a month ago.

"Given the current downside risk that the Chinese economy is facing and the complicated external environment, it is not realistic to expect the Yuan to appreciate significantly," said Zhang Xiaojing, a senior economist at the Chinese Academy of Social Sciences.

Zhang said that he expects the yuan to rise about 3 per cent this year.

"The view showed that the IMF has recognised China's efforts in pursuing greater currency flexibility and generally agreed with the country's approach to let the Yuan appreciate in a gradual manner," state run China Daily quoted Zhang as saying.

The IMF report indicated that it remained optimistic about China's growth outlook, forecasting that the Chinese economy will expand at 10.5 per cent this year.

Hu Xiaolian, vice-governor of the People's Bank of China, the central bank, said the exchange rate will maintain overall stability at a reasonable and balanced level.

But the currency might show "two-way movement" against a single currency depending on market conditions, Hu said.

The IMF report said some of its board members agreed that the exchange rate is undervalued, but other members disagreed with the assessment of the exchange rate, noting that it is based on uncertain forecasts of the current account surplus.

The IMF's conciliatory tone came after the release of the much-awaited US Treasury report earlier this month, when it admitted that China's economic re-balancing policies have led to "a significant decline" in its current account surplus and "China has made progress" in re-balancing its growth, the Daily said.

<http://economictimes.indiatimes.com/news/international-business/China-relieved-over-IMFs-conciliatory-tone-on-Yuan/articleshow/6231828.cms>

- China to strengthen punishment for illegal forex activities to curb hot money inflows (29th July)

(Xinhua) -- China's foreign exchange regulator said Thursday that it will increase punishments for illegal foreign exchange activities.

The move aims to help curb the hot money inflows and promote sound development of the foreign exchange management, the State Administration of Foreign Exchange (SAFE), the regulator, said in a statement.

During the inspections in the past two years, SAFE found that some banks had relaxed approval regulations in a bid to quickly expand its foreign exchange business, though its statement does not list the names of the erring banks.

The regulator said it will intensify the scope and frequency of investigations into banks' foreign exchange activities.

Starting from February this year, investigations into speculative hot money, which have entered the country, betting on an appreciation of the Chinese currency, and a hike in asset prices, have found 190 cases, or 7.35 billion U.S. dollars, of hot money inflows, the SAFE said earlier this month.

Capital flows into and out of China for purposes other than import - export payments are strictly controlled by the SAFE, which manages China's 2.45 trillion U.S. dollars in foreign exchange reserves.

- Urbanization expected to fuel economy (30th July)

(Xinhuanet) -- Accelerated urbanization can keep the country's economy on the fast track for another 15 to 20 years, as more than half of its population will live in cities and towns by 2015, a top Chinese think tank said on Thursday.

The country's urbanization rate will hit 52 percent in 2015 and grow to 65 percent by 2030, the annual report on urban development by the Chinese Academy of Social Sciences (CASS) showed.

By the end of last year, the urbanization rate already hit 46.6 percent, with 620 million people living in cities and towns, the CASS reported.

"The growth potential of the vast middle and western regions, together with the rapid development of small cities and towns, could keep the economy on the fast track for at least 15 to 20 years," Wei Houkai, director of the center for China's regional development at the CASS, told China Daily.

The urbanization rate during the country's 12th Five-Year Plan period (2011-2015) will grow by 0.8 to 1.0 percent each year, the academy reported.

That means more than 10 million rural residents will move to cities and towns annually - a process that is expected to contribute 4 percentage points to the country's GDP growth each year.

Out of the 4 percentage points, 3.6 percentage points will come from newly added housing demand of 1.2 trillion yuan (\$177 billion) and 0.4 percentage points is expected to come from people's improved income of 120 billion yuan.

Lu Jing, vice-president of Hong Kong-listed R&F Properties, said at a recent forum that he was quite optimistic about the long-term prospect of China's real estate industry, despite short-term adjustment because of recent tightening policies.

Last year, the disposable income of the urban population stood at 17,175 yuan per capita, but the net income of the rural population was 5,153 yuan per person.

Li Bingren, chief economist of the Ministry of Housing and Urban-Rural Development, said earlier that he expects China's urban infrastructure fixed-asset investment to top 1 trillion yuan (\$146 billion) in 2010.

The country's rapid urbanization will result in the accelerated construction of urban public facilities, involving a total investment of up to 7 trillion yuan during the 12th Five-Year Plan period, Li said.

But imbalances in the process mean that the quality of the urbanization will be affected, the CASS reported.

"There are still many problems in the process, such as unbalanced development between the urban and rural areas, widening income gaps, lack of spatial planning and over-expansion of large cities, all of which need to be solved urgently," said Li Guoping, director of the China center for urban management research under Peking University.

More attention will be given to the improvement of migrant workers' living standards, construction of environmentally friendly cities and building of city clusters in the next five-year plan, the CASS reported.

(Source: China Daily)

- I.M.F. Urges Changes From China (30th July)

In its first annual review of the Chinese economy since 2006, the International Monetary Fund has pressed Beijing to bolster consumption and allow its currency to appreciate more rapidly.

[In its lengthy report](#), which was released Thursday, the I.M.F. applauded Beijing's aggressive and speedy response to the global financial crisis, saying the government's stimulus plan led to a robust recovery.

But authors of the report urged Beijing to make additional changes that could help rebalance the global economy as well as China's domestic economy, moving the country away from heavy reliance on exports and investments and toward more private consumption.

Economists have grown increasingly worried in recent years about China's huge trade and current account surpluses and the equally massive deficits in the United States, saying the imbalances are unsustainable and pose dangers to the global economy.

Now, Beijing and Washington are working together and holding high-level talks to address ways to ease the imbalances.

In its report this week, the I.M.F. said China had made substantial progress in the last two years in reducing its current account balance, from about 11 percent of GDP in 2008 to an estimated 4 percent by the end of this year.

But the authors also warned that China's trade and current account surpluses could soon revert to high levels.

"There is a potential for sizable current account surpluses to return as the policy stimulus is wound down and the global economy recovers," the I.M.F. report says.

The I.M.F. also expressed concern about a potential property bubble and a possible rise in the number of non performing loans following record lending from state-run banks last year.

One bright spot in the Chinese economy, though, is a rise in wages, the I.M.F. says.

"There was broad agreement (between I.M.F. and Chinese officials) that steadily rising real wages were a healthy development that would ultimately boost household income and promote consumption, leading to a more balanced economy," the I.M.F. report says.

<http://economix.blogs.nytimes.com/2010/07/30/i-m-f-urges-changes-from-china/?src=busln>

- China shares retreat on profit-taking (30th July)

Chinese shares fell Friday on profit-taking but the market benchmark ended July up 10 percent for the best month so far this year.

The Shanghai Composite Index lost 10.61 points, or 0.4 percent, to close at 2,637.5. The Shenzhen Composite Index for China's smaller second exchange slipped 0.1 percent to 1,075.45.

"It was a normal decline, because the market needed a correction after a long rally," said Cai Xiang, an analyst for Sinolink Securities in the western city of Chengdu.

Cai said prices might fall further in August on worries that Everbright Bank Ltd.'s planned initial public offering will flood the market.

Agricultural Bank of China Ltd. shed 1.4 percent to 2.79 yuan, while Industrial & Commercial Bank of China Ltd., China's biggest commercial lender, slipped 1.2 percent to 4.31 yuan. Bank of China Ltd. dropped 0.8 percent to 3.58 yuan.

Coal producers lost ground on falling prices. Yanzhou Coal Mining Co. declined by 3 percent to 17.84 yuan. China Shenhua Energy Ltd., the country's biggest coal producer, gave up 1 percent to 23.75 yuan.

Aluminum Corp. of China, soared 6.7 percent to 10.89 yuan after agreed Thursday to buy \$1.4 billion stake in a Rio Tinto Ltd. iron mine in Africa. Minmetals Development Co. added 2 percent to 16.83 yuan.

In currency markets, the yuan strengthened to 6.7734 to the U.S. dollar, up from Thursday's close of 6.7765.

<http://www.businessweek.com/ap/financialnews/D9H998000.htm>

- China's economy to grow more than 9% in 2010: chief currency regulator (31st July)

(Xinhua) -- China's gross domestic product (GDP) is expected to expand more than 9 percent in 2010, Yi Gang, head of the State Administration of Foreign Exchange (SAFE), said Friday.

Yi, also deputy governor of the People's Bank of China, the central bank, made the remarks in an interview with China Reform magazine, which is posted on the SAFE website Friday.

China's GDP grew 11.1 percent in the first half of 2010 from the same period of last year. Yi said China's economic growth rate will eventually slow down because its economic base is expanding, while the country's development faces huge pressure in fields of environmental protection, resources and energy.

"The restriction caused by environmental factors has been unprecedented, such as underground water, air, and carbon emission," Yi said.

Yi said the priority of China's economy is the quality of the growth.

"That's why we have to restructure and transform growth modes -- for improving the growth quality and the efficiency," Yi said.

- China aims to make yuan convertible: chief currency regulator (31st July)

(Xinhua) -- The ultimate goal of China's exchange rate reform is to make the yuan a fully convertible currency, Yi Gang, head of the State Administration of Foreign Exchange (SAFE), said Friday.

Yi, also deputy governor of the People's Bank of China, the central bank, did not provide a timetable for the reform.

"There is no official timetable for a convertible yuan," he said in an interview with China Reform magazine posted on the SAFE website Friday.

He added that since China is a large country and its development is unbalanced, the issue becomes more complicated.

"Generally speaking, a convertible currency is one whose exchange rate can float freely," he said.

Asked whether the yuan may turn into a reserve currency, Yi said it depends upon the market demand.

"We should not push it hard. Do not be talked into the belief that the yuan is very close to a reserve currency. It, in fact, lags far behind that level," Yi said.

China abandoned a decade-old peg to the U.S. dollar five years ago by allowing its currency to fluctuate against a basket of currencies and appreciate by 2.1 percent.

Since then, the yuan has strengthened further, though slowly, and has risen more than 21 percent against the greenback.

On June 19 this year, the Chinese central bank announced that it would further the reform of the yuan exchange rate mechanism to improve its flexibility.

Social front

- Overseas Chinese youths urged to serve as communicators between cultures (26th July)

(Xinhua) -- Chinese Vice President Xi Jinping Sunday called on overseas Chinese youths participating in a "root-seeking tour" to carry on the traditions of their ancestors, feed their mind with spiritual nutrition from the Chinese history and culture, and become communicators between cultures.

Xi told more than 6,000 overseas Chinese youths from 51 countries and regions including Hong Kong, Macao and Taiwan, that they should become active promoters of cultural exchanges.

Xi encouraged the youths to actively participate in various forms of cultural exchange activities, let more people know about the rich Chinese culture, and become "civilian ambassadors" between China and the places they live in.

Xi made the call in a keynote speech at the opening ceremony of the "2010 Chinese Root-Seeking Tour" summer camp held at the Great Hall of the People.

Xi said that overseas Chinese coming back to China to seek their roots show that they have a strong "sense of closeness" toward their ancestral home, and understand that their blood is Chinese and they are willing to carry on the Chinese culture that has lasted thousands of years.

"The Chinese culture is the only one of the world's ancient civilizations that continuously lasted 5,000 years. The unique cultural traditions are the common wealth of all the Chinese at home and abroad," he said.

Xi stressed that China would always adhere to the road of "development, peace and cooperation" and make greater contributions to the progress of mankind's civilization. Since 1999, six sessions of the "Chinese Root-Seeking Tour" summer camp have been held by the State Council Overseas Chinese Affairs Office and the Chinese Overseas Exchange Association. During the following three days, camp members will visit historical sites and scenic spots in Beijing and have a get-together with their local peers.

- Senior Chinese official urges reform of cultural sector (27th July)

(Xinhua) -- Senior Chinese official Li Changchun called for stepped-up efforts to reform the countries cultural sector at a meeting held recently and joined by publicity and culture chiefs from China's central government.

Li also urged more progress to be made in the development and prosperity of China's cultural industries.

Li, a Standing Committee member of the Political Bureau of the Communist Party of China (CPC) Central Committee, presided over the meeting. State Councilor Liu Yandong and Liu Yunshan, head of the Publicity Department of the CPC Central Committee, attended the meeting.

- Chinese vice premier stresses management of social security funds (31st July)

(Xinhua) -- Chinese Vice Premier Zhang Dejiang on Friday called for better management of social security funds and more efforts to maintain and increase the value of the funds.

He said new ways to develop national social security funds and improve China's social security funds system should be explored.

Zhang made the remarks at a meeting held in Beijing to commemorate the tenth anniversary of the birth of China's national social security funds.

Over the past ten years, the national social security funds have increased in size and investment channels have been expanded due to prudent management, Zhang said.

The national social security funds currently stand at 776.6 billion yuan (114.7 billion U.S. dollars), according to the National Council for Social Security Fund (NCSSF).

"By using various channels, we will work to increase the national social security funds to 1.5 trillion yuan by 2015," said Dai Xianglong, chairman of the NCSSF.

The rate of return on investments averaged 9.75 percent over the past ten years, about 7.74 percentage points more than the inflation rate in the same period, according to the NCSSF.

Ethnic issues

Environmental front

- U.N. official hails China's role in protecting ozone layer (29th July)

(Xinhua) -- An official with the U.N. Environment Program (UNEP) on Thursday hailed China's role in phasing out ozone depleting chemicals while launching a joint initiative with the European Commission to protect the ozone layer.

Rajendra Shende, head of the UNEP OzonAction Branch, told Xinhua that China has just completed preparing a national strategy to phase down and phase out the use of hydrochlorofluorocarbons (HCFCs) and will submit it in a couple of months to the U.N. funding agency.

"China has really taken a good leadership role in phasing out HCFCs," Shende said.

China, Shende said, has realized that the phasing out of HCFCs will be good for ozone layer protection and also will help China improve energy efficiency.

Shende said, however, that it's a tremendous task for China, a major country in the producing and consuming of HCFs, and it has to go ahead with the work in a very systematic way.

Shende launched a toolbox composed of three e-books with the European Commission to help developing countries to make informed decisions about the technologies and policies needed to replace or avoid the use of HCFCs.

HCFCs are chemicals widely used in refrigeration, air-conditioning and in the creation of insulation foam. The chemicals can have global warming potentials up to 2,000 times that of carbon dioxide, the reference gas for climate change.

The Montreal Protocol on Substances that Deplete the Ozone Layer was established in 1987 to protect the Earth's ozone layer and China became a signatory of the protocol in 1991.

In 2007, parties to the Montreal Protocol agreed to accelerate the phase out of HCFCs to 2020 for developed countries and 2030 for developing countries.

According to the U.N.EP, 147 developing countries are currently preparing national plans to phase-out HCFCs in order to comply with their obligations under the Montreal Protocol.

A directive concerning the management of ozone depleting chemicals went into force in China on June 1. The directive aims to accelerate China's efforts in phasing out the use of HCFCs.

Cyber/Technology Front

- Google not sure if China behind service disruption (31st July)

Google does not know if the Chinese authorities were behind a disruption in the company's services on Thursday, chief executive Eric Schmidt said in an interview with The Wall Street Journal.

Schmidt said that although the Chinese government can "arbitrarily decide" the level of service Google can provide in China, the Internet giant does not know if it was responsible for the disruption of services.

Google reported on Thursday that virtually all of its services in China were "partially" or "fully blocked" but clarified later that it had actually been a "relatively small blockage."

The disruption was the first since China agreed earlier this month to renew the company's license to operate in the country.

That decision came after months of tension between Google and Beijing over state censorship and cyberattacks that the company says originated in China, the world's largest online market with 420 million users.

Schmidt told the Journal that the cyberattacks late last year against Google were a "wake-up call to Google and other American companies."

The Google chief executive also told the newspaper that he was an advocate of entering the China market -- a move that was reportedly the subject of some controversy among the top management at the Mountain View, California, firm.

He said he believed it was better to engage with China even if Google had to operate with restrictions. That decision was reversed, he added, because of an accumulation of events. "Day-to-day stuff just drove us crazy," he said.

Schmidt said China is the only country that practices "active censorship" of the Internet, although other countries block certain websites.

The Google chief executive was also asked whether the company was living up to its unofficial motto of "Don't be evil."

He said the company has done "generally well" although it has made a few mistakes, China being a notable one.

He added that when Google entered China, the company said it would revisit its decision, "and we have revisited it," Schmidt said.

Regional report

North

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Economic front

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Social front

- 3,000 chemical barrels washed into Chinese river (29th July)

[Water](#) supplies were cut for a time to part of the north-eastern Chinese city of Jilin, after a flood washed thousands of barrels of a dangerous chemical from a factory into the area's main river, state media said today.

A "small quantity" of two pollutants produced by the plant were found in the Songhua river, and a reporter smelt a strange odour as he watched dozens of the metal containers float through downtown Jilin, the official Xinhua agency said.

It was not clear how well the barrels were sealed. But the environmental protection ministry said on Wednesday that tests showed nothing abnormal about the water quality. It would monitor the river closely, it added in a statement.

The latest spill was triggered when flood waters rushed through a chemical plant on Wednesday morning, carrying off barrels, including some of trimethyl chloro silicane, a colourless, flammable liquid with a pungent smell, Xinhua said.

Around 3,000 barrels contained 170kg (375lb) of chemicals, and another 4,000 were empty, Xinhua said, citing a government official speaking at a news conference in Jilin. That suggested as much as 500 tonnes could potentially contaminate the river.

Jilin, with a population of 4.5 million, saw panic buying of water. By this morning, however, water supplies had been restored to most districts. The Jilin government declined immediate comment.

Areas downstream could still be at risk, as emergency workers have so far fished only 400 barrels out of the river.

Jilin city suffered a major chemical spill in November 2005, when an explosion at a petrochemical plant released tonnes of hazardous chemicals into the river. That was covered up for over a week. In the face of widespread panic, officials were forced to cut water supplies to millions of people, including the city of Harbin

<http://www.guardian.co.uk/world/2010/jul/29/3000-chemical-barrels-chinese-river>

Economic front

Southwest

Politics

Social front

Economic front

- Hefty govt investment in Tibet from 2006-2010 (27th July)

(Xinhua) -- China's central government spent 137.8 billion yuan (20.3 billion U.S. dollars) to boost Tibet's development from 2006 to 2010, the regional government said Tuesday. The money funded 188 key projects covering infrastructure building, urban development, environmental protection and cultural conservation, the regional government said in a press release.

Among them were eight new projects including a highway linking Lhasa's city center with the Gonggar Airport, it said.

The initial plan for Tibet's development from 2006 to 2010 included 180 projects with a total investment of 109.76 billion yuan, and eight new projects were approved this year to accelerate regional growth.

The plan helped 80 percent of Tibet's villages to be connected by road, provide safe drinking water for all its 2.76 million people and free education up to high school level for all children.

The funding also helped build power plants and telecommunications facilities in remote villages.

Aimed at improving living conditions in Tibet's rural areas, the plan funded the building of 15,000 new homes for Tibetan farmers and herders, and 95 village hospitals.

It also financed construction of Tibet's fourth airport, the Gunsai Airport in the northern Ngari Prefecture that opened on July 1, and a 100,000-kilowatt photovoltaic plant in Ngari.

Though it had reported fast growth over the years, Tibet remains one of China's most underdeveloped regions due to its tough natural conditions and a weak economy, and relies heavily on investment from the central government.

The central government launched an aid program in Tibet in 1994, under which officials and professionals from other parts of the country are encouraged to work in the plateau region.

In the first half of this year, Tibet's GDP grew by 11.2 percent from the same period last year to reach 20.32 billion yuan (about 3 billion U.S. dollars).

Padma Choling, chairman of the regional government, said Tibet's economy had been restored to the level it was before March 2008 when riots disrupted social and economic development.

- China moves to ensure enough power supply in Tibet by 2012 (29th July)

(Xinhua) -- China Thursday started a project to connect the isolated electricity network in the Tibet Autonomous Region with the rest of the country to help the region meet its power demand.

The power transmission and transformation project will be completed by 2012, and "fundamentally solve the power shortage problem in Tibet," said Liu Kejian, chairman of the Tibet Electric Power Company Ltd, which is under the State Grid Corporation of China.

The power line will stretch 1,774 kilometers in length from neighboring Qinghai Province's capital city Xining to Lhasa in Tibet.

Annual electricity consumption in Tibet is about 1.6 billion kilowatt-hours. Hydro-electric power plants generate 80 percent of its power, but in cold low-water seasons, power supply can fall short of demand by 30 percent, Liu said.

"After the project is completed, the Tibet electricity network will be connected with that of the whole northwestern region of China, and power transmitted from Qinghai will help ease Tibet's shortage problem," he said.

The project will cost 13.9 billion yuan (2 billion U.S. dollars), most of which will come from the State Grid Corporation of China.

A 750-kv high-voltage alternating current transmission and transformation line will run between Xining and Golmud cities in Qinghai, and a 400-kv high voltage direct current transmission line will connect Golmud with Lhasa.

Liu expected the power line to be able to transmit 4 billion kilowatt-hours of electricity to Tibet between 2013 and 2015, adding that local industries would no longer face power shortages then.

South central

Politics

Social front

Economic front

- ADB extends loan to finance infrastructure projects in China (27th July)

(Xinhua) -- The Asian Development Bank (ADB) is extending a 150 million U.S. dollars loan to the People's Republic of China to develop three gateway cities in the Guangxi Zhuang Autonomous Region.

In a statement issued Tuesday, the ADB said the loan will be used to build roads and other urban infrastructure in the cities of Fangchenggang, Chongzuo, and Baise. The three key urban centers are located at the southwestern part of China and serve as gateway to Vietnam and other countries in the Greater Mekong Subregion (GMS).

The loan will be coursed through the Guangxi Southwestern Cities Development Project. The Government of Guangxi Zhuang Autonomous Region is the executing agency for the project, which is expected to be completed by June 2015.

"The project is part of the national government's strategy to cut poverty and promote inclusive growth in less developed western parts of the country. It also supports ongoing ADB efforts to convert GMS transport corridors into full-fledged economic corridors, providing increased trade and development opportunities, " said Fei Yue, Principal Urban Development Specialist in ADB's East Asia Department.

ADB's loan from ordinary capital resources has a 25-year term, with a grace period of five years, and an interest rate determined in accordance with ADB's LIBOR-based lending facility.

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Politics

- Macao, HK seek to deepen cooperation (29th July)

(Xinhua) -- The government officials of Macao and Hong Kong Special Administrative Region (SAR) met here on Wednesday, as they explored fields in which they can further strengthen bilateral cooperation.

On behalf of the two governments, John Tsang Chun-wah, financial secretary of HKSAR, and Tam Pak Yuen, the secretary for economy and finance of Macao SAR, along with other officials of the two sides, attended the Third Hong Kong-Macao Co-operation Meeting held at the Macao Government Headquarters.

The two sides agreed that the current cooperation and communication system is becoming more and more effective, and with the joint efforts of the two sides, fruitful results have been achieved in fields such as border crossing, tourism, infrastructure, education and culture, health, environmental protection, etc., according to a press release from the Office of the Secretary for Economy and Finance of Macao.

Since the announcement of the outline of the Plan for the Reform and Development of the Pearl River Delta (2008-2020) by China's central government, the two regions' cooperation has entered a new stage and the relations between the two sides have further strengthened, said John Tsang Chun-wah at the meeting.

The two SARs have gained concrete results in their cooperation in the past year, especially in the fields of border crossing and infrastructure.

In 2009, the two governments signed an agreement on border crossing, facilitating the residents of the two places to enter and exit each other's borders through simplified procedures. Macao resident's stay in Hong Kong is also extended, with permanent resident being allowed to stay for a maximum of 180 days each time while non-permanent one can stay up to 30 days.

Being the most important part of the two sides' infrastructure construction cooperation, the project of Hong Kong-Zhuhai-Macao Bridge, breaking ground at the end of last year, has been carried out smoothly so far. The two SARs also worked together on drafting a number of regional urban planning plans, including the already-completed "Planning and Research of City Agglomeration's Coordination and Development in Greater Pearl River Delta".

The areas of Macao and Hong Kong's bilateral cooperation have been continuously expanded, with deepening levels and greater effects, said Tam Pak Yuen, referring to the two sides' cooperation in the past year.

As for the future direction of cooperation, the two sides agreed to focus more on cooperation in tourism, culture, education and the training of public servants, while exploring new areas for cooperation.

Tourism is bound to become the focal point of the two sides' bilateral cooperation in the coming years, since the tourism industry plays an important role in the economic development of both Macao and Hong Kong.

Official figures indicated that Macao's total visitor arrivals for the first half of 2010 exceeded 12 million, an increase of 17.9 percent over last year, while Hong Kong logged 16.86 million visitor arrivals in the same period. The Chinese mainland is the major source market for the two SARs' tourism industry.

During the meeting, the two sides' tourism officials agreed to continue their communication and exchanges, develop multi-destination tourism products, launch joint overseas tourism promotion, carry out joint supervision and management of the tourism markets, etc., according to the Office of the Secretary for Economy and Finance of Macao SAR.

Social front

- Hong Kong, Indonesia to enhance cooperation in public security (29th July) (Xinhua) -- Hong Kong planned to enhance cooperation in public security with Malaysia, Indonesia and other ASEAN countries, said the visiting leader of the Security Bureau of China's Hong Kong Special Administrative Region Government on Thursday. Ambrose SK Lee, Hong Kong's Secretary for Security, began his visit to Malaysia and Indonesia on Monday. He told Xinhua here on Thursday that both the two Southeast Asian countries had reached consensus with Hong Kong.

They agreed that their public security force should strengthen contact and communication under the circumstance of globalization.

"We have kept a good relationship with counterparts in ASEAN countries and signed agreements on reciprocal judicial assistance with Malaysia and Indonesia," said Lee. "But I think we can further lift cooperation level in terms of personnel communication and training, as well as cross-border crime information exchange."

As for the general concerned terrorism, Lee said that Hong Kong was a very safe International Metropolis, but its neighboring ASEAN countries may suffer terrorist attack. Thus, he said that the bureau should not neglect the threat, but had to enhance information exchange, prevent terrorists from building base or acting in Hong Kong, and shuts terrorism out.

Lee met the Minister of home affairs Hishammuddin Hussein, Deputy Police Chief Ismail Omar, Director General of Immigration Department Abdul Rahman Othman, and Royal Customs Department Director General Ibrahim Jaapar in Malaysia. He introduced the recent development and public security condition in Hong Kong, and exchanged views on mutual concerns, such as terrorism, cross- border crimes and drug trafficking, with Malaysian officials.

Later in Indonesia, he met the Minister of Justice and Human Rights Patrialis Akbar and the Minister of Manpower and Transmigration Muhaimin Iskandar. Both sides exchanged views on the issue of Indonesian labor migrants in Hong Kong and agreed to expand cooperation in law enforcement and entry-exit management.

Lee said that Indonesia was the largest foreign domestic help provider of Hong Kong, as it had exported more than 100,000 maids to the metropolis, who contributed a lot to Hong Kong's economic development.

The Security Bureau is responsible for a wide-ranging policy portfolio, from the maintenance of law and order, exercising effective and efficient immigration and customs control, rehabilitating offenders and drug abusers, and providing swift and reliable emergency fire and rescue services.

Economic front

- HK issues alert on bogus bank website (26th July)

(Xinhua) -- The Monetary Authority of Hong Kong on Monday warned consumers to beware of a fraudulent website, www.hangsengfinancial.com, which looks similar to Hang Seng Bank's official site.

The bank has clarified it has no connection with the bogus site and has reported the case to Police.

Anyone who has provided personal information to, or conducted financial transactions through, the site should contact the police, said the authority.

- HK's securities watchdog says fund management industry records strong growth in 2009

(Xinhua) -- Hong Kong's Securities and Futures Commission (SFC) said Tuesday the combined fund management business in Hong Kong rebounded strongly to 8,507 billion HK dollars (1,095 billion U.S. dollars) by the end of 2009, representing an increase of 45.4 percent from 2008.

In its annual Fund Management Activities Survey, the securities watchdog said the latest survey indicated that international investors continued to use Hong Kong as the platform for investing in the East Asia region.

Overseas investors contributed 5,388 billion HK dollars, or nearly 64 percent, to Hong Kong's fund management business, excluding real estate investment trusts. Meanwhile, an increasing number of Chinese mainland-related firms gained exposure to global investment practices via Hong Kong as a springboard, according to the survey.

Licensed asset management and fund advisory houses continued to contribute the largest proportion of the combined asset management business, recording the biggest year-on-year increase of 50.3 percent in the value of their aggregate asset management and fund advisory businesses to 6,447 billion HK dollars in 2009.

Registered institutions recorded a 29.8 percent increase in their aggregate asset management and other private banking businesses to 1,811 billion HK dollars in 2009. Insurance companies reported a 44.6-percent increase in their assets under management to 175 billion HK dollars in 2009.

The survey highlighted the growth of the exchange-traded-fund (ETFs) market in Hong Kong and the first-time cross-listing of ETFs in Hong Kong and Taiwan.

By the end of June this year, 62 ETFs were listed in Hong Kong. The trading volume of the ETFs increased by 12.5 percent year on year to an average daily turnover of 1.97 billion HK dollars in the first half this year.

The market capitalization, which excludes the gold ETF, rose 29.7 percent to 180 billion HK dollars in the same period, making Hong Kong the second largest ETF market in Asia.

The survey also noted an increasing number of Chinese mainland-related financial institutions set up operations in Hong Kong. The total asset management and fund advisory businesses of mainland-related companies that participated in the survey increased 70.1 percent in 2009 to 154.7 billion HK dollars.

SFC's Deputy Chief Executive Officer Alexa Lam said the asset management industry in Hong Kong had proven its mettle in 2009.

"As other major markets around the world continue with their financial market reforms, we must work together with the industry to make sure that Hong Kong continues to be a quality market and a platform of choice," she said.

Lam said the signing of the Supplementary Memorandum of Co-operation on the expansion of the renminbi trade settlement scheme on July 19 between the People's Bank of China and the Hong Kong Monetary Authority would pave the way for the launch of RMB-denominated fund products.

"The SFC will continue to work closely with the industry with a view towards achieving breakthroughs in this area," she said. "We also will develop deeper ties with the financial regulators and central government agencies on the Mainland to contribute to further financial co-operation between the Mainland and Hong Kong markets."

The Fund Management Activities Survey has been conducted annually since 1999 to help the SFC assess the industry's state of affairs for policy setting and operations planning.

This year, a total of 328 entities responded to the survey. They included 276 licensed asset management and fund advisory houses, 37 registered financial institutions and 15 insurance companies, said the SFC. (1 U.S. dollar equals to 7.766 HK dollars)

- Macao's latest unemployment rate stays below 3 pct (27th July)

(Xinhua) -- Macao's unemployment rate for the period of April to June 2010 reached 2.8 percent, slightly going down by 0.1 percentage points over the previous period of March to May, according to the figures released on Tuesday by the city's Statistics and Census Service (DSEC).

The city's total labor force was 326,000 in the period, with the labor force participation rate standing at 71.6 percent, the DSEC figures indicated.

The DSEC also said that the number of the local unemployed stood at 9,300 in the period, of which fresh labor force entrants accounted for 7.5 percent, increasing by 2.1 percentage points over the previous period.

In comparison with the same period of 2009, the labor force participation rate and the unemployment rate between April to June this year decreased by one and 0.8 percentage point respectively, while the underemployment rate rose by 0.1 percentage point, according to the DSEC.

As for the second quarter of 2010, the unemployment rate of local residents stood at 3.4 percent, down by 0.3 percentage point quarter-to-quarter, the DSEC also said.

- Macao consumers' satisfaction toward shopping drops to new low (30th July)

(Xinhua) -- The latest results of the Macao Consumer Satisfaction Index released on Thursday indicated that local consumers' satisfaction toward shopping in Macao just scores 69.1 out of 100, which was the lowest since 2007 when the Index was firstly released.

The statistics of the 2010 Macao Consumer Satisfaction Index were collected by the Institute for Sustainable Development of Macao University of Science and Technology between May 25 and June 2 this year through random telephone interview.

A total of 888 local residents were successfully interviewed in the survey concerning their recent experiences of shopping, mainly clothes and foot wears, and dining in Macao and the neighboring Chinese mainland city Zhuhai.

The survey found that the index for shopping in Macao dropped by 3.1 percent year-on-year to just 69.1, but is still higher than the other three categories, including dining in Macao (68.9), shopping in Zhuhai (63.2) and dining in Zhuhai (66.2).

The Index also showed that Macao consumers have higher satisfaction toward shopping and dining in Macao than those in Zhuhai.

Given the recovering economic development of Macao and the Chinese mainland and the appreciation of RMB, it was expected that local residents will be more willing to spend their money in Macao while the increasing number of tourists will boost local consumption as well, said Chan Lai Kow, director of the Institute.

As a result, local retail and catering industries must learn to adapt to the need of the customers by offering them high quality services and products, and keep on finding new ways to develop their business, said Chan.

- HK records 116 mln USD deficit in June (31st July)

(Xinhua) -- Hong Kong recorded a deficit of 900 million HK dollars (115.9 million U.S. dollars) in June, resulting in a 10.3 billion (1.33 billion U.S. dollars) deficit for the financial year's first three months, the Financial Services and the Treasury Bureau announced Friday.

Government expenditure in June was 27.3 billion HK dollars with revenue of 26.4 billion HK dollars.

The deficit for the period was mainly because some major types of revenue, including salaries and profits taxes, were mostly received towards the end of a financial year.

Government expenditure for April-June was 71.1 billion HK dollars with revenue of 60.8 billion HK dollars.

Fiscal reserves stood at 509.9 billion HK dollars at the end of June. (1 U.S. dollar equals 7.767 HK dollars)