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Outline

National report

Political front

- Joint undertaking of CPC, KMT over past 5 years proved correct (5th May)
- To promote healthy and orderly development of CPC Party affairs (7th May)

Foreign relations

- Chinese president holds talks with president of Maldives (2nd May)
- China-France ties back on right track (2nd May)
- Pakistan: China and the Militant Connection (7th May) STRATFOR
- Chinese president to attend 65th anniversary of Russia's Victory Day (3rd May)
- China and America's leadership in Peaceful Coexistence (4th May)
- Hu's Moscow tour to cement China-Russia strategic partnership: Foreign Ministry (5th May)
- China to boost cooperation with SAARC: FM spokeswoman (5th May)
- US seeks bigger role for China in Afghanistan (5th May)
- Chinese, EU leaders exchange greetings on 35th anniversary of bilateral ties (6th May)
- China, Arab states aim to upgrade ties at ministerial meeting (6th May)
- Foreign ministers of China, Japan, ROK to meet in mid-May (6th May)
- Senior Chinese lawmaker calls for strengthened partnership with Brazil (7th May)
- China vows to expand Sino-Pakistani law enforcement cooperation (7th May)
- Kenya to deepen cultural cooperation with China: official (7th May)
- China seeks to boost friendly, cooperative relations with UAE (7th May)
- Chinese vice premier vows to bolster energy ties with Saudi Arabia (7th May)
- Hu's Russia trip of vital significance, says Chinese ambassador (7th May)
- U.S. accusation about China's press freedom groundless: FM (8th May)
- China urges separation of Kim's visit, warship sinking amid "partiality" criticism (8th May)
- Costa Rican president hails ties with China "highly positive" (8th May)
-

Economic front

- Buffett says China amazing economy (2nd May)
- Yuan exchange rate Chinese internal matter: ADB head (2nd May)
- China's novel approach to iron ore negotiations (2nd May)
- China's lottery sales jump 24.5% in first quarter (2nd May)
- China to raise deposit reserve requirement ratio to rein in economy (3rd May)
- PetroChina to invest 30% in Indonesia in 2010 (3rd May)
- China to banks: Freeze more money (3rd May)
- Stocks drop as China raises reserve ratio (4th May)
- China's agricultural exports grow 20% in first quarter (4th May)
- Asian stocks decline on China reserve ratio plan (4th May)
- Expert: Property tax necessary in China (4th May)
- Strong growth of Thai exports to China led Thailand's overall exports growth (4th May)
- China to become the biggest investor in private equity: investor Rubenstein (4th May)
- Tax hike in Australia and India may impact Chinese steel mills (4th May)
- Australian tax reform may affect Chinese steel enterprises (5th May)
- CASS: Prospect of housing price plunge low in 2010 (5th May)
- Most foreign banks in China expect growth in 2010: survey (5th May)
- China stocks rebound from Tuesday's slump (5th May)
- UN report puts China's 2010 growth at 9.5 pct (6th May)
- Monetary tightening sinks China stocks (6th May)
- China to establish center to increase African imports (6th May)
- China stocks plunge to eight month low (6th May)
- China to withstand housing slowdown: Goldman (7th May)
- Chinese govt moves to give domestic carriers a boost on int'l stage (7th May)
- US sets penalties on Chinese copper pipe, tube (7th May)
- Chinese expert: China crash prediction 'illogical' (7th May)
- No change to China's foreign investment policy: official (8th May)

Social front

- China to recruit more college grads to be village officials (2nd May)
- State councilor urges educational reform to promote Chinese innovation (3rd May)
- Chinese premier tells youths to "look up, be down-to-earth" (5th May)
- Blue paper: China's cultural industry market reaches 800 billion yuan (6th May)
- "Made in China" ad shows a positive image of China (6th May)

Ethnic issues

Environmental front

- Premier Wen says more efforts needed to cut emissions, conserve energy (6th May)
- China makes rapid new energy strides (7th May)

- Indian Environment Minister say more to learn from China (7th May)
- 'We must work on climate change' (8th May)

Regional report

North

Politics

Social front

- China Security Memo: May 6, 2010

Economic front

Northwest

Politics

Social front

- Low-carbon lifestyle popular with white-collar workers (5th May)

Economic front

Northeast

Politics

Social front

Economic front

Southwest

Politics

- Official investigated for disciplinary violation in south China (3rd May)

Social front

- Chinese Premier calls for scientific rebuilding of quake zone (3rd May)

Economic front

South central

Politics

- Official investigated for disciplinary violation in south China (3rd May)

Social front

- Former newspaperman suspected of corruption in south China (7th May)

Economic front

- Guangdong to build China's largest offshore wind farm (6th May)

East

Politics

- Fujian governor begins six-day Taiwan visit (5th May)

Social front

Economic front

- World Expo turns Shanghai an int'l carnival (2nd May)

HONGKONG AND MACAU

Politics

Social front

Economic front

- Macao moves to regulate local mortgage market (7th May)
- HK shares end at near 3-month low on Greek debt concerns (7th May)
- HK fuel standards to be tightened (8th May)

SUMMARY OF ARTICLE

- The faces of Chinese powers

National report

Political front

- Joint undertaking of CPC, KMT over past 5 years proved correct (5th May)

The historic step towards peaceful development across the Taiwan Strait made jointly by the Communist Party of China (CPC) on the Chinese mainland and Taiwan's Kuomintang (KMT) Party five years ago has been proved correct and has won popular support.

Hu Jintao, general secretary of the CPC Central Committee, met with then KMT chairman Lien Chan in Beijing on April 29, 2005, the first meeting in six decades between the top leaders of the two parties.

The two sides reached agreement on peaceful cross-Strait development at the meeting and pledged joint efforts to oppose "Taiwan Independence," maintain peace and stability across the Strait, and to promote cross-Strait ties in the common interests of the people on both sides of the Strait.

The two parties also reached agreement for an early resumption in cross-Strait dialogue, ending the hostility between the two sides and boosting cooperation, communication and exchange across the Strait.

The agreement has been implemented step by step ever since.

Talks have been held to discuss issues like trade, mail and transportation links, economic cooperation and education exchanges, with more agreements having been reached.

The mainland has launched a series of policies and measures to benefit Taiwan, as well as its farmers, students and businessmen. The undertakings showed the mainland's good will and good faith and have won the understanding and the support of the Taiwanese people.

Hu Jintao said in April 2008 - after KMT's Ma Ying-jeou won the island's leadership election - that cross-Strait relations were peacefully and steadily developing.

Hu noted compatriots on both sides of the Strait's willingness to communicate and cooperate was growing.

In the same year, talks between the mainland's Association for Relations Across the Taiwan Straits (ARATS) and Taiwan's Straits Exchange Foundation (SEF) resumed talks after a nine-year hiatus.

Twelve agreements on transportation, mail services, joint crime-prevention work and judicial cooperation have been signed by the ARATS and the SEF since the talks resumed.

On Dec. 15, 2008, 30-year shared aspiration for direct air links, shipping services and mail services across the Strait was realized.

The two sides also cooperated to face the global financial crisis. They also struck more agreements concerning economics, trade, agriculture and fishing industry.

In 2009, more than 600,000 mainland tourists visited Taiwan, generating direct revenues of 1.16 billion U.S. dollars for Taiwan.

Culture exchanges have also been prominent, with cultural ties across the Strait remaining strong despite the years of separation.

"China's 5,000 years of culture has not been abandoned because of 50 years of politics," Chinese Premier Wen Jiabao said at a press conference in March.

Both sides of the Strait share the glory of the Beijing Olympic Games in 2008 and the splendor of the Shanghai World Expo that opened to public Saturday.

The two sides also share each other's grief in times of disaster. They mourned together in the wake of the Sichuan earthquake in 2008, when Typhoon Morakot slammed Taiwan in 2009, when the severe drought parched southwest China earlier this year, and most recently when the Qinghai earthquake flattened Yushu.

On Dec. 31, 2008, Hu Jintao told a forum the first steps to the nation's peaceful unification should be measures to ensure the peaceful development of cross-Strait ties.

Practices in the past five years have proved relations between the mainland and Taiwan are moving forward with joint efforts, mutual trust and understanding.

Both sides of the Strait should make further efforts to promote peaceful development of cross-Strait relations, as they bear in mind the fundamental interests of the Chinese nationality.

Source: Xinhua

- To promote healthy and orderly development of CPC Party affairs (7th May)
"We will fully implement the guiding principles of the 17th National Congress of the Communist Party of China (CPC) and the Fourth Plenary Session of the 17th CPC Central Committee, conscientiously study the CPC Constitution and other Party regulations and laws. We will also critically sum up the Party affairs' public experience, energetically promote the open management of Party affairs, effectively expand the Party members' understanding and participation in Party affairs and constantly improve the Party's creativity, cohesive power and combat effectiveness so as to provide a strong guarantee for scientific development and a harmonious society," stressed He Yong, secretary of the Secretariat of the CPC Central Committee, deputy secretary of CPC Central Commission for Discipline Inspection and the head of the Central Committee Party Affairs Leading Group, in Beijing on May 5.

He said that since the first meeting of the Central Committee Party Affairs Leading Group was held in 2009, public Party affairs within the grassroots level have gradually

expanded its coverage with the joint efforts of all regions and departments.

Furthermore, the role of contact points for Party affairs has been further expanded and the pilot work for the county Party committee's public and transparent authority has been carried out smoothly; all of which have been a good start. The Party affairs' opening has paved the path for the Party members' participation, management and supervision of the Party affairs, encouraged democracy and promoted the harmony within the Party.

By People's Daily Online

Foreign relations

- Chinese president holds talks with president of Maldives (2nd May)

Chinese President Hu Jintao held talks with visiting President of Maldives Mohamed Nasheed in Shanghai on Sunday.

Nasheed is on a state visit to China from May 1 to May 2.

- China-France ties back on right track (2nd May)

Chinese-French relations, which have witnessed setbacks in recent years, are again on the right track as shown by French President Nicolas Sarkozy's state visit to China.

President Hu Jintao, top legislator Wu Bangguo and Premier Wen Jiabao all have met with Sarkozy, who arrived in China on Wednesday for a three-day visit.

Leaders of the two countries exchanged views on improving the China-France all-round strategic partnership as well as international and regional issues of mutual concern.

Sarkozy also traveled to Shanghai to attend the opening ceremony of the 2010 World Expo on Friday.

The French president's high-profile visit to China is a remarkable event on warming and improving bilateral ties, which were spoiled by Sarkozy's meeting with the Dalai Lama in December 2008.

Ahead of Sarkozy's visit, Foreign Ministry spokeswoman Jiang Yu said earlier this month that "this year, China-France relationship is facing a new opportunity for development."

Jiang expressed hope that the two countries would keep increasing political trust, deepening mutually beneficial cooperation and stepping up coordination on major international and regional issues in a bid to push forward bilateral ties in a healthy and stable manner.

At a joint press conference with Sarkozy on Wednesday, Hu said China-France ties have "opened a new page."

Hu and Sarkozy held about 50 minutes of private talks before starting formal, large-scope talks that Hu described as "candid, friendly and productive" and reaching "many important agreements."

During his talks with Sarkozy, Hu made a four-point proposal to further upgrade the Chinese-French comprehensive strategic partnership - that is to maintain high-level exchanges and dialogue and consultations, to boost pragmatic cooperation, to strengthen cultural exchanges and to meet local and global challenges together for a peaceful and stable international environment.

Sarkozy said China is a very important strategic partner of France and both countries need to cooperate closely on major global issues such as economic growth and maintaining world peace. He said France is willing to work with China to beef up cooperation and exchanges in various fields.

The French president said there is only one China and that Taiwan and Tibet are both part of China. This is the policy France has been adhering to since French-Chinese diplomatic ties were established in 1964. There is no change in the policy.

Wu, chairman of the Standing Committee of the National People's Congress, who met with Sarkozy on Thursday, said a healthy and stable China-France relationship is in accordance with the interests of both countries.

Meanwhile, Wen told Sarkozy on Friday that he hoped the two nations deepen their mutual understanding and trust.

"This will offer a solid political guarantee for the growth of China-France ties," Wen said, applauding Sarkozy's reiteration on respecting China's core interests and major concerns.

In an interview with Xinhua on Tuesday, Sarkozy said he wants to enhance bilateral relations at all levels because China has an indispensable role to play on the global stage.

The French president said some misunderstandings between the two countries belongs in the past and he holds firm confidence in China's future.

"This is why I made the strengthening of the French-Chinese partnership a priority of our foreign policy," Sarkozy said.

He said relations between the two countries has warmed and France would like to further ties with China "in all dimensions."

Meanwhile, former French Prime Minister Jean-Pierre Raffarin said in an interview with French newspaper La Tribune on Tuesday that bilateral ties between the two countries have had an obvious recovery and their comprehensive strategic partnership was strengthened in the past year.

France, which has maintained all-round exchanges with China, should seize the current opportunity to work together with China for a multipolar world, Raffarin said.

Source: Xinhua

- Pakistan: China and the Militant Connection (7th May)

Summary

Pakistani Interior Minister Rehman Malik told Chinese officials on May 7 that the countries have “broken the back” of the East Turkestan Islamic Movement after an American unmanned aerial vehicle strike killed the group’s purported leader on Feb. 15. While the group may not have actually been dealt a fatal blow, Pakistan will show the strike as a demonstration of its commitment to China’s concerns over Islamist militancy in its far northwest and will further bolster the two countries’ relationship.

Analysis

Pakistan and China have “broken the back” of the [East Turkestan Islamic Movement](#) (ETIM), Pakistani Interior Minister Rehman Malik said during a meeting with Chinese officials in Beijing on May 7. Malik was referring to the killing of an al-Qaeda-linked Islamist militant leader named Abdul Haq al-Turkistani by a U.S. unmanned aerial vehicle (UAV) strike in Pakistan on Feb. 15. Calling attention to the role of Pakistani intelligence in the operation, Malik went on to say that ETIM’s main leadership has been eliminated and that, with China’s help — especially financially — the group will be completely eradicated.

Al-Turkistani, also known as Memetiming Memeti, was the alleged spiritual leader of ETIM, and is thought to have assumed overall leadership of the group in 2003 after the death of military commander [Hasan Mahsum](#). The group is a [loosely connected](#) string of militants associated with the Uighur separatist movement in China’s northwest Xinjiang, with alleged links to transnational jihadism. It is not centralized or hierarchically structured, and has never appeared to have a high degree of capability — it is not even clear what role the group played in small attacks in Xinjiang and Yunnan ahead of the [Beijing Olympics](#). But Al-Turkistani had threatened to conduct attacks in China as recently as August 2009.

China has gone to great lengths to fight what it calls the “three evils” of terrorism, extremism and separatism, especially relating to the Uighurs, and has focused heavily on Xinjiang since riots in July 2009. However, there is no evidence of ETIM involvement in those riots. China has frequently called attention to the threat posed by such groups, notably in the [lead up to the Beijing Olympics in 2008](#). On guard against such threats, Beijing has not only increased security measures domestically but also has sought international security cooperation as a means of rooting out the group. Beijing fears Uighur militants are operating in Pakistan — as well as in Afghanistan and Central Asia — and from there could potentially plot and launch attacks against China.

The Pakistani claims to have “broken the back” of the group are most likely an exaggeration. While al-Turkistani was thought to be a leading figure in the group and one with connections to al Qaeda’s top leadership, and his death has likely left his group in disarray, it is unlikely that ETIM is so effectively coordinated as to be dealt a fatal blow by the death of a leader, even a high-ranking one. The group will continue to exist, and it has been rumored to have seen some success in recent fundraising missions to the Middle

East. As China's international presence grows and it becomes more assertive, it is possible that ETIM or similar groups will have more luck in convincing like-minded non-state actors to support them.

Thus, the Pakistanis appear to be leveraging the killing of al-Turkistani (a result of their cooperation with the United States in combating al Qaeda militants) as a means of demonstrating their commitment to China's security. Because of the extensive and long-standing ties between Pakistani intelligence and militancy, Islamabad is often suspected (especially by India and the United States) of not doing enough to destroy militants, leaving Pakistan in the position of having to display its efforts against militancy. While China and Pakistan are old allies, they do have their disagreements, including China's worries over Pakistan not being able to control militant training and funding networks in its territory that could directly or indirectly assist Uighur militants with the intention of conducting attacks in China.

If Pakistan wants to keep receiving support from China — especially financial — then it needs to demonstrate progress on matters of concern to China. This diplomatic front is where Malik comes in — after all, he is not in the position of command on terrorism, where the Pakistani army and intelligence services are in control. Calling attention to the U.S. slaying of al-Turkistani appears to be a clever way for Pakistan to bolster its relationship with China by taking advantage of the fact that the United States is conducting UAV strikes in its territory. Of course, the statement puts the Pakistanis in a contradictory position at home, where they insist they are not working with the Americans in the UAV strikes, which are bitterly opposed in country. Still, this kind of progress report helps ensure that Beijing continues to provide funds for Pakistan's security forces, such as the \$180 million loan for equipment and a Chinese-sponsored police-training program that Malik announced along with his remarks about ETIM today.

- Chinese president to attend 65th anniversary of Russia's Victory Day (3rd May)
Chinese President Hu Jintao will visit Russia from May 8 to 9 and attend the ceremony in Moscow marking the 65th anniversary of Victory in the Great Patriotic War of 1941-1945, as the guest of Russian President Dmitry Medvedev.

Chinese Foreign Ministry spokeswoman Jiang Yu made the announcement in Beijing on Monday.

Source: Xinhua

- China and America's leadership in Peaceful Coexistence (4th May)
[John](#) [Milligan-Whyte](#) [and](#) [Dai](#) [Min](#)

We live in the Age of Species Lethal Weapons and Science in which mankind has no future in the clash of civilizations. The fundamental 21st century foreign policy, defense strategy and scientific research issue are preventing our species perishing from the earth. "Species Lethal Weapons and Science" refers to the use of "weapons of mass destruction" to the extent that the human gene pool is entirely destroyed as a living entity. Preventing that is the "Human Extinction Challenge," which is a clear and present danger that is just as foreseeable as suicide bombers' attacks with weapons that are not powerful enough yet

to end our species' existence.

President Obama convened the Nuclear Summit of world leaders because he knows the dangers mankind faces. But, American policymakers are focusing too narrowly in trying to prevent the proliferation of nuclear weapons, which is necessary but insufficient. Defending the American people and the increasingly fragile economic and ecological systems on which the existence of all civilizations depend requires that President Obama launch a successful new era of the collaboration of civilizations.

President Obama can count on China's support in launching a New Era of the Collaboration of Civilizations that benefit all mankind and all nations. A new book in the America-China Partnership Book Series explains why and how President Obama can successfully launch the Era of the Collaboration of Civilizations. China and America's Leadership in Peaceful Coexistence is the only book by an American author that China's Central Party School has translated and published since 1989, when it published Paul Kennedy's The Rise and Fall of Great Nations. It was translated and published in China in preparation for Presidents' Obama and Hu Jintao's meetings, with the title Sino-US Relations in the Obama Administration: Facing Shared Challenges.

China is the nation with nuclear weapons that has led mankind in implementing and demonstrating the success of the Principles of Peaceful Coexistence, which American policymakers enshrined in the United Nations Charter after the catastrophic lessons of World War I and World War II in an attempt to prevent World War III.

The Age of Species Lethal Weapons and Science began with the invention of nuclear weapons by America in the Manhattan Project in 1942-1945 and use of them to defend itself and end the clash of civilizations in World War II. American policymakers have a unique responsibility now to mankind to lead in the creation of the Era of the Collaboration of Civilizations. But they have a 20th century mindset and are not yet focused on ending the clash of civilizations in the 21st century. Some Americans, such as Samuel Huntington, believe that it is not possible to end the clash of civilizations.

In the Age of Species Lethal Weapons and Science our species' emotions, thought processes and behavior traits, which developed earlier in our evolution, can end both our own lives and our existence as a species. We evolved because we are a violent, oppressive and aggressive gene pool. Each day's news of conflict in our "global village" demonstrates that our emotions, thought processes, behavior and defense systems desperately require improvement. The proliferation of Species Lethal Weapons and Science will enable even one or a few of us, whether a national leader, or a small group, or an individual, to destroy all of us with nuclear, biological or other species lethal weapons or science that we may not even imagine yet.

We are an endangered species because of the clash of civilizations. We have reached the stage in four billion years of evolution when the proliferation of our scientific knowledge has made it a question of time before we suffer accidents, attacks, or war using Species Lethal Weapons and Science unless we can prevent them and develop new defense

systems. We must quickly overcome the features of human nature that will make us a failed species.

American policymakers must lead in this because civilizations' malcontents and attackers or losers in future conflict with America predictably will use all the weapons and science mankind has created. When malcontent individuals or nations such as Iran and North Korea can defend themselves or attack the world's sole military superpower with species lethal weapons or science, they become the equal of the world's sole military superpower. That 21st century revolution in the relationship of the strong and weak is the tipping point at which otherwise stronger nations, such as America, and weaker nations, such as Iran and North Korea, become equals.

That potentially species lethal danger is a result of the creation and proliferation of human knowledge, which America initiated in 1942 and changed our world with in 1945. American policymakers must adjust to that new equality that human knowledge has created. The situation we face today is eerily similar to the account in the Bible of the Adam and Eve's disastrous acquisition of knowledge and exile from Eden. Since we cannot stop the evolution and proliferation of human knowledge, except by our causing our species' extinction, we must stop the evolution and proliferation of human conflict. In a world in which America's enemies can possess and use species lethal weapons or science against America, it is best for America not to have enemies. That is not as impossible as it seems.

China has done its best in the past three decades not to have enemies and as a result it has enjoyed prosperity and peace with all nations. Its 1.5 billion people have greater economic and national security than America's 302 million, although China has 12 percent of the military spending and five times the population of America's. In order to better defend China, Deng Xiaoping and his successors reduced the international conflict caused by China by implementing the Principles of Peaceful Coexistence in the United Nations Charter. In order to better defend America President Obama and his successors must reduce the international conflict caused by America in the clash of civilizations. President Obama can safely begin by reciprocating the Principles of Peaceful Coexistence with China and that will astonish all civilizations and launch the New Era of the Collaboration of Civilizations.

America and China are both pursuing the goals of prosperity and peace but are taking leading roles in the international system with different mindsets, priorities and strategies. Although China's policymakers have been implementing the Principles of Peaceful Coexistence for 30 years, American policymakers and scholars seem not to have recognized nor understood the very different role China is performing. They expect China to have the same zero sum game mindset and strategic goals of obtaining ideological and military hegemony as America. Based on that assumption, China and America are in conflict. That assumption is incorrect and undermines America's economic and national security.

Three generations of China's leaders have recognized there are far greater advantages for China in seeking economic development, which requires peace with all nations, and that

China is wise not to seek ideological or military hegemony. China's policymakers, who are responsible for the well-being of 22 percent of mankind and have a 5000 year history of statecraft to inform their view of the world, realized when Deng Xiaoping became their leader that hegemony is not worth seeking and that although China does not seek hegemony, it will naturally become a leading nation because of the combination of China's population size, abilities, hard work, economic development and the moral authority of its adherence to the Principles of Peaceful Coexistence.

Although Deng Xiaoping established the Principles of Peaceful Coexistence as the fundamental operating system of China's economic, foreign and national security policies 30 years ago, American policymakers and scholars rarely write about China's economically and militarily successful implementation of the Principles of Peaceful Coexistence. American policymakers have not yet understood China's economic, foreign and national security policies' pragmatic and exceptional achievement of rising above the causes of war in human nature.

President Obama has a different enough background from that shared by American policymakers to be the "missing man," which has been needed to begin the New Era of the Collaboration of Civilizations. But, many Americans' reactions to the astonishingly rapid and enormous phenomenon of China's peaceful economic development are shock, hostility and confusion. The Chinese have been unable themselves to express their desire for peaceful coexistence in ways that Americans can understand as sincere or can accept. The Chinese desire for peace is sincere. The real danger is that Americans do not accept yet that the Chinese do sincerely want peaceful coexistence. There are fundamental cultural and conceptual differences, dangerous perception and communication gaps, and a current difference of goals that make it difficult for Americans to accept China's success. It seems to conflict with America's success and Americans' deep yearning for ideological and geopolitical hegemony, and national pride in America's values, ideals, and history.

Henry Kissinger warned in 1998, "Republicans see China as a threat; Democrats view it as a laboratory to spread American values.... Unfortunately too many Republicans have substituted China for the collapsed Soviet Union.... Too many Democrats act as if the sole goal of American policy should be to replicate our institutions and principles in China, even at the cost of what is at stake in Asia and without regard to the complexity of Chinese history." American policymakers ignore China's right of self-determination for such noble or malevolent reasons and assert that America's human rights ideals are "self-evident" and "universal."

However, almost four score and ten years ago our forefathers brought forth a new "self-evident truth" in human history that already governs all of mankind's clashing civilizations. It is that we are now an endangered species because of the combination of the proliferation of human conflict and knowledge. Since it is difficult for the strong to control the proliferation of nuclear weapons, and impossible to control the proliferation of human knowledge, the strong must control human conflict and the clash of civilizations, because otherwise, it is impossible for the weak to do so.

Americans have hoped that China would quickly adopt America's political, legal, and economic models, which they see as the best in the world and applicable in all nations in mankind "to some parts sooner, to others later, but finally to all," as President Jefferson hoped. Robert Zoellick, as America's Deputy Secretary of State negotiating with the Chinese, sought to persuade China to adopt America's ideals, political system and interests. He used the unpersuasive "responsible stakeholder" approach. But after the financial crises became self-evident in 2008 he admitted: "It is sometimes hard to change successful models. It is prototypically American to say 'This worked well but now you have to change it.'" His candid statement is a welcome indication of growing American enlightenment or tolerance, which is perhaps facilitated an "American cultural revolution" that is being caused by "the worst financial crisis in 100 years."

New American policies are essential because the last time the world experienced financial, economic, political, social and national security crises similar to the magnitude of the ones 194 nations share today, our forefathers endured a ten-year global depression and five year world war in which species lethal weapons and science did not exist in until that global catastrophe's final days.

A smart and successful new American foreign policy and defense strategy aligns America and China's prosperity and peace. China's leaders hope that America's new president and the American people will reciprocate the Principles of Peaceful Coexistence that China has implemented unilaterally with America.

John Milligan-Whyte is called the "new Edgar Snow" and the "21st century Kissinger" and is the only non-Chinese to be elected the winner of the Social Responsibility Award from the China Business Leaders Summit. John Milligan-Whyte and Dai Min are the executive producers and co-hosts of the Collaboration of Civilizations television series adapted by the eight books they wrote in the America-China Partnership Book Series published in English and Mandarin in 2009-2010 that created the "New School of America-China Relations." They founded the America-China Partnership Foundation and Forum in 2008 and the Center for America-China Partnership in 2005, which was recognized in 2009 as "the first American think tank to combine and integrate American and Chinese perspectives providing a complete answer for America and China's success in the 21st century."

<http://english.people.com.cn/90001/98705/99725/6973191.html>

- Hu's Moscow tour to cement China-Russia strategic partnership: Foreign Ministry (5th May)

Chinese President Hu Jintao's upcoming visit to Moscow will boost the China-Russia strategic partnership for coordination, China's Assistant Foreign Minister Cheng Guoping said Wednesday.

"At the invitation of Russian President Dmitry Medvedev, President Hu Jintao will visit Moscow on Saturday and Sunday to commemorate the 65th anniversary of the end of the Russian Great Patriotic War," Cheng said at a press briefing in Beijing.

Russia's "Great Patriotic War," known in the West as a part of World War Two, refers to the battles from June 1941 to May 1945 against Nazi Germany and its allies on the Eastern Front.

"It is of great significance for Russia to celebrate the 65th anniversary of the end of the Russian Great Patriotic War," Cheng said, stressing the celebrations will help the international community remember history, reach consensus, seek unity and promote peace.

According to Cheng, on the sidelines of the celebrations, Hu will hold bilateral meetings with some foreign leaders and award honors to some Russian veterans who participated in the battles liberating northeast China occupied by the Japanese troops during WWII.

"President Hu's attendance at the celebrations is a big event in China-Russia relations and symbolizes the spirit of bilateral strategic coordination," Cheng said.

"We believe Hu's visit will boost China-Russia strategic trust for further development of bilateral strategic partnership for coordination," he said.

Hu's attendance at the Moscow celebrations will also be part of commemorative events jointly held by China and Russia, he said.

Others include joint publication of political documents and wreath-laying ceremonies at memorials to Soviet Union martyrs located in China, which have been renovated, he said.

According to the Russian Embassy in China, China is home to 74 such memorials in which lie the remains of around 3,4500 Soviet soldiers, who had played an important role in China's victory in the Anti-Japanese War (1937-1945).

Cheng said China-Russia friendship forged in the anti-fascist war had laid a solid foundation and provided an inexhaustible force for the bilateral partnership.

"The China-Russia relationship is the closest and the most dynamic one among big nations and enjoys the greatest potential," Cheng said.

Hu's visit will be part of high-level exchanges this year in a relationship that Cheng described as having "reached an unprecedented level."

Apart from their meeting on the sidelines of the BRIC summit in Brazil last month, Hu and Medvedev will have more opportunities to meet this year, Cheng said.

Russian Federation Council Chairman Sergei Mironov and State Duma Chairman Boris Gryzlov will visit China this year and Chinese Premier Wen Jiabao will pay an official visit to Russia in the latter half of 2010, he said.

China-Russia trade cooperation has also gone well this year with trade volume in the first

quarter increasing 64 percent to 12 billion U.S. dollars.

"Leaving the financial crisis behind, China-Russia cooperation will reap great harvests with yearly trade volume likely hitting 60-80 billion U.S. dollars," Cheng said.

A 1,030-kilometer-long oil pipeline running from Skovorodino, Russia, to China's northeastern city of Daqing will be completed on schedule by the year end, Cheng added. X The pipeline will transport 15 million tonnes of crude oil annually from Russia to China between 2011 and 2030.

Source: Xinhua

- China to boost cooperation with SAARC: FM spokeswoman (5th May)

China will boost substantial cooperation with the South Asian Association of Regional Cooperation (SAARC), Foreign Ministry spokeswoman Jiang Yu said here Wednesday.

"In a spirit of equality, mutual benefit and win-win cooperation, China will conduct dialogue and exchange, expand substantial cooperation with the SAARC in a bid to contribute more to regional peace, stability and development," Jiang told Xinhua, commenting on last week's SAARC summit.

Chinese Vice Foreign Minister Wang Guangya led a delegation to Thimphu, capital of Bhutan, for the summit from April 28-29. He pledged China's constant support to the development of the regional organization in his address at the opening session.

Jiang said that China lauded the success of the summit and welcomed the summit's outcomes, including the "Thimphu Silver Jubilee Declaration," as well as an another statement on climate change and two other agreements on environment and trade services.

"China looks forward to new progress in the integration of the SAARC," Jiang said.

Founded in 1985, the SAARC has eight member countries: Nepal, India, Bhutan, Bangladesh, the Maldives, Sri Lanka, Pakistan and Afghanistan.

China, Japan, the Republic of Korea, the United States, Iran, Mauritius, Australia, Myanmar and the European Union have joined as observers.

Source: Xinhua

- US seeks bigger role for China in Afghanistan (5th May)

BEIJING - A high-ranking US official has expressed hope that China will contribute more to the reconstruction of war-torn Afghanistan.

Washington wants Beijing to "coordinate more" with its efforts in Afghanistan and Pakistan, US Assistant Secretary of State for South and Central Asian Affairs Robert Blake said on Tuesday after completing a two-day visit.

He made the remarks about a month before the international coalition forces' planned offensive against Kandahar, considered the spiritual home of the Taliban, in southern Afghanistan.

Blake, who discussed the South Asian situation with scholars and officials at the Ministry of Foreign Affairs, said: "China has an important stake in the success of these (international) efforts. And we welcome the opportunity to discuss ways China can contribute more both through investments and through assistance of various kinds." He did not specify the areas in which Washington hopes Beijing will do more.

Both NATO and Kabul have repeatedly called upon Beijing to reopen its 90-km border - which China sealed after 2001 - so that it can serve as a route for logistics supplies.

A recent Pentagon report on Afghanistan notes that "an array of measures suggest that the situation is little better overall than it was six months ago despite enormous expenditures of effort, money and lives by the American and international forces", The New York Times reported last week.

There were a total of 133,500 international service members in Afghanistan as of March 31, 87,000 of them US troops, the report said.

More American troops are due to arrive over the next three to four months, raising the number to 98,000.

As of March 20, there were 1,617 coalition deaths - including 951 from the US - since the 2001 invasion.

"The US hopes China to be as deeply involved as it can," said Hu Shisheng, a senior scholar of South Asia studies at the China Institutes of Contemporary International Relations.

"It's in accordance with (US President Barack) Obama's strategy, which seeks to involve regional powers in Afghanistan," he said.

Hu, who had a discussion with Blake on Monday, said the US official suggested that Beijing provide more aid in agriculture, education and training of officials.

"He (Blake) also noted that China and the US are yet to set up a regular information exchange mechanism on Afghanistan," Hu added.

China has been active in the reconstruction of Afghanistan since the US invasion in 2001 following the 9/11 terror attacks.

China Metallurgical Group Corp and China's top integrated copper producer, Jiangxi Copper Corporation, in July started a project in Logar, a province southeast of Kabul, to

explore the vast Aynak copper mines. The \$4 billion investment is the biggest in Afghanistan's history.

China has also helped Afghanistan train dozens of minesweepers over the past year.

In late March, Beijing signed three deals with Kabul when Afghan President Hamid Karzai paid a state visit. They cover economic cooperation, technical training and the granting of preferential tariffs for Afghan exports.

Despite these efforts, Hu said China can do more in reconstruction, and pointed to India as an example.

India is one of the leading donors to Afghanistan, giving more than \$1.2 billion since 2001, according to a recent DPA report.

China has offered more than \$131 million in assistance to Afghanistan since 2002, Xinhua reported in March.

"China should actively contribute to helping Afghanistan with people's livelihood, economic growth and social stability," Hu said, noting it is in China's interests to do so.

Source:China Daily

- Chinese, EU leaders exchange greetings on 35th anniversary of bilateral ties (6th May)

Chinese leaders on Thursday exchanged congratulatory messages with leaders of the European Union (EU) to mark the 35th anniversary of the establishment of bilateral ties.

In a congratulatory message to EU President Herman Van Rompuy, Chinese President Hu Jintao said bilateral relations have made considerable progress since China and the EU forged ties 35 year ago.

After entering the new century, China and the EU formed a comprehensive strategic partnership. As major powers in the world, China and the EU have increasingly broader common interest and their relations are of even greater strategic significance, Hu said.

China has always regarded the EU as one of its most important partners, and is willing to further promote political dialogue at all levels with the EU, enhance political and strategic mutual trust, broaden the fields of cooperation, and elevate their cooperation to a new high, he added.

China is ready to join hands with the EU to tackle global challenges and make China-EU ties a model for mutual respect, friendly coexistence, win-win cooperation and common progress between different social systems and modes of development, Hu said.

Van Rompuy said in his message that the EU and China have made significant progress,

and that the two sides have formed relations of comprehensive cooperation. He expressed the belief that the EU-China strategic partnership and the people-to-people friendship will continue to flourish.

On the same day, top Chinese legislator Wu Bangguo and Premier Wen Jiabao also exchanged greetings with President of the European Parliament Jerzy Buzek, EU President Van Rompuy, and European Commission President Jose Manuel Barroso to mark the 35th anniversary of the establishment of bilateral relations.

Wu said as an important part of China-EU comprehensive strategic partnership, exchanges and cooperation between parliaments of the two sides have grown closer and have played an irreplaceable role in boosting mutual understanding between peoples of both sides and enhancing bilateral ties.

The Chinese National People's Congress (NPC) is ready to further deepen exchanges and cooperation with the European Parliament and contribute to the sound, stable and deep-going development of the China-EU relations, Wu said.

In his message, Premier Wen Jiabao said it not only benefits peoples of the two sides but also is conducive to world peace, stability and development that China and the EU deepen bilateral ties on the basis of equity and mutual respect.

The Chinese government will continue to be firmly committed to deepening China-EU comprehensive strategic partnership, and work together with the EU to enhance China-EU ties and achieve mutually beneficial win-win results and common development, Wen said.

The EU leaders said in their messages that the EU-China ties have made great progress over the last 35 years.

The EU and China have set up a comprehensive strategic partnership, and conducted all-round cooperation which turned to be fruitful. In face of the current global challenges, the EU-China relations have become more important than ever before, they added.

The EU side is ready to join hands with China to ensure that the EU-China strategic partnership would make still greater achievements, they said.

Source: Xinhua

- China, Arab states aim to upgrade ties at ministerial meeting (6th May)

China and Arab states will discuss upgrading their relationship to a strategic level at a ministerial meeting to be held next week, said a Chinese diplomat on Thursday.

"China and the Arab states have decided to promote cooperation...and to establish a strategic cooperative relationship of comprehensive cooperation and common development," said Song Aiguo, director general of the Department of West Asia and

North Africa at the Chinese Foreign Ministry, at a news conference.

The fourth Ministerial Meeting of the China-Arab Cooperation Forum will be held from May 13 to 14 in north China's port city of Tianjin. It is to conclude with a communique and an action plan from 2010 to 2012.

China and Arab states began to describe their relationship as a "new partnership" at the forum's second ministerial meeting in 2006.

The fourth meeting, with the theme of deepening comprehensive cooperation and realizing common development, will be attended by foreign ministers and representatives from China and 22 Arab countries.

"Chinese leaders will participate in major events of the meeting, and Chinese Foreign Minister Yang Jiechi, Libyan Foreign Minister Mousa Kousa and Arab League Secretary General Amr Moussa will co-chair the meeting," said Song.

China and Arab states have seen increasing cooperation in fields like politics, trade and culture. Trade hit almost 110 billion U.S. dollars in 2009, about 100 times more than that of 30 years ago.

Since the China-Arab Cooperation Forum was established in 2004 when Chinese President Hu Jintao visited the Arab League headquarters in Cairo, they had become closer, using the platform for dialogue and cooperation.

"China and Arab states both belong to developing countries and are facing the task of safeguarding national sovereignty and promoting economic development," said Song.

"They also share extensive interests on dealing with non-traditional security threats and pushing for a fair and rational new international political and economic order," Song said.

Song said the upgrading of China-Arab ties complied with the interests of peoples of the two sides.

Song stressed that energy cooperation was just one part of China-Arab trade ties, saying the cooperation based on mutual benefit was in the interests of both sides and was conducive to the stability of international energy market.

Source: Xinhua

- Foreign ministers of China, Japan, ROK to meet in mid-May (6th May)

The fourth meeting of foreign ministers of China, Japan and the Republic of Korea (ROK) is to be held in Gyeongju of the ROK on May 15-16, Foreign Ministry spokeswoman Jiang Yu said Thursday.

Chinese Foreign Minister Yang Jiechi will attend the meeting, Jiang said at a press

briefing in Beijing.

The foreign ministers are expected to exchange views on boosting cooperation, preparation for the third tripartite summit of the three countries, and some regional and international issues of common concern, Jiang said.

Source: Xinhua

http://paper.people.com.cn/rmrb/html/2010-05/07/nw.D110000renmrb_20100507_5-03.htm?div=-1

- Senior Chinese lawmaker calls for strengthened partnership with Brazil (7th May)
China and Brazil should strengthen their strategic partnership through joint efforts of their parliaments, a senior Chinese lawmaker said Thursday.

Oyunqemag, vice chairwoman of the Standing Committee of the National People's Congress (NPC), said that political trust between the two countries has been growing in recent years, and great success has been achieved in all spheres of cooperation.

The two nations have also expanded cultural exchanges and maintained good coordination and communication in international affairs, she said while meeting with Brazilian Senate President Jose Sarney and the head of the Chamber of Deputies Michel Temer.

Oyunqemag said that parliamentary relation is an important part of bilateral ties between China and Brazil.

She added that the NPC is willing to work with the Brazilian Senate and Chamber of Deputies to strengthen exchanges and cooperation, deepen friendship between the two peoples, and enrich the contents of strategic partnership between the two nations.

Sarney and Temer said that Brazil values its relations with China and the Brazilians are happy to see the growth of bilateral ties.

They said the Brazilian Congress wishes to promote friendly cooperation with the NPC through the regular mechanisms of exchange, and strengthen the existing sound cooperation between the two countries.

They said Brazil also expects to exchange with China the experience of hosting the Olympic Games.

Heading a NPC delegation, Oyunqemag arrived in Brazil Tuesday on a trip that has already taken her to Mexico.

Source: Xinhua

- China vows to expand Sino-Pakistani law enforcement cooperation (7th May)

Chinese State Councilor Meng Jianzhu told Pakistani Interior Minister Rehman Malik in Beijing Friday that China would work to improve law enforcement cooperation between the two nations.

Meng, also Minister of Public Security, said China was willing to work with Pakistan to enhance bilateral cooperation in areas such as fighting terrorism, and the security work at large events.

As the Ministry of Public Security and Pakistan's Interior Ministry had established a comprehensive, multi-level and wide-ranging relationship of cooperation, the two sides enjoyed close cooperation in counter-terrorism, drug control, personnel training and equipment, Meng said.

Hailing Pakistan's efforts in protecting the Chinese citizens and organizations in Pakistan, Meng called on Pakistan to make further steps to guarantee their safety.

Malik said Pakistan was ready to reinforce bilateral cooperation in fighting terrorism and transnational crime.

He also expressed willingness to take more measures to ensure safety of the Chinese citizens and organizations in Pakistan.

After the talks, they signed an exchange of notes, which require China's Ministry of Public Security to offer to help provide police equipment to Pakistan.

Source: Xinhua

- Kenya to deepen cultural cooperation with China: official (7th May)

The Kenyan government has vowed to deepen further existing cultural cooperation with China based on mutual trust and positive engagement.

The country's Director of Culture in the Ministry of State for National Heritage and Culture Gladys Gatheru told Xinhua in an exclusive interview on Friday the ties between the two countries have developed rapidly in recent years due to frequent high-level exchange visits. "The cordial relationship can be demonstrated by exchange visits at high level and friendly and fruitful cooperation in many areas of development," Gatheru said.

She said the East African nation has benefited immensely from the cultural ties with Beijing and cited training opportunities, marketing of cultural goods and services of the parties through cultural festivals and exhibitions; and gaining of experiences of the parties through exchange of experts and expertise in various fields.

According to Gatheru, Kenya is receiving support through programs and or project sponsorship through grants and appreciation of cultural diversity and narrowing of cultural differences with China. "Cultural exchange program encourage inter-cultural

interaction and therefore encouraging the appreciation of diversities of culture through learning of the other party's culture. This also narrows the culture divide," she said.

The director of culture said her country attaches great importance to cultural relations with China, noting that Nairobi was ready to work with Beijing to further expand their cultural ties and deepen cooperation in the field of visits.

Kenya and China trade diplomatic relations have significant historical dimensions, starting with the Ming Dynasty.

Although China embraced communism and Kenya at independence adopted a capitalist system, their relations have largely remained cordial.

China was the fourth country to recognize Kenya's independence in 1963 when the two countries exchanged diplomatic representations.

The Chinese embassy in Kenya is arguably their largest embassy in Africa both in terms of size and employees.

Gatheru said Kenyan universities are developing Chinese language programs, there technical scientific cooperation while ministry of information officials attend exchange schemes.

"The specific significance of the cultural exchange program is that these programs are learning experiences through exchange of experts, exchange of cultural practitioners and cross exchange of ideas," she said.

"Experts and cultural practitioners are exposed to new skills, techniques and experiences that are beneficial to both as well as the development of the culture sector of both parties."

Gatheru lauded the relationship between the two countries, saying they were very "vibrant, friendly and cordial." "The cultural cooperation agreement is reviewed after every two years with inputs if any and understanding from both parties," Gatheru said.

China views Kenya as a gateway to the region and it has become a key focus of China's trade and economic strategy in Africa.

Being a war-free country with stable political situation has made Kenya an ideal regional base for Chinese investors to expand their business in Africa.

Currently China offers favorable loans to Kenya, builds roads, hospitals and schools for less developed areas, sets up malaria prevention and control centers as well as sends volunteers to train the locals.

Gatheru said deepening of bilateral and cultural cooperation and increasing cultural

exchange programs are crucial in promoting further the cultural ties between the two friendly countries.

The official said increased exchange of information, skills, technology transfer and manpower between the two parties are also crucial in enhancing cultural ties. "There is however need to deepen cooperation between Kenya and China in areas of culture, communication, economy and politics," she said.

Gatheru said these will result into greater understanding and appreciation of each other's culture and more education opportunities and exchange of experts in culture sector. "A more developed cultural industry sector particularly the cultural tourism sector and appreciation of the cultural economic and political life of each party are some of the positive reflects that will result from increased cultural ties," Gatheru said.

She expressed the government's determination and commitment to enhance the existing cultural relations through exchange visits at all levels for the benefit of the peoples of the two countries.

Gatheru said President Mwai Kibaki's recent visit to China, the third one within a period of five years underscores the close relations between Kenya and China.

These relationships, she said, will continue to flourish characterized with mutual beneficial partnerships in various sectors including infrastructure, agriculture, health, education, trade and tourism.

Source: Xinhua

- China seeks to boost friendly, cooperative relations with UAE (7th May)

China on Thursday vowed to comprehensively upgrade its friendly and cooperative relations with the United Arab Emirates (UAE).

"China attaches great importance to the development of its ties with the UAE and would like to further deepen cooperation in trade, energy, infrastructure construction, culture and law enforcement," said senior Chinese leader Zhou Yongkang in meeting with Sheikh Hazza bin Zayed al-Nahyan, national security advisor of the UAE in Beijing Thursday.

Zhou, a Standing Committee member of the Political Bureau of the Communist Party of China (CPC) Central Committee, said the 26 years since China and the UAE forged diplomatic ties has seen significant development in bilateral relations, with frequent high-level visits, deepening political mutual trust and fruitful pragmatic cooperation.

The UAE has been China's second largest trading partner in the Arab world for five consecutive years and is the nation in the Middle East where China sends most commercial and labor service personnel, Zhou said.

China highly appreciates the UAE government's support on the issues related to Taiwan, Tibet and Xinjiang, he said.

Sheikh Hazza bin Zayed al-Nahyan conveyed a message from UAE President Sheikh Khalifa bin Zayed al-Nahyan to Zhou, saying that the UAE is willing to work with China to promote continuous development of bilateral ties.

The security advisor added that he would like to actively enhance UAE-China security cooperation in anti-terrorism.

Source:

Xinhua

http://paper.people.com.cn/rmrb/html/2010-05/07/nw.D110000renmrb_20100507_6-01.htm

- Chinese vice premier vows to bolster energy ties with Saudi Arabia (7th May)
Chinese Vice Premier Li Keqiang here on Friday highlighted the importance of energy cooperation between China and Saudi Arabia during a meeting with the country's Minister of Petroleum and Mineral Resources Ali Ibrahim Al-Naimi.

"It conforms to the fundamental interests of the two states to progress all-round cooperation in energy resource exploration, technology service, business and policy exchange so as to realize win-win and common development," Li told Al-Naimi.

Li briefed Al-Naimi on China's energy policy which includes such principles as making energy-saving a priority, to act with respect to the domestic situation, to develop in a diversified way, to be environmentally friendly and to enhance mutually beneficial cooperation.

Li hailed the sound political, economic and cultural ties between the two countries, spoke highly of the Saudi Arabia Pavilion at the ongoing 2010 World Expo in Shanghai and expressed his thanks to Saudi Arabia for its condolences with regard to the earthquake-hit Yushu, Qinghai Province.

Al-Naimi, in his turn, said his country attached importance to cooperation with China and would expand exchange and implement major projects in the energy sector in a bid to safeguard energy security of the two states.

Source: Xinhua

- Hu's Russia trip of vital significance, says Chinese ambassador (7th May)
The upcoming visit of Chinese President Hu Jintao to Moscow for the 65th anniversary of the end of Russia's Great Patriotic War is of vitally realistic and historical significance, Chinese ambassador Li Hui told Xinhua in a recent interview.

"History is a mirror that can reflect the future. President Hu's upcoming visit highlights

the importance of remembering the past while cherishing and protecting the hard-won peace against the recurrence of warfare tragedy, and of enabling people all over the world to share the achievement of peace and development," Li said.

"At the invitation of Russian President Dmitry Medvedev, President Hu Jintao will commemorate the 65th anniversary of the end of the Russian Great Patriotic War in Moscow on Sunday," said Li, adding that Hu would jointly celebrate the great victory in human history together with dozens of world leaders.

Russia's "Great Patriotic War," known in the West as a part of World War II, refers to the battles from June 1941 to May 1945 against Nazi Germany and its allies on the Eastern Front.

"This is a great event in Sino-Russian relations this year, which once again reflects the high level of Sino-Russian strategic partnership of cooperation," Li said.

More than 70 years ago, aggression launched by German, Italian and Japanese Fascists dragged nearly two billion people from over 60 countries, including Russia and China, into an unprecedented catastrophe in human history, Li said.

"In this desperate struggle between evil and justice, all countries and people in love of peace across the world stood together and saved human civilization with blood and life as they won the peace in the end," he said.

Li also spoke highly of the Russian Great Patriotic War, during which the Soviet army and people made huge sacrifices to safeguard national sovereignty and dignity as well as indelible historic contributions to the victory of the world's war against Fascism.

Meanwhile, the ambassador stressed that China's War of Resistance Against Japan on the Asia Pacific battlefield during the World War II was also an important component of the global anti-fascist war.

Supported by all countries opposed to fascism, the Chinese Anti-Japanese War made great contributions to winning the anti-fascist war despite the cost of tremendous national sacrifices, he said.

The Chinese War of Resistance Against Japan and the Russian Great Patriotic War had firmly solidified the profound friendship between the Chinese and Russian people, Li said.

The Chinese people would never forget the precious support and assistance from their Soviet counterparts during the Anti-Japanese War, the ambassador said.

Li said, during Hu's Moscow visit, the Chinese president would honor and thank more than 20 representatives of World War II Russian veterans who took part in the battles of the liberation of China's Northeast.

China and Russia, both permanent members of the United Nations Security Council, shouldered great responsibility for the world's peace, stability and development, he said.

With the Sino-Russian ties currently at a historic high, it was in full accordance with the fundamental interests of the two countries and their peoples to advance the bilateral strategic partnership of cooperation while being good neighbors, partners and friends forever, he said.

"The Chinese government is willing to make unremitting efforts in establishing a harmonious world of everlasting peace and collective prosperity together with the Russian side and all the other countries," Li said.

Source: Xinhua

- U.S. accusation about China's press freedom groundless: FM (8th May)

China on Friday rejected U.S. President Barack Obama's recent accusation that the country's press was not free.

Jiang Yu, spokeswoman of the Chinese Foreign Ministry, said the Chinese government protected freedom of speech according to law.

Jiang's remarks came in the wake of Obama's statement marking World Press Freedom Day on May 3.

She said China's media had developed vigorously since its reform and opening up to the outside world 30 years ago.

"The number of press staff has increased continuously," she said, adding that Chinese journalists enjoyed full freedom of news reporting, and their rights and interests were protected according to Chinese law.

At the same time, she noted, all people in China are equal before the law.

"We urge the U.S. to respect the facts, view China's press freedom correctly and stop groundless accusations against China," Jiang stressed.

Source: Xinhua

- China urges separation of Kim's visit, warship sinking amid "partiality" criticism (8th May)

China urged Friday to separate the China tour of Kim Jong Il, top leader of the Democratic People's Republic of Korea (DPRK), from the sinking of a Republic of Korea (ROK) warship amid complaints about its alleged different treatment towards the two countries.

Both the ROK and the DPRK are China's important close neighbors, and to develop good-neighborly friendship with neighboring nations is China's persistent policy, said Foreign Ministry spokeswoman Jiang Yu.

Jiang made the remarks when answering a journalist's question about the comment that China displayed partiality by welcoming Kim before the conclusion of the probe into the warship sinking, in which the DPRK was doubted by some to be involved. The DPRK has firmly denied its involvement.

Jiang said Kim's unofficial visit to China from May 3 to 7 was arranged long before, and the visit and the sinking of the corvette Cheonan were two separate events.

She said the "partiality" remarks by some ROK people did not represent the official position of the ROK government.

The ROK foreign ministry had explained to China on this matter, and it also specially released statements to media to clarify its position, said Jiang.

The 1,200-ton ROK warship with 104 crew members aboard sank in late March near a border with the DPRK, after an unexplained blast split the ship in two.

Jiang said the sinking was an unfortunate emergency, and China had extended condolences and sympathy for the ROK side.

China maintained that the peace and stability of the Korean Peninsula and Northeast Asia should be taken as a top concern when addressing the warship issue, she said.

"Before the complete fact is found, each side should keep calm and practise restraint, and be cautious on words and deeds," Jiang said.

CHINA-ROK

TIES

Frequent high level visits between China and the ROK played an important role in advancing bilateral ties, Jiang said when applauding the ROK's support to and participation in the World Expo in Shanghai.

ROK President Lee Myung-bak attended the opening ceremony of the Expo on April 30.

China was actively considering sending Premier Wen Jiabao to the third tripartite summit of China, Japan and the ROK scheduled for late May in the ROK.

Premier Wen may also pay an official visit to the ROK during the summit. Jiang hoped this visit would help promote bilateral exchanges and cooperation in politics, economy, culture and various fields, and enrich the content of China-ROK strategic cooperative partnership.

REPORT OF KIM'S VISIT TRANSPARENT

China's official media reported Kim's visit Friday, the day when the DPRK leader wrapped up its China tour, which was interpreted by some international critics as a lack of transparency to the outside world.

"China's Xinhua News Agency released detailed reports of DPRK leader Kim Jong Il's visit Friday morning. I believe journalists can get, transparently, necessary information from the (Xinhua) reports," Jiang said.

"China and the DPRK enjoy a tradition of high level visits, and based on our convention, and out of our respect and responsibility for a visiting foreign leader, we released related news Friday morning," Jiang said. "If other foreign leaders put forward similar requests during their visits, we would like to consider their requests and spare no effort to arrange in the same way."

DENUCLEARIZATION

When commenting on the possible bearing of Kim's visit on the nuclear issue on the Korean Peninsula, Jiang said China hopes all parties concerned could show flexibility and sincerity to make joint effort for pushing forward the six-party talks on the issue.

Kim pledged when meeting with Chinese leaders that his country was committed to denuclearization on the Korean Peninsula, saying his country remained unchanged in this regard.

He said the DPRK would work with other concerned parties to create favorable conditions to revive the six-party nuclear talks, which involves China, the United States, the DPRK, the ROK, Japan and Russia.

China always maintained that to keep peace and stability on the Peninsula is in line with the common interests of all Northeast Asian countries, Jiang said.

The six-party talks was launched in 2003 but hit a snag in April 2009 when Pyongyang pulled out of the talks in protest of the UN condemnation of its missile tests.

Source: Xinhua

- Costa Rican president hails ties with China "highly positive" (8th May)
Outgoing Costa Rican President Oscar Arias on Friday hailed the relations between his country and China as "highly positive."

"It has been a highly positive tie in all the aspects," Arias said after meeting with Li Bin, minister in charge of China's National Population and Family Planning Commission.

Arias said that China was Costa Rica's second biggest trading partner, adding he was very

glad that Costa Rica's congress had approved the free trade accord between the two nations, which was signed in April.

Arias, who will end his second term as president on Saturday, also voiced his gratitude to China for helping build a new national stadium in the central American country, saying Costa Rica would not forget China's generosity.

Laura Chinchilla was elected as the first female president in Costa Rica early this year.

Li, who is here to attend Chinchilla's swearing-in ceremony Saturday as a special envoy of the Chinese government, said that bilateral ties had been growing rapidly in various aspects since the two nations forged diplomatic ties three years ago.

Source: Xinhua

Economic front

- Buffett says China amazing economy (2nd May)

U.S. billionaire Warren Buffett said on Saturday that China is an amazing economy and the Chinese people will be living better lives in 20 years than today.

When responding to a question from a Chinese student who is currently studying at Kansas City, Buffett said China is a country with great potential.

"China is an amazing economy, there's no question about that, and China's exciting this kind of potential," Buffett said at the annual shareholders' meeting of Berkshire Hathaway.

Buffett, CEO of Berkshire Hathaway, also emphasized that countries around the world do learn from each other.

China may learn a few things from U.S. in its own development, but "they don't take everything we have," he said, adding that at the same time, countries like India and China are also helping improve U.S.

The billionaire said he was full of hopes for emerging economies like India and China. "People in India and China will be living better lives in 20 years than today."

Source: Xinhua

- Yuan exchange rate Chinese internal matter: ADB head (2nd May)

When and how the exchange rate of Chinese Yuan should be adjusted must be decided by the Chinese government, the president of the Asian Development Bank (ADB) said Saturday.

Addressing the opening press conference of the 43rd annual meeting of the ADB's Board of Governors, Haruhiko Kuroda said the yuan issue was "up to the Chinese authorities to

decide."

Meanwhile, Kuroda also said it was up to Chinese authorities to decide how and when to implement exit strategies.

Kuroda acknowledged China played a leading role in the recovery of the Asia-Pacific region from the global financial crisis thanks to the 8.7-percent growth of its gross domestic product (GDP) last year.

Kuroda said the Chinese economy would maintain a high growth rate, with a forecast of 9.6 percent of GDP growth this year and 9.1 percent next year.

Despite the fact that China's substantial fiscal measures were not the same as those implemented during the crisis, Kuroda believed that sooner or later the government would mull over an exit from these measures given the strong economic growth.

Besides China, all Asian countries should carefully time their exit strategies to unwind their anti-crisis fiscal and monetary policy measures, he said.

The ADB began its 43rd annual meeting on Saturday with a pivotal focus on poverty, climate change and regional integration. It is the first time the ADB held its annual meeting in a Central Asian state.

Source: Xinhua

- China's novel approach to iron ore negotiations (2nd May)

In response to the world's top three iron ore suppliers' negotiation attitude of "take it or leave it", China can both take it and leave it in different ways, experts say.

"It seems China has accepted the quarterly benchmark iron ore pricing scheme proposed by the iron ore trio," said Zhang Lin, analyst at Langesteel.com, the country's leading steel information service provider, while on the other hand, "it is increasingly finding substitutes for iron ore."

Vale, Rio Tinto and BHP Billiton, which account for nearly 70 percent of global iron ore shipments, have all announced they will shorten the duration of long-term agreements for international iron ore prices, signalling the end of the decades-old annual benchmark pricing system.

The three giants established the quarterly benchmark pricing scheme at the beginning of this month by reaching a deal with the Japanese steel industry, hiking prices nearly 100 percent.

Luo Bingsheng, vice chairman of the China Steel Association, said Wednesday the association had allowed steelmakers to buy iron ore independently since no agreement has been reached between the association and the trio.

"Although Luo said the association has not given up trying for a more acceptable price based on an annual benchmark pricing system, it has given de facto recognition to the new system with tacit consent," Zhang said.

"The price hike has almost driven Chinese steel mills, who survive on only three percent profit margins, to desperation," said Zhou Xizeng, a senior analyst with CITIC Securities.

The first quarter net profit of 77 large and medium-sized steelmakers in China declined 14.31 percent from the previous quarter.

While the overall profit margin for China's steel industry in the first quarter was just 3.25 percent, lower than the average 6 percent profit margin of the country's industrial sector.

"The price hike will definitely make the Chinese steel industry suffer in the short term. But in a long run, it may do the industry good," Zhou said, adding that it is the same for industries using steel like the auto, home appliances and shipbuilding businesses.

"China must accommodate itself to the quarterly benchmark pricing scheme, and even pricing schemes based on steel indexes," Zhang said.

But more importantly, China should improve the financial market by developing iron ore futures and its own metal index, Zhang added.

The indexes of three major iron ore index providers - the TSI index, MBIO index and Platts index - are based mainly on Chinese demand.

While China, the world's biggest iron ore consumer, does not have its own iron ore index. That was a disadvantage for China during negotiations, because imports accounted for 62.3 percent of China's total iron ore consumption last year, Zhang said.

Besides actively exploiting iron ore mines at home and abroad, China is also making iron and steel from steel scrap.

As a major substitute for iron ore, steel scrap contributed 17 percent of total steel production in 2005, according to data provided by the China Steel Association.

Some downstream industries have even started reducing steel use due to the iron ore price hikes.

"All our products till April next year have been ordered, which is quiet different to the days when we needed to do a lot of marketing," said Cui Zekai, a salesman from No. Seven Wuyue Plastic Plant in Suzhou, in east China's Jiangsu Province. The plant produces auto parts made of plastic.

Source: Xinhua

- China's lottery sales jump 24.5% in first quarter (2nd May)

China's lotteries earned 34.62 billion yuan (5.07 billion U.S. dollars) from January to March this year, up 24.5 percent from a year ago, the Ministry of Finance said Saturday.

Sales of the Welfare Lottery in the first quarter totaled 20.2 billion yuan (2.96 billion U.S. dollars) while Sports Lottery sales amounted to 14.42 billion yuan (2.11 billion U.S. dollars), both representing an increase of 24.5 percent, according to ministry statistics.

In March alone, lottery sales across the country rose 15.7 percent year on year to 13.25 billion yuan (1.94 billion U.S. dollars).

According to China's Regulations on Lottery Management, the money raised through lotteries is divided into three parts: the jackpot; lottery management fees; and lottery public funds.

Source: Xinhua

- China to raise deposit reserve requirement ratio to rein in economy (3rd May)

The People's Bank of China (PBOC), the central bank, announced Sunday it will raise the deposit reserve requirement ratio (RRR) for most financial institutions for the third time this year amid growing concerns of asset bubbles and economic overheating.

The bank said in a statement on its website that it would raise the deposit reserve requirement ratio (RRR) for financial institutions by half a percentage point from May 10.

The ratio for the rural credit cooperatives and rural banks would remain unchanged at 13.5 percent, said the PBOC.

However, the RRR for other small financial institutions would rise to 14 percent, and that for large financial institutions to 17 percent.

This is the third rise in the deposit ratio this year. On Jan. 12 and Feb. 17, the central bank raised the deposit ratio by half a percentage point each time.

The move indicated the government was taking further steps to tighten monetary policy in response to concerns of overheating and asset bubbles, said Liu Yihui, an expert with the Financial Research Center of the Chinese Academy of Social Sciences (CASS).

The PBOC has cut the bank reserve requirement ratio four times during the second half of 2008 to stimulate growth, as the global financial crisis started to weigh on the economy.

The country posted a better-than-expected 11.9 percent year-on-year economic growth in the first quarter, but the government was cautious and had repeatedly warned that the economic conditions this year were "very complicated."

China's consumer price index (CPI), the main gauge of inflation, saw a rise of 2.4 percent year on year in March, nearing the ceiling of 3 percent inflation this year that the government has set at the annual parliamentary session that month.

"There is an obvious tendency of overheating," Liu said.

The central bank should introduce further tightening measures and continue to shift China's monetary policy back to "a normal one."

Bank lending fell to 2.6 trillion yuan (380.7 billion U.S.dollars) in the first quarter, compared with a record 4.58 trillion yuan new loans in the corresponding period last year, which was part of the government stimulus plan to support economic recovery.

The central bank said in an earlier report that a major task this year would be to strengthen liquidity management and keep an "appropriate" growth of money supply.

The government has repeatedly stated that the proactive fiscal policy and relatively easy monetary policy would continue given that the economic conditions remained complicated.

Tang Min, vice secretary-general of China Development Research Foundation, said the RRR hike was targeted at asset bubbles, especially those triggered by the surging property market.

Chinese regulators had been taking steps to cool the real estate market and bring down soaring home prices in the past month by cracking down on real estate speculation and providing more affordable homes.

The central bank would keep a close watch on the property market to see whether these measures took effect, and if not, the PBOC might consider raising interest rates to keep inflation in check, said Tang.

But a monitoring period would precede the rate hike, he said.

"The central bank is very prudent on raising interest rates," said Professor Guo Tianyong, of the Central University of Finance and Economics, as it would bring up production costs for domestic enterprises, and in turn hinder economic recovery.

A rate hike was unlikely in the short term, and would depend on price trends in the next few months, he said.

Source: Xinhua

- PetroChina to invest 30% in Indonesia in 2010 (3rd May)

Chinese oil and gas firm PetroChina is increasing investment in oil and gas exploration and development in Indonesia through its local subsidiary by 30 percent this year to boost oil lifting and counteract declining production, the Jakarta Post quoted an official as saying on Monday.

The company's Vice President Budi Setiadi told the daily that PetroChina's business subsidiary in Indonesia, PetroChina International Indonesia, had set aside as much as 491 million U.S. dollars and plans to increase the figure to 639 million dollars in 2010.

"We are carrying out aggressive exploration activities both to anticipate the natural decline and boost production," said Budi.

He added that the company planned to drill 21 exploration wells this year. These exploration activities are estimated to cost the company 23 million dollars, including 2 million dollars for seismic survey.

PetroChina has set targets to produce as much as 106,000 barrels of oil equivalent per day (BPD) in operation in Indonesia, up from 104,000 BPD in 2009.

PetroChina Company Limited is part of the restructuring of China National Petroleum Corporation (CNPC).

Source: Xinhua

- China to banks: Freeze more money (3rd May)

China on Sunday asked banks to freeze more money from lending through a higher reserve requirement, the third move this year amid growing concerns of asset bubbles and economic overheating.

The reserve ratio - the share of deposits a bank must set aside as reserves - will increase 0.5 percentage point on yuan deposits starting May 10, the People's Bank of China, the central bank, said Sunday.

The announcement's timing came on the second day of the nationwide Labor Day holiday when local financial markets are closed.

"The move surprises almost all of my peers. We phoned each other on hearing the announcement, figuring out why such an unnecessary move is announced today," said Lu Zhengwei, an Industrial Bank senior economist.

A decrease in new credit in March, the cooling of inflation from February's high, and the open market operations, through which central banks sell and buy bills to manage liquidity, all suggest that reserve requirement increases are not immediately needed.

"The fast growing foreign exchange reserves, which can lead to bigger supply of liquidity, may be the driver for such a move against a sizzling first-quarter growth," Lu speculated.

The reserve requirement increase can help freeze 400 billion yuan (58.6 billion U.S. dollars) of credit.

China's big-five state-owned banks must meet a ratio requirement of 17 percent while smaller joint stock banks must put aside 15 percent of their capital from May 10.

Rural banks and rural cooperatives are exempted from the higher requirement to support rural economy, the central bank said.

China's previous reserve increase was announced on February 12.

China's economy grew 11.9 percent in the first quarter. Housing prices kept its strong momentum, fanning concerns of assets bubbles. The central bank has already rolled out tighter mortgage policy to cool off credit-driven speculation in the home market.

The new move indicated the government was taking further steps to tighten monetary policy in response to concerns of overheating and asset bubbles, Liu Yihui, an expert with the Financial Research Center of the Chinese Academy of Social Sciences, told Xinhua.

"There is an obvious tendency of overheating," Liu said, adding that the central bank should introduce further tightening measures and continue to shift China's monetary policy back to "a normal one."

Tang Min, vice secretary-general of China Development Research Foundation, said the reserve requirement hike was targeted at asset bubbles, especially those triggered by the surging property market.

Regulators took steps to cool the real estate market in the past month by cracking down on real estate speculation and providing more affordable homes.

The central bank would keep a close watch on the property market to see whether these measures took effect, and if not, the PBOC might consider raising interest rates to keep inflation in check, said Tang.

But a monitoring period would precede the rate hike, he said.

Lu said he expects an interest rate increase in the June-to-September period if inflation picks up.

Source: Shanghai Daily

- Stocks drop as China raises reserve ratio (4th May)

Stocks in Shanghai slumped Tuesday, sending the benchmark index to the lowest level in nine months, as investors sold off shares as China's central bank decided to tighten

money supply in early May.

On May 1, the People's Bank of China, the central bank, ruled that from May 10, all China's big lenders will have to increase their reserve minimum to 17 percent of their savings. The order marks the 3rd attempt by China to rein in credit market liquidity since late 2008 when the global financial crisis erupted and forced governments to back up their economies with stimulus plan and very loose money policies.

The 50 basic points increase in the required reserve ratio will removed at least 300 billion yuan from the financial system, which had its impact on the stock market Tuesday.

The Shanghai stock composite index closed at 2835.28 points, dropping 35.33 or 1.23 percent from Friday. The market closed Monday for holiday. The Shenzhen stock index closed at 10960.77 points, losing 201.77 points, or 1.81 percent.

As China's economy rose by 11.9 percent in the first quarter this year, China's regulators are now more concerned with inflation and asset bubbles. Housing prices, which rose precipitously in the first two months, are what China's homebuyers irk most and have stoked concerns of a property boom-bust cycle, Chinese style.

Now that the central bank has raised the reserve minimum, investors are anticipating more tightening measures, including interest rate hikes, from the central bank to curb bubbles.

Bank and property stocks led Tuesday's slump. The China Merchant Bank, the fifth largest in the country, lost 0.37 yuan or 2.59 percent. The Vanke Co. Ltd, the largest real estate developer, dived 0.35 yuan, or 4.49 percent.

Beijing will limit new apartment purchases to one per family as part of measures aimed at slowing the rise in housing prices, Xinhua News Agency reported. Beijing also asked commercial banks to raise mortgage rates for second-home loans, and suspend third-home loans.

The Shanghai Composite index plunged 7.7 percent in April, as the government unwound monetary stimulus and stepped up measures to prevent a housing bubble inflated by record lending last year. It has slumped 12 percent in 2010, the world's second-worst performer.

People's Daily Online

- China's agricultural exports grow 20% in first quarter (4th May)

Despite droughts, agricultural price increases and other unfavorable factors, China's agricultural exports have seen a 20 percent growth in the first quarter of 2010.

China's agricultural exports sales reached 10.2 billion U.S. dollars in the first quarter, 22.1 percent growth over the same period of last year. Related authorities of China Chamber of Commerce of Import and Export of Foodstuffs, Native Produce and Animal

By-Products (CFNA) said excluding the United States and Africa, China's agricultural exports sales have maintained double-digit growth to other major markets.

Currently, China's agricultural foreign trade enterprises are all seeing a rebound in international market demand. Hu Maochang, assistant manager of AHCOF in Anhui province, said he felt this year's Guang Zhou Trade Fair is more popular than last year.

"We have a good overall situation this year, with a 27 percent import and export year-on-year increase in the first quarter," Hu said.

The situation of agricultural exports in the first quarter is mainly affected by two factors, according to relevant enterprises. For one thing, foreign demand-pull effect is obviously influenced by inflation expectations, the expected appreciation of RMB and foreign customers stock up. For another, the positive benefits of frequent preferential agricultural policies also promoted the development of China's agricultural exports.

By People's Daily Online

- Asian stocks decline on China reserve ratio plan (4th May)

Asian stocks dropped for the fourth time in five days after Australia unveiled plans to impose the world's heaviest tax regime on mining companies and China increased bank reserve ratios for a third time this year.

BHP Billiton Ltd and Rio Tinto Ltd sank at least 3 percent. Industrial & Commercial Bank of China Ltd fell 1.6 percent in Hong Kong.

The MSCI Asia Pacific excluding Japan Index slipped 1.2 percent to 422.51 in evening trade in Hong Kong. The gauge has increased 12 percent from its low this year on Feb 8 as better-than-estimated economic and earnings reports worldwide offset concerns a debt crisis in Europe will damp growth.

The European Union at the weekend agreed to a 110 billion-euro (\$146 billion) rescue package for Greece to prevent a default. "The Greek rescue package hasn't curbed speculation that more countries will require similar bailouts," said Tim Schroeders, who helps manage about \$1.1 billion at Pengana Capital Ltd. "The new Australian resources tax is an unwelcome burden and Chinese demand may cool."

Hong Kong's Hang Seng Index slid 1.4 percent and Australia's S&P/ASX 200 Index declined 0.5 percent. South Korea's Kospi Index dropped 1.2 percent, while Taiwan's Taix Index slipped 0.7 percent. Markets in the mainland, Japan, Thailand and Philippines were closed for holidays.

Source:China Daily

- Expert: Property tax necessary in China (4th May)

In light of sustained high housing prices and rumors that property taxes may soon appear in major cities such as Beijing, Shanghai, Shenzhen and Chongqing, the topic of property taxes has once again attracted unprecedented attention. Jia Kang, director of the Research Institute for Fiscal Science under the Ministry of Finance said that it is very necessary to levy property taxes during an interview with People's Daily.

Jia said collecting property taxes can bring local governments a major, stable and growing source of tax revenues, which will sustain the long-term transformation of local governments' functions and behaviors and help to complete the comprehensive fiscal, tax and administrative reforms.

If property taxes are levied on real estate owners, it can lead to rational behaviors from both housing supply and demand by posing a tax constraint, Jia said.

"It is worth placing particular attention to the positive effects of collecting property taxes in China where urbanization has just begun. Land resources are exceptionally scarce and fluctuations in the housing market will pose a significant impact on the economy," Jia added.

He believes that collecting property taxes can have three positive effects. First, it can increase the proportion of demand for small and medium-sized houses, benefiting the intensive use of land, the sound development of urbanization and the transformation of economic development. Second, it can help reduce the vacancy rate of existing housing and enhance the allocation efficiency of social property resources. Third, it can help restrain property investments and speculations and benefit the long-term, sound development of the real estate industry.

The property tax will objectively increase the costs to high-income people who have bought several houses or even luxury houses, and the tax levied can be used to improve the living standards of low-income people. This reallocation of resources is of great urgency and practical significance to rationalize China's income distribution system.

Some people may wonder whether the property tax is necessary since the government has already levied a land-transfer tax. Jia explained that developers pay land-transfer taxes for the rights to use the land, while property tax is levied on the homeowners during their tenure of the houses. Therefore, the two taxes do not interfere with each other and there are no insurmountable "legal barriers" or "repeated charges."

Jia concluded that market economy countries have many years of experience in levying real estate taxes, and China should draw on their rich experience based on current national conditions to achieve better development.

By People's Daily Online

- Strong growth of Thai exports to China led Thailand's overall exports growth (4th May)

The total value of Thai exports to China grew by 70 percent in the first quarter of this year.

Thai exports to China for the rest of this year will continue to benefit from China's sustained economic growth and the full implementation of the China-ASEAN Free Trade Agreement, according to predictions by the Taihua Research Center, a Thai research institution.

It is estimated that Thai exports to China will increase more than 25 percent in 2010, compared with a 0.4 percent decline in the previous year.

At the same time, the importance of Thai exports to China will be increased as its proportion increases, which will also drive up Thailand's overall exports.

By People's Daily Online

- China to become the biggest investor in private equity: investor Rubenstein (4th May)

China will become the single biggest investor in private equity as the US dominance ebbs, said David Rubenstein, co-founder of Carlyle Group in Stockholm recently, according to a report reaching here from the Swedish Wire which focuses news in Sweden in English.

Rubenstein predicted that the US dominance in the bootstrapping market to recede since wealth and investment opportunities move towards emerging markets, especially China.

“The US dominance will recede during the next five years or so. Right now all the largest private equity firms are American. That shouldn't necessarily be the case,” Rubenstein was quoted as saying during the Swedish Private Equity & Venture Capital Association's Congress in Stockholm.

Emerging markets will receive proportionally more capital the coming years, China will be a massive factor both as an area for investments and as location for the new powerful private equity firms. China will become the single biggest investor in private equity, Rubenstein said.

Sovereign wealth funds will also continue to increase its presence at the global financial markets and play a bigger role in private equity activities while regulations will become much tougher in the US and Europe, the report quoted Rubenstein as saying.

Europe's role will be dependent on the nature of EU regulations. He warned against the creation of a separate European private equity universe, the report said.

The Carlyle Group is one of the world's largest private equity firms cofounded by Rubenstein in 1987. It has grown into a firm managing more than 88 billion dollars from 19 offices around the world.

Meanwhile, Nordic fund managers echoed Rubenstein's view that Asia will emerge as the most important source of capital for private equity funds, the report said.

- Tax hike in Australia and India may impact Chinese steel mills (4th May)

Both India and Australia, two of world's major iron ore suppliers, announced recently that they will raise export tariffs or taxes on iron ore producers. Steel mills are concerned about the effect this will have on the market.

Indian Finance Minister Pranab Mukherjee announced on April 29 that the government has raised the export tax on iron ore slumps from 10 percent to 15 percent. Meanwhile, the Australian government proposed a new 40 percent tax on the booming profits of resource companies such as Rio Tinto and BHP Billiton.

With the growing production capacity of India's steel producers, its domestic iron ore consumption may jump in the next two years, said Pranab Mukherjee. Analysts pointed out that India's move aims at guaranteeing ore supply for its domestic enterprises.

According to the Indian government's plan for the expansion of steel production capacity, India's crude steel production will hit 124 million tons in fiscal year 2012-2013, more than double its current capacity of 54 million tons.

BHP Billiton, the largest Australian iron ore and coal producer, expressed disappointment toward the taxation raise on its Web site. Current taxation rate is only 2 percent to 10 percent.

Industry insiders noted that because iron ore is in short supply, increased costs from overseas miners may be transferred to iron ore prices, and therefore increase Chinese steel producers' costs.

Australia and India are China's first and third largest ore suppliers, respectively. Statistics from mysteel.com showed that China's iron ore stockpile in the ports was 690 million tons last week.

The cost, insurance and freight (CIF) price of Indian iron ore mines with high deposits of 63.5 grade Fe has reached 190 U.S. dollars per ton, 80 U.S. dollars higher than the three iron ore giants' quarterly contract prices with Japanese and South Korean steel mills.

By People's Daily Online

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Australian tax reform may affect Chinese steel enterprises (5th May)
Australia's tax reform will not only impact its domestic mining industry but also steel enterprises in China.

Australia will impose a new 40 percent tax on resource projects starting in July 2012, cut company tax from 30 to 28 percent by July 2014 and pour more money into worker pension funds. After this was announced on May 2, major resource stocks fell sharply on

the news, dragging the benchmark S&P/ASX200 index down 21.9 points, or 0.46 percent, to 4,785.5.

Voracious demand from Asia for commodities such as coal and iron ore has seen Australia ride out the global downturn in better shape than any other advanced economy, Australian Finance Press (AFP) reported.

But the Australian government said the state royalties paid by companies such as BHP Billiton and Rio Tinto had not kept pace with surging profits and needed to be revised to ensure the benefits of the boom are shared with the nation.

"This long-term plan released today builds a stronger economy by using super profits earned from the resources owned by all Australians," Prime Minister Kevin Rudd told AFP.

It was expected that the new tax reform will raise some 2.8 billion U.S. dollars in the first year after its planned introduction in 2012.

According to BHP Billiton, the new tax means that the average tax on the company's operating profit in Australia will rise from 43 percent to 57 percent. Most mining companies believe that the introduction of new taxes will reduce overseas investment in Australia and reduce Australia's competitiveness in the international market.

The new tax will not only have great impact on the mining giants Rio Tinto and BHP Billiton but a large number of Australian local small and medium mining enterprises as well. It will also affect global commodity prices. The new tax on Australian mining enterprises will lead to rising prices and then transfer costs to the downstream business, so in the end consumers will likely foot the bill.

Australia is China's largest iron ore importer, and it is much closer to China than China's second largest iron ore importer Brazil. Therefore, in the past, China's iron ore imports from Australia have continued to grow. The impact brought by the tax reform will no doubt be transmitted to the Chinese steel enterprises.

By People's Daily Online

- CASS: Prospect of housing price plunge low in 2010 (5th May)
Chinese Academy of Social Sciences (CASS) today released the "Blue Book for China's Real Estate 2010," predicting that the possibility for housing price decline is low in 2010, but the growth rate will slow down.

In 2009, China's property market witnessed an unexpected V-shape recovery, leading to the rapid growth of individual mortgage loans and sufficient cash flow for housing developers.

The unexpected rebound was the result of a recovering economic environment both at

home and abroad and booming housing speculation stimulated by the favorable policies, according to the Blue Book.

The possibility for a nationwide housing price plunge is low in 2010, the Blue Book predicted. The main reason was that the market will be still in short supply. However, due to the expectations of policy adjustment, the growth rate of housing prices will slow compared to the 2009 growth of 23.6 percent.

"This year's housing policies should stick to regulation and control as well as stabilizing the market. The improvement of market mechanisms should also be focused upon," suggested the Blue Book.

By People's Daily Online

- Most foreign banks in China expect growth in 2010: survey (5th May)

Foreign banks continued to see future opportunities in the Chinese financial services market though as a whole their market share did not increase last year, showed a survey by PricewaterhouseCoopers (PwC) Wednesday.

After speaking to 42 foreign financial institutions in China, PwC found growth prospects had so far improved for many foreign banks in 2010.

Five banks anticipated growth above 100 percent, 12 banks predicted growth between 20 percent and 40 percent year on year while 16 banks forecast 10 percent to 20 percent growth.

Only three banks predicted flat growth of 0 to 3 percent, according to the PwC survey.

Despite China's strong growth last year, foreign banks failed to gain market traction. Overall their market share remained around 2 percent, according to the survey.

Over 30 foreign banks were now locally incorporated and more banks were likely to take this option in 2010, said PwC.

Increasing competition from domestic banks, however, was identified by foreign banks as the most difficult aspect of running a bank in China.

Source: Xinhua

- China stocks rebound from Tuesday's slump (5th May)

Chinese equities reversed early losses and posted a dramatic comeback Wednesday after dropping below the key psychological 2,800 mark.

Following Wall Street and European markets' overnight slump, the benchmark Shanghai Composite Index dropped 1.09 percent to open at 2,804.51 and fell below the 2,800 mark to the day's lowest 2,770.33 during morning trading.

Bargain-hunters stepped in turning the day around, lifting the index by 21.87 points, or 0.77 percent, to close at 2,857.15, just a fraction off the day's high of 2,857.29.

The Shenzhen Component Index weakened 0.98 percent to open at 10,853.13 and dropped to 10,671.89 before the turn-around in afternoon trading. The index picked up 42.96 points, or 0.39 percent, to close at 11,003.73, near the day's peak of 11,006.58.

Equities fell to their seven-month low Tuesday after the People's Bank of China, the central bank, raised the deposit reserve requirement ratio for most financial institutions by 0.5 percent for the third time this year.

Combined turnover in the Shanghai and Shenzhen markets jumped to 194.45 billion yuan (28.47 billion U.S. dollars) from Tuesday's 141.55 billion yuan.

Losers outnumbered gainers by 787 to 99 in Shanghai and 862 to 61 in Shenzhen, while a total of 95 stocks remained unchanged in both markets.

Source: Xinhua

- UN report puts China's 2010 growth at 9.5 pct (6th May)

A United Nations report released Thursday said that China will gain an economic growth of 9.5 percent in 2010.

The report titled "Economic and Social Survey of Asia and the Pacific 2010", an annual publication of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) provides the governments of the Asia-Pacific region - representing 62 percent of the world's population -- a roadmap towards a more inclusive and sustainable development path.

The Survey finds the outlook for 2010 has improved significantly, with the Asia-Pacific region developing economies forecast to grow by 7 percent, led by China of 9.5 percent and India of 8.3 percent.

In China, the deceleration brought the slowest growth since the records of quarterly growth began in the 1990s, the report said. However, urban fixed-asset investment, which had increased by 26 percent during both 2007 and 2008, rose even more quickly -- by 31 percent in 2009 after the government responded with its fiscal stimulus package.

Household consumption also continued to grow, though retail sales growth decelerated from 22 percent in 2008 to 16 percent in 2009, it said. The pronounced rebound of 80 percent in the stock market brought recovery of all the ground it had lost due to the crisis, spurring growth to reach 8.7 percent in 2009.

Noeleen Heyzer, UN Under-Secretary-General and Executive Secretary of ESCAP, who presided over the launch of the Survey said in an interview with Xinhua that there is a

downside risk which means that China should take into account the management of inflation, assets bubbles especially in the housing sector, as well as exchange rate issues.

"This is time for China, not only to rely on huge stimulus packages, but also to create sustainable growth which means investing in sustainable infrastructure, especially in rural areas to make sure that social protection is put in place," Heyzer said. "Therefore, China can create a more decent work for many people as possible."

Meanwhile, the Survey urged governments in the region to increase social spending to consolidate the region's stronger than anticipated economic rebound and to spur over the long term a fairer, more balanced, and sustained economic recovery.

Source: Xinhua

- Monetary tightening sinks China stocks (6th May)

Stocks in Shanghai and Shenzhen tumbled Thursday, as investors were unnerved by the central bank's ever-tightening monetary hand to rein in credit supply.

The uncertainties in Greece's debt woes and a possible contagion spreading to other Eurozone economies with untold fiscal troubles also battered the feeble confidence of investors here in China.

A ferocious sell-off was seen in the afternoon trading as investors are worried about much lower profits, if any, for China's property developers as the country has launched a fierce battle to drag down the prices, which could stoke fears of a big burst later, and ruin the world's major emerging economy.

The Shanghai composite stock index lost 117.45 points, or 4.11 percent, and closed at 2739.40 points, the lowest in a year. The Shenzhen index dived 581.17 points, or 5.28 percent, the largest single drop this year.

To unwind a fairly easy monetary policy which China implemented in late 2008 to fight then global financial crisis, the central bank decided to raise reserve minimum of commercial banks to 17 percent on May 10. The move is expected to take back 300 billion yuan from market as reserve at the central bank.

To further curb liquidity and restrict the risks of a run-away urban property market, the central bank issued 110 billion of 3-year bonds Thursday, in addition to 14 billion short-term 3-month bonds, to lock up more funds to restrain credit.

The measure, announced just 4 days after the raising of reserve requirement, is verification that the authorities are getting more serious in retrieving credit and curb inflation, analysts say.

As China's economy rose by 11.9 percent in the first quarter this year, China's regulators become more concerned with inflation and asset bubbles. Housing prices, which rose

precipitously in the first three months, are what China's homebuyers irk most and have stoked concerns of a property boom-bust cycle, Chinese style.

Bank and property stocks led Thursday's slump. The China Merchant Bank, the fifth largest in the country, lost 0.64 yuan or 4.59 percent. The Vanke Co. Ltd, the largest real estate developer, dived 0.31 yuan, or 4.14 percent.

People's Daily Online

- China to establish center to increase African imports (6th May)

China is planning to increase its imports of African commodities by establishing an African Products Exhibition Center, the Ministry of Commerce (MOC) said on its website Wednesday.

The exhibition center would be located in east China's Yiwu City in Zhejiang Province with a total area of 5,000 square meters in the Yiwu International Trade City, the world's largest marketplace for small commodities, said the ministry.

The center would serve as a platform to showcase African products to Chinese consumers and international buyers. All African companies at the center would enjoy a number of different measures to help facilitate trade.

China would support its domestic enterprises to build three to five trade and logistics centers in Africa in the next three years, so as to provide trade and logistics services and improve local commercial facilities, it said.

By the end of 2012, China would also have zero tariffs on 95 percent of its imported products from the least developed African countries that had established diplomatic relations with China.

China-Africa trade volume was 91 billion U.S. dollars in 2009.

Source:Xinhua

- China stocks plunge to eight month low (6th May)

Chinese equities dropped to an eight-month low Thursday, led by energy and banking shares.

The benchmark Shanghai Composite Index tumbled 4.11 percent to close at 2,739.70 points.

The Shenzhen Component Index fell 5.28 percent to 10,422.56 points.

Total turnover expanded to 204.18 billion yuan (29.9 billion U.S. dollars) from 194.45 billion yuan on the previous trading day.

Losers outnumbered gainers by 824 to 62 in Shanghai and 839 to 78 in Shenzhen.

Source: Xinhua

- China to withstand housing slowdown: Goldman (7th May)

The Goldman Sachs said in a research report on Thursday that China's economic growth will not be jeopardized by a slowdown in its property sector, which Beijing is now determined to cool down and make housing more affordable.

The investment group said in the report that Chinese households borrowed much less from the banks while clinching mortgage deals than families in the developed countries. The big lenders, considered key to economic stability, are less exposed to property price risks.

"The housing slowdown is unlikely to cause a much broader significant slowdown in activity due to low leverage," the Goldman report said. "It seems unlikely that even a fairly large fall in prices would create the kind of negative equity we saw in the U.S."

China has a relatively under-leveraged household sector, as the minimum deposit for buying first homes is at least 20 percent, while second-home purchases need the least 40 percent.

Now that Beijing has launched a much trumpeted drive to rein in property prices, which rose more than 40 percent in 2009 and early this year in most Chinese cities, more in China and abroad are increasingly concerned about the negative impact of the clampdown on China's overall economy.

As China's central government has hiked the down payment of a second housing, and halted bank lending to third and more housing, sales have slumped by more than 60 percent in cities including Beijing, Shanghai and Shenzhen. Analysts predict that prices will drop by as much as 40 percent in some cities.

The People's Bank of China, the central bank, raised lenders' minimum reserve requirement three times this year, while it has yet to raise benchmark interest rates to stem rising inflationary pressure. The consumer price index for April, due out next week, is expected to reach 2.8 percent or higher.

People's Daily Online

- Chinese govt moves to give domestic carriers a boost on int'l stage (7th May)

The government recently announced a business-tax exemption for overseas flights and shipping services, but analysts said the help provided to airliners in lifting their profitability on international flights will be limited.

The tax exemption for airlines and shipping lines will be retroactively applied to all businesses going back to January 1 of this year, and will cover both passenger and cargo

services, according to a Ministry of Finance statement that was released Thursday.

"It is another policy supporting the aviation carriers," Li Xuerong, an analyst with Shenzhen Zhongzhe Investment Consulting (SZIC), told the Global Times Thursday, adding the move is to help carriers regain stability after the financial crisis, as well as lift their competitive edge in international flights.

Air China, the country's largest carrier of international flights, said it expects to realize an additional 549 million yuan (\$80.42 million) in 2010 due to the policy.

Goldman Sachs also predicted that the profits of China's top three carriers - Air China, China Eastern, and China Southern - will rise by 395 million yuan (\$57.86 million), 337 million yuan (\$49.36 million) and 196 million yuan (\$28.71 million), respectively this year.

Air China holds about 50 percent of sales from overseas flights, followed by China Eastern Airlines with 30 percent and China Southern with 15 percent, Goldman Sachs said.

Shenyin & Wanguo Securities Thursday predicted more tax breaks could be ahead for air carriers, including reductions of tariffs on the import of aviation materials and fuel.

But analysts said sharpening the competitive edge of China's carriers in international flights depends on the efforts of the airlines themselves.

"The tax exemption cannot have a big impact on their international flight business, because the tax only accounts for 3.21 percent of their business income," said Wu Yunying, an analyst with Changjiang Securities.

Carriers' international flight business greatly trails their domestic flights, said Yao Jun, an analyst at China Merchants Securities, in an earlier interview with the Global Times.

In the first half of 2009, domestic passenger traffic volume increased by more than 20 percent, compared with a downturn of 10 percent for international flights.

"Currently, domestic carriers only occupy 25 percent of the international cargo business," said Li from the SZIC.

Shanghai Pudong Airport, a key international cargo hub, said overseas carriers accounted for 87 percent of its throughput, according to a 2009 report by International Aviation magazine.

Source: Global Times

- US sets penalties on Chinese copper pipe, tube (7th May)

The US Commerce Department said on Thursday that it has set preliminary antidumping duties (AD) on imports of certain seamless refined copper pipe and tube from both China and Mexico.

The department said in a statement that it "preliminary determined that Chinese and Mexican producers/exporters have sold copper pipe and tube in the United States at margins ranging from 10.26 to 60.50 percent, and 29.52 to 32.27 percent, respectively."

Some nine Chinese exporters, qualified for a separate dumping rate from 10.26 to 34.48 percent, while all other Chinese exporters received a preliminary dumping rate of 60.50 percent, said the US agency.

As a result of this preliminary determination, Commerce will instruct US Customs and Border Protection to collect a cash deposit or bond based on these preliminary rates.

In 2009, imports of copper pipe and tube from Mexico and China were valued at an estimated 130.3 million US dollars and 233.0 million dollars, respectively, according to the Commerce Department.

The department said that it is currently scheduled to make its final determination in September 2010.

If Commerce makes an affirmative final determination, and the US International Trade Commission makes an affirmative final determination that imports of copper pipe and tube from China and Mexico materially injures, or threaten material injury to, the domestic industry, Commerce will issue an antidumping duty order.

The protectionist moves by the Obama administration will ultimately hurt the US-China trade relations, which are becoming more and more important due to the global financial crisis, economists warned.

The onset of the global recession appears to have set off an increase in trade disputes around the world.

Globally, new requests for protection from imports in the first half of 2009 are up 18.5 percent over the first half of 2008, according to the World Bank-sponsored Global Anti-dumping Database organized by Chad P. Bown, a Brandeis University economics professor.

That increase follows a 44 percent increase in new investigations in 2008. And China has become the main target of the rising protectionism.

Source: Xinhua

- Chinese expert: China crash prediction 'illogical' (7th May)

China's economy will slow and possibly "crash" within a year as declines in stock and commodity prices signal the nation's property bubble is set to burst, predicted Marc Faber, a Hong Kong based investment adviser. Dr Faber's forecast is illogical and is an obvious misjudgment, one Chinese expert said.

Marc Faber, a.k.a. "Dr. Doom," joins hedge fund manager Jim Chanos and Harvard University's Kenneth Rogoff in warning of a crash in China.

Chanos said in an interview last month that China is "on a treadmill to hell" because it relies on property development to drive growth. As much as 60 percent of the country's gross domestic product relies on construction, he said. Rogoff said in February that a debt-fueled bubble in China may trigger a regional recession within a decade.

Xu Bin, a professor of Economics and Finance with China Europe International Business School, noted that although China's regulation of the housing market may slow down China's economic growth, he stands firmly against Faber's theory.

"Before China adopted tightening policies, the foreigners said that a booming asset bubble would lead to China's crash," Xu said. "While China is striving to control bubbles, they say that the regulation policies will lead to the crash of China's economy. There has been no logic in their theory, and it is an obvious misjudgment"

The theory that a crash in China is imminent is not a new one. In 2003 and 2004, when China's banking institutions faced relatively high non-performing loans, many Western economists predicted that China's banks would crash, and then China's economy continued to gain momentum.

"Seven years have passed, and we can hardly find those prophets." Xu said.

Xu admitted that the regulation policies will have some impact on the property and the stock markets and slow down China's economic growth. But "the Chinese government won't let the policies get out of hand", he said.

China achieved nearly 12 percent GDP growth in the first quarter of 2010, but the target set for the whole year was only 8 percent.

"This indicates that the government has already taken the policies' impact into consideration," Xu said.

As to the theory that regulation will lead to crash, Xu noted that China's population structure contributes to the relatively high rigid demand in China's housing market. Meanwhile, because China does not allow "zero first payment," risk from individual housing mortgage loans is very low.

By People's Daily Online

- No change to China's foreign investment policy: official (8th May)

China's policy of actively attracting foreign investment will not change, said vice minister of commerce Ma Xiuhong Friday.

The Ministry of Commerce will keep working to maintain a good investment environment for foreign companies, said Ma during a discussion with multinational firms.

"The ministry will strengthen its communication with multinational corporations and foreign enterprises," she said.

China could provide new opportunities for foreign investors as the country is in a process of modernization, urbanization and transformation of its economic development pattern, said Ma.

She hoped that while achieving their own development goals, foreign enterprises could play a larger role in China's pursuit of scientific innovation, industrial upgrading, and more balanced regional economic development.

Representatives from 64 multinational corporations and four foreign chambers of commerce participated in the discussion. They were joined by officials from a number of Chinese government departments, including the Ministry of Finance and Ministry of Industry and Information.

Foreign direct investment to China increased 7.7 percent year on year to 23.44 billion U.S. dollars in the first quarter.

Source: Xinhua

Social front

- China to recruit more college grads to be village officials (2nd May)

China plans to recruit 36,000 college graduates this year to be officials in rural areas in a bid to boost development in underdeveloped regions.

According to a notice issued Thursday by the Organization Department of the Communist Party of China (CPC) Central Committee, from 2008 to 2012 the nation will employ 200,000 students-turned village officials. The initial plan envisaged employing 100,000.

Villages are often said to be the "nerve endings" of the ruling CPC, and it is believed dispatching college graduates to villages will reduce unemployment and boost rural development by bringing talent to the grassroots level.

Currently, some 200,000 college graduates are working in the nation's vast rural regions as grassroots officials. They plan their villages' development and work for local residents' betterment.

The tenure for these graduates in the village is usually two or three years. After that, they may choose to continue to work as village officials, apply for becoming civil servants, pursue further study or find another job.

China started to recruit college graduates as village officials in 2008.

Source: Xinhua

- State councilor urges educational reform to promote Chinese innovation (3rd May)
Chinese State Councilor Liu Yandong Sunday called for reform in talent cultivation and the education appraisal system among universities to boost innovation.

The government would reform the education system to promote innovation, international vision and comprehensive abilities among students, Liu said at the opening of a forum of university presidents in Nanjing.

Universities should explore new patterns of education with open minds and more cooperation with other research institutions and businesses, Liu said.

Education and talent were the key elements in China's development.

Liu also urged the universities to play a role as social think tanks to serve the country's economic and social development.

Liu was speaking at the Chinese-Foreign University Presidents Forum, which was attended by the heads of about 150 universities around the world.

Source: Xinhua

- Chinese premier tells youths to "look up, be down-to-earth" (5th May)
Premier Wen Jiabao on Tuesday told youths to aim high and make concrete efforts to achieve their goals as he spent this year's Youth Day with students from the prestigious Peking University.

Wen arrived at the campus Tuesday morning while various clubs and societies, ranging from mountain climbing, astronomy, career development to charity, were holding shows and performances to mark the day.

At the calligraphy and painting society section, a philosophy student named Li Danlin gave Premier Wen her calligraphy work of four characters: yang wang xing kong (look up to the starry sky), which is the title of a widely-known Chinese poem written by Wen to encourage young people to aim high and pursue their goals fearlessly.

Wen added another four characters to the work: jiao ta shi di, which means be earnest and down-to-earth.

This year's May 4 marks the 91th anniversary of the "May Fourth Movement," an important cultural and political movement in Chinese history that fought imperialism and promoted democracy and science.

"In memory of the May Fourth Movement, we should first inherit the spirits of science and democracy, which are essential for us to build socialism with Chinese characteristics and achieve modernization," Wen said as he visited the university's library.

Wen told students to keep the spirits of science and democracy in their daily life and increase their responsibilities to the country and the people.

"Big goals, noble-minded moralities, profound knowledge, a healthy body and great personalities -- that's what I expect of you and myself too," Wen said to the students, adding that one needs great expectations and a hardworking spirit to walk the long road of life that has many obstacles.

"When I was young, it was my dream to realize development, equity and justice in the country. You need carry on what my generation hasn't finished... The load on your shoulders will be heavy," Wen said.

In response to questions on university education, Wen said, "the country's university reform aims to create a sound environment for students to think independently and strive for innovation."

"I'd like to sit and talk with young people on every Youth Day in an earnest manner. What's spoken in earnest will be forever," said Wen. When he departed, thousands of students lined the road, bidding him farewell.

Source: Xinhua

http://paper.people.com.cn/rmrb/html/2010-05/05/nw.D110000renmrb_20100505_2-01.htm

- Blue paper: China's cultural industry market reaches 800 billion yuan (6th May)
The domestic and international market size of China's cultural industry is about 8 trillion yuan, according to the "Chinese Culture Blue Paper: The Development Report on China's Culture" released on May 6.

The Culture Research Center of the Chinese Academy of Social Sciences and the Social Sciences Academic Press jointly released the paper on May 6.

In 2009, China's urban and rural residents spent nearly 607.6 billion yuan in cultural entertainment and services, the government expenditure on cultural products and services reached 109.6 billion yuan and China exported a total of 70 billion yuan in cultural products and services, according to figures released by the National Bureau of Statistics and the estimation of a research group. Therefore, the domestic and international market size of China's cultural industry is about 800 billion yuan.

By People's Daily Online

- "Made in China" ad shows a positive image of China (6th May)

The year 2009 marked the launch of China's creative industries. With the tagline, "Made in China, Made with the World", a 30-second advertisement promoting Chinese-made products has been shown on the Cable News Network (CNN) and other media agencies since Nov. 23, 2009. It not only shows the positive image of "made in China," but signals the shift of soft power from "made in China" to "created in China", according to Cultural Blue Book released on Thursday.

2010 Cultural Blue Book release conference and China's cultural industry development seminar was held in Beijing on Thursday. It is jointly held by the Culture Research Center in Chinese Academy of Social Science and Publishing House of Social Science Documentation.

Besides the ad displayed on CNN and other media agencies last year, Chinese workers were selected in Times Magazine's Person of the Year in 2009. More and more products with independent intellectual property rights and patents owned by China are open to the international market.

Thanks to government policies, China's economic development was out of the "V"-type and saw a rapid increase in the latter half of 2009. Meanwhile, cultural consumption also had a good performance and more people and organizations are engaged in creative industries.

The blue book says policies will be more open and relative moves will play bigger role in 2010. The expansion of consumption space will provide a solid foundation for the development of creative industries.

China issued the Culture Industry Promoting Plan in September 2009 and promoted the creative industry for the first time, making it the priority of the cultural industry.

By People's Daily Online

Ethnic issues

Environmental front

- Premier Wen says more efforts needed to cut emissions, conserve energy (6th May)

Chinese Premier Wen Jiabao on Wednesday called for more efforts to cut emissions and conserve energy to meet the country's target set by the 11th Five-Year Plan. According to the plan laid out in 2006, China will cut its per unit GDP energy consumption by 20 percent compared with 2005 levels by the end of 2010.

The task of fulfilling the goal was still tough, Wen said at a State Council meeting, adding that this year would be particularly difficult as the first quarter had already seen rising energy consumption per unit of gross domestic product (GDP) in the major industrial sectors.

In the first three months, six major industries, including steel, power and non-ferrous, saw a 3.2 percent growth in energy consumption per unit of GDP, Wen said.

This came after a decline for the previous four years to 2009 of 14.38 percent.

"We can never break our pledge, stagger our resolution, or weaken our efforts, no matter how difficult it is," Wen said.

Wen called for stricter control over high-energy-consuming and high-polluting sectors.

More efforts were needed to reduce use of outdated capacity and curb new projects in industries with overcapacity, he said.

This year, China will phase out 10 million kilowatts of small coal-fired power generators, 25 million tonnes of outdated capacity in iron-smelting industry, 6 million tonnes in steel sector and 50 million tonnes in cement sector, Wen added.

The government will further promote energy-saving lamps and intensify efforts to lift energy efficiency in steel, power, non-ferrous, and other high-energy-consuming sectors, Wen said.

More publicity campaigns to promote energy saving and emission cuts were needed, he said.

Source:

Xinhua

http://paper.people.com.cn/rmrb/html/2010-05/06/nw.D110000renmrb_20100506_4-01.htm

- China makes rapid new energy strides (7th May)

China will take radical measures to increase the use of new energy in the 12th Five Year Plan (2011-15), a move that reinforces the nation's commitment to improve the energy mix and reduce pollution.

Development of new energies, including nuclear, hydro, wind and solar will be highlighted in the country's 12th Five Year Plan for the energy industry, said industry sources. The four sectors are also the most developed new energy resources in the country at present.

China is also drafting a stimulus plan for its new energy sectors, and it is likely to be announced within the next year, said sources.

Earlier media reports said the new energy plan would involve total investments running into several trillions of yuan.

Zhou Xi'an, an executive with the National Energy Administration (NEA), told reporters

earlier that development of nuclear energy, wind energy, solar energy and biomass energy, as well as clean coal technologies would account for an integral part of the country's 12th Five Year Plan for the energy industry.

China has already set a target to increase the use of non-fossil energy to 15 percent of primary energy consumption in 2020. "With such a target in mind, China should take steps to increase the figure to around 13 percent by the end of 2015," said Li Junfeng, deputy director-general of the Energy Research Institute (ERI) under the National Development and Reform Commission (NDRC).

Echoing Li's view, Wang Zhongying, a researcher with ERI, said development of new energy is integral for China to achieve its emission control targets.

According to a recent report by World Bank, China needs an additional investment of \$64 billion annually over the next two decades to implement an "energy-smart" growth strategy.

Such investment should be aimed at making the power and transport sectors more efficient and developing renewable energy, said the bank.

Many new energy sectors in China have seen tremendous growth in recent years. For instance, wind power has seen growth rates in excess of 100 percent in the last three years.

In line with the rapid growth in the industries, China has also adjusted the blueprint for some other sectors. For instance, the country made a plan in 2005 to increase its nuclear power capacity to 40 gigawatts (gW) in 2020, when it would account for 4 percent of the country's total power capacity.

But in line with the quick growth of the industry, the target has been raised to between 70 gW to 80 gW, according to officials with both the NEA and NDRC.

China has 11 nuclear power reactors under operation at present. These reactors have a total capacity of 9.1 gW and account for around 1 percent of the nation's total power capacity.

However, some analysts said it will be a long time before the new energies actually emerge as alternatives to coal and oil. "Coal and oil will still remain the mainstream energy in the country," said Lin Boqiang, a professor at Xiamen University.

Source:China Daily

- Indian Environment Minister say more to learn from China (7th May)
Indian Environment Minister Jairam Ramesh hailed cooperation on climate change with China before going to Beijing for International Cooperation Conference on Green Economy and Climate Change to be held on May 7-9.

In an interview with Xinhua, he said that India is making efforts in three areas to combat climate change.

First is forest which cover 21 percent of India, and Indian studies shows that around 10 percent of India's annual carbon emissions are being absorbed by forest, therefore India are trying to improve the quantity and quality of forest.

The second challenge is to improve India's efficiency of power production, because about 60 to 65 percent of India's power comes from coal based power, so India need to develop new clean energy.

The third, all the automobile that are put into markets need to have higher fuel efficiency standards so that the contribution of the transportation sector to green house gas emissions does not increase.

As he was also Minister of State for Commerce and Power, conflicts between Environment Ministry and Commerce Ministry for environment clearance of projects are making headlines.

Ramesh said "a lot of people think environment clearance adds to the time of the projects. But I am saying no, you cannot have important industrial projects going without looking at environment. " He took China's environment issues such as lead poisoning, water and air pollution as example, pointing out that bad environment leads to bad public health. "These are the issues that I am trying to improve," he said.

"There are some people who think that we should have fast economic growth, that we should be like China, we should do a 10 percent, we should just grow, but I am saying no, let us grow in an environmentally friendly manner, otherwise we will have many troubles that we are not able to resolve yet."

While his bravery and insistence are praised by many and he was applauded as an invaluable asset to India, he pointed out that "Many people think environment is luxury and cost, but actually it is not. If economic growth is going to pollute water, air, destroy forest, we are destroying natural resources. Public health and individuals are going to be badly affected. This is what I am trying to get people to realize."

He said that China is doing very well in combating climate change, becoming a leader in the green economy, solar energy, wind energy and forest.

"Chinese do not talk as much as Indians, but Chinese perform better, they do much more. I am full of admiration for the way that China just gets to work, where as you know, India talk and talk and keep on talking."

On the scope for cooperation between the two countries on climate change, he noted that India has cooperated very closely with China. "I have been to China three times in the

last six months, I am going again in May, so in seven months time I will have done four visits to China." He said India and China had a memorandum of understanding on partnership in the field of climate change, and the two countries are exploring opportunities for working together in the field of environment. A delegation from Indian Environment Ministry has gone to China to study possible cooperation in forest areas.

"I have talked with Chinese vice premier Hui Liangyu how we can learn from China's forest management. China has announced some targets, India has announced some targets, how do we accord, how do we partner each other. I think India has more to learn from China than China to learn from India. We are hoping that these joint programs will build a new relationship between our two countries."

"India and China, by working together in the fields of climate change, are demonstrating not only cooperation in environment, but also sending a message of partnership between the countries. I see climate change as an opportunity to change the political climate between China and India." he said.

Source: Xinhua

- 'We must work on climate change' (8th May)

Premier Wen Jiabao has urged the leadership of all countries to deepen their political will in tackling climate change woes as uncertainties mount in the months before the United Nation's conference in Cancun, Mexico, at the end of this year.

Wen made the remarks on Friday when he met with nearly 20 politicians, climate change and environmental ministers worldwide, who are in Beijing this weekend to attend an international forum on green economy and climate change.

"At present, we still need to build up political will, boost consensus and strengthen coordination among the different players to reach a legally binding document in Cancun," Wen said.

Based on the achievements made at the Copenhagen Summit last December, Wen urged the rich countries to further clarify their compulsory carbon reduction targets. "At the same time, we developing countries should make clear our voluntary goal of slowing down climate change," Wen said.

Wen also urged the developed countries to transfer climate change-friendly technologies to the developing countries, especially the poorest countries and island nations.

During the meeting, Wen said China will redouble its efforts in reducing carbon emissions and improving energy efficiency during the coming years after it finishes its 2006-2010 goal of cutting energy consumption per unit of economic output by 20 percent.

While praising China for its green efforts, former Australian Prime Minister Robert J. Lee Hawke asked China to share its experiences and lessons on energy savings and

pollution reduction to the rest of the world to tackle global environmental woes and climate change.

Wen responded: "China, together with the rest of the world, is willing to make its due contribution in coping with global warming and climate change."

At a banquet for the foreign guests on Friday night, former vice-premier Zeng Peiyan said mounting uncertainties are ahead for the climate change negotiations. The world needs more dialogue and cooperation, Zeng said.

"Climate change woes are our shared challenges but the root lies in the historical emissions by the developed countries," said Zeng, as president of the China Center for International Economic Exchanges, which organized the weekend climate change summit.

Zeng expected the forum to work as a platform for different countries to communicate their positions freely before the Bonn climate change negotiation in June and the Cancun conference at the end of this year.

"To achieve concrete progress at the end of this year, we need to remove the uncertainties ahead," Zeng said. Zeng listed the uncertainties as the rich countries' unclear will to increase their carbon cuts and to increase aid in capital and technologies for the developing countries.

"I hope the governments of the developed countries can reconsider their policies and subsidize the export and transfer of climate-friendly technologies to the poor and developing countries," said Zeng. "This is the right way to address our common woes."

Source:China Daily

Regional report

North

Politics

Social front

- China Security Memo: May 6, 2010

A Focus on School Security

On May 3 in downtown Beijing, an attack on a school-age child ended when police shot and killed the attacker after a standoff. The man had arranged a date over the Internet but the woman never appeared, so he grabbed a 5-year-old girl off of her bicycle and held her hostage with a knife, demanding to see the woman who stood him up. Police responded within minutes, then spent almost an hour talking to the man trying to convince him to release the girl. A police sniper on a nearby building finally ended the standoff, shooting the man in the head. The girl was uninjured.

It was the latest and least harmful in a series of attacks on schoolchildren in China over the past two months. When we wrote about this April 30, we brought up the possibility of social unrest but predicted that Beijing would institute major security measures to placate the public. Chinese authorities have indeed responded quickly and aggressively. After three school attacks in a row April 28-30, the Communist Party of China's Political and Legislative Affairs Committee, the most powerful security body in the country, met to discuss school security. Zhou Yongkang, head of the committee and one of nine Politburo members, called it a "major political task" to create a "harmonious environment" in the country's schools. Zhou explained how child safety was a critical concern and that government at every level had a responsibility to protect schoolchildren.

Zhou's committee and its subordinate Ministry of Public Security ordered government officials to take all necessary measures within the law to enhance school security across the country and to keep in close contact with local communities to address public complaints and provide special care to "people in difficult situations." In many provinces, schools have been ordered to increase the number of security guards and police patrols near schools.

But most local budgets do not have the money for effective security measures, and new guards are often hired off the streets. And the protocols that are put in place are not consistent from province to province and city to city. For example, Henan province ordered the monitoring of cyber cafes, video-game halls and hotels near schools as well as increased police patrols. Fujian province is instituting video surveillance around schools. In Shanghai, all 2,700 elementary and secondary schools hired professional baton-carrying security guards. In Beijing, 112 schools bought pepper spray and knife-resistant gloves for security guards. Chongqing asked for better monitoring of people with mental illnesses and publicized orders for police to shoot to kill anyone attacking schoolchildren. In Shandong and Beijing, authorities introduced forked, hand-held metal poles to stop attackers from moving any closer their targets.

Most of these measures seem designed more to placate the public than proactively identify and control potential threats. Efforts to stop attackers earlier in the attack cycle will do more to enhance school security, and such steps are being taken to varying degrees. In separate incidents, two individuals were detained on May 2 and May 3 near Wuxi, Jiangsu province, for threatening attacks on schoolchildren. One of them sent a blackmail letter to the president of a primary school demanding 100,000 yuan (about \$15,000). Chinese police have the ability to detain someone for three days without charge, which may be effective in preventing more copycat attacks. This will help when suspects bring themselves to the attention of authorities, but more proactive measures such as countersurveillance and behavioral profiling as part of a protective intelligence program will best prevent future attacks.

Local officials have blamed most of the attacks on assailants' mental-health issues, and Chinese editorials are stressing the need to provide more government care and monitoring of mentally disabled citizens. But there is little in the way of social services in China, and mental health could also become a hot-button issue, since it is viewed as a factor in the school assaults. The attacks also serve as a reminder that there is no robust outlet for dissent in China. It has been only a few days since new security measures were announced, and there is a possibility of more copycat attacks. The ongoing official response bears watching, and it could lead to a crackdown on the mentally ill as well as increased school security.

Economic front

Northwest

Politics

Social front

- Low-carbon lifestyle popular with white-collar workers (5th May)

With the dissemination of the low-carbon concept, various types of healthy and eco-friendly lifestyles have emerged, including the "no computers on weekends" lifestyle that is very popular with white-collar workers in Erdos, a city of northwest China's Inner Mongolian Autonomous Region.

The computer has become an indispensable, close friend during working hours every day, said Wang Jingxuan who is an art editor at a media agency in Dongsheng District, Erdos.

Wang admitted frankly, that aside from working hours, he was also very interested in squeezing time to play online computer games and often got up to play games at midnight. He said that he is a good computer game player and is quite familiar with popular online games such as "Crazy Racing Kart Rider" and "Plants vs. Zombies."

However, with the popularity of the low-carbon concept, Wang has moved away from his previous high-carbon lifestyle. Now, to save energy and power during working hours, he

keeps the display brightness of his computer at a low level and will put his computer into standby mode when he does not use it.

Wang has said goodbye to almost all online computer games. In particular, he keeps himself away from the computer and participates in outdoor physical exercises on the weekends.

By People's Daily Online

Economic front

Northeast

Politics

Social front

Economic front

Southwest

Politics

Social front

- Chinese Premier calls for scientific rebuilding of quake zone (3rd May)

Chinese Premier Wen Jiabao has called for scientific and organized efforts in the reconstruction of northwest China's quake zone.

Wen made the remarks during his second visit, which ended Sunday, to Yushu Tibetan Autonomous Prefecture in Qinghai Province.

He also promised that the central government would provide the bulk of the funding for reconstruction with more favorable policies in taxation, finance and land use for the quake zone, taking into account the real difficulties of the prefecture and the province.

The major relief work was focusing on treating the injured, ensuring people's livelihoods, restoring public order and accelerating rebuilding, Wen said.

Reconstruction in Yushu should be based on the prefecture's long-term development, and authorities should take protection of the environment, and economic and social advancement, poverty alleviation and livelihood promotion into consideration, he said.

The reconstruction should be carried out with due concern for the prefecture's distinctive ethnic characteristics and geological conditions.

Wen stressed efforts to resettle the survivors with necessary supplies, allowances to the worst affected and treatment for the injured.

Measures on epidemic prevention, infrastructure rebuilding and public order restoration

should be intensified, Wen said.

He called for urgent efforts to ensure smooth traffic in the quake zone and the early full recovery of supplies of water and power.

He said the authorities should pay attention to the allocation of agricultural materials and the resumption of trade and business operations to minimize losses and stabilize prices.

Rebuilding projects should be finished within three years, with a priority on public facilities such as schools and hospitals, Wen said.

Wen also called for efforts to maintain the unity of all ethnic nationalities in the quake zone.

Wen arrived the quake zone at about 2 p.m. Saturday and went straight to a military field hospital.

Wen reviewed the facilities in the hospital and the work of medical staff, and visited some of the injured.

After a two-hour drive, Wen visited Longbao township in Yushu, the epicenter and the worst hit area, for a first-hand insight into the casualties, property losses and resettlement.

"The disaster will eventually fade, but the experiences we have learnt from it will remain," he said.

Wen also visited a local Tibetan Buddhist temple and said the government would help in the rebuilding of the local monasteries.

On Sunday morning, Wen visited schools and encouraged the students to overcome the difficulties with unyielding minds.

He then visited a local water supplier and urged workers to make further efforts to ensure water supplies in the quake zone.

"Yushu, I will be back," Wen said before he left the prefecture.

Wen first visited the quake zone in Yushu on April 15, the second day after the 7.1-magnitude earthquake struck the area.

Source: Xinhua

Economic front

South central **Politics**

- Official investigated for disciplinary violation in south China (3rd May)

A district Communist Party chief in Shenzhen City of south China's Guangdong Province was investigated for severe violation of disciplines, said local authorities Sunday.

The investigated, Li Ping, served as secretary of Futian District Committee of the Communist Party of China (CPC), according to the Shenzhen Municipal Commission for Discipline Inspection of the CPC.

Futian is a key development and construction area in Shenzhen, a pioneering economic zone of China's opening-up reform.

Source: Xinhua

Social front

- Former newspaperman suspected of corruption in south China (7th May)

A former deputy editor-in-chief of a south China newspaper was found to be involved in seeking personal gains by taking advantage of his post, said local authorities Thursday.

Zhang Hongchao was suspected of making nearly three million yuan (439,000 U.S.dollars) in violation of the rules of the Communist Party of China (CPC), when he served as deputy editor-in-chief of the Yangcheng Evening News, which is based in Guangzhou, capital of Guangdong Province, according to a statement issued by the Guangdong Provincial Commission for Discipline Inspection of the CPC.

Zhang was also accused of breaching Party disciplines by gambling outside the Chinese mainland, said the statement.

The discipline commission started the investigation against Zhang on April 12.

Source: Xinhua

Economic front

- Guangdong to build China's largest offshore wind farm (6th May)

China's largest offshore wind farm is planned to be built near Lufen in southern China's Guangdong province, according to China News Service (CNS) on Thursday.

The offshore wind farm will involve investments of around 20 billion yuan, have an installed capacity of 1.25 million kilowatts and cover a sea area of 240 square kilometers. After its completion, it will become China's largest offshore wind farm and demonstration base.

Located along the coastal area of Shanwei city, eastern Guangdong, Lufeng offshore wind farm is subtropical marine monsoon climate. The steady wind speed and direction

here can produce good wind resources.

Usage of offshore wind power is very popular in European countries. The wind power industry in China also saw rapid increase in recent years. By the end of 2008, the wind power installed capacity reached 1.127 million kilowatts, ranked fourth in the world.

By People's Daily Online

East

Politics

- Fujian governor begins six-day Taiwan visit (5th May)

Governor of southeast China's Fujian Province Huang Xiaojing started a six-day visit to Taiwan Wednesday.

After his arrival at Taipei Wednesday morning, Huang visited Cecilia Y. Koo, wife of Koo Chen-fu, late chairman of the Taiwan-based Straits Exchange Foundation (SEF).

Huang presented Fujian delicacies to Cecilia Y. Koo, a native of the Cangshan District in Fujian's capital, Fuzhou.

Huang is heading an economic, trade and cultural exchange delegation to the island.

His visit came at the invitation of the Taiwan-based Kuomintang's National Policy Foundation.

The theme of Huang's visit is: "Visiting Friends and Doing Business."

Fujian Province lies across the Taiwan Strait from Taiwan.

Source: Xinhua

Social front

Economic front

- World Expo turns Shanghai an int'l carnival (2nd May)

After years of planning and preparations, China finally opened the Shanghai World Expo park to the avid public Saturday morning sexed up by Friday's dazzling fireworks.

Different languages and dialects could be heard and visitors with different skin colors piled in long lines to enter most of the pavilions in the Expo park.

Under the theme of "Better City, Better Life", pavilions in all shapes, colors and sizes, branded with each country's unique culture and history, were expected to draw more than 350,000 visitors at the opening day.

National treasures, both tangible and intangible, from 246 countries and international

organizations are on display.

Some popular pavilions, including the China Pavilion, need to book an extra ticket before entrance.

The China Pavilion, a crimson-painted, crown-shaped mansion, was the most eye-catching facility near the center of the 5.28-square-kilometer Expo park.

It is one of the few structures that will not be demolished after the six-month Expo that runs through the end of October.

Others permanent structures include the seashell-shaped Expo Culture Center where the Expo opening ceremony was held Friday night, the Expo Center, China's Joint Provincial Pavilion and the Expo Axis.

"The China Pavilion is definitely the first destination," said 76-year-old Shanghai resident Wan Genxing. Wan, sitting in a wheel chair pushed by his wife, said he was quite excited about the visit.

Inside the pavilion, thousands of spectators were amazed by the multimedia display of China's national treasure -- "Riverside Scene at Qingming Festival", a masterpiece by a Chinese painter more than 800 years ago.

An eight-minute documentary film -- "Beautiful Progress" by Chinese director Lu Chuan of international fame, which focuses on the changes of Chinese cities since the reform and opening-up policy was introduced in 1978, also impressed visitors.

Many complained about the shortage of tickets need for the China Pavilion. Other popular destinations also include Britain's stunning dandelion-like "Seed Cathedral", Romania's "Green Apple" and Spain's "Big Basket" made of 8,524 wicker panels.

"The Spain Pavilion is spectacular and incredibly wonderful," said British tourist Liza Levy, who just stepped out of the pavilion. It would be worth of the queuing time if the exhibitions are impressive, she said.

Ge Ning, an executive of a sci-tech company in Shanghai's neighboring Jiangsu Province, was among the first to enter the park. "I'm here to see new inventions concerning science, technology, environmental protection, and energy," he said. The United States Pavilion and the exotic pavilions of African countries are also on his list.

"I might only be able to visit five pavilions today," he said, wowing the crowds around him.

As the first Expo ever in a developing country, the Shanghai World Expo is expected to attract 70 million visitors from China and abroad.

The Expo is "a celebration of human achievements with the goal of inspiring present and future generations to pursue not only the ideals, but also the actions for 'Better City, Better Life'," Vicente Gonzalez Loscertales, Secretary General of International Exhibitions Bureau, said Saturday while addressing the opening ceremony of the Expo park.

The Expo will "not only educate, entertain and fascinate visitors, but will spark the energies to build the cities of the future on some of its foundations," he said.

Source: Xinhua

HONGKONG AND MACAU

Politics

Social front

Economic front

- Macao moves to regulate local mortgage market (7th May)

The Monetary Authority of Macao has said that it would further regulate the local mortgage market by setting a lower loan-to-value (LTV) ratio and adopting other more prudent requirements for the sector, the Macao Post Daily reported on Friday.

The LTV ratio guideline, which the Monetary Authority was drafting, would help local banks to maintain continued stability in the face of market competition, the daily quoted a statement from the Monetary Authority as saying. However, the Authority did not say when the new guideline will be announced.

The LTV ratio expresses the amount of a first mortgage lien as a percentage of the total appraised value of the property.

The Monetary Authority said in the statement that mortgage-related credit accounts for a significant part of local banking business, because of which Monetary Authority requires and reminds banks to stay vigilant and remain prudent.

Meanwhile, unspecified events in the past in the mortgage market have caused concern, such as the lowering of interest rates and the granting of credit at 90 percent or above the LTV ratio, the Authority also said.

Macao's newly approved residential mortgage loans reached 18.99 billion patacas (2.37 billion U.S. dollars) by the end of last year, while newly approved commercial real-estate loans stood at 14.21 billion patacas (1.78 dollars), according to the figures from the Monetary Authority.

Source: Xinhua

- HK shares end at near 3-month low on Greek debt concerns (7th May)

Hong Kong shares dropped for the fifth consecutive session Friday to their lowest level in almost three months after a suspected trading glitch and fears of a new European credit crunch threw U.S. stock markets into disarray.

The blue-chip Hang Seng index fell 213.12 points, or 1.06 percent, to close at 19,920.29, the lowest level since Feb. 19, when the city's benchmark index ended at 19,894.

The index lost 5.63 percent in five declining sessions in a row this week.

Market turnover totaled 90.36 billion HK dollars (11.62 billion U.S. dollars), up from Thursday's 81.51 billion HK dollars.

The euro retreated even after Greece's parliament approved austerity measures demanded by the European Union and International Monetary Fund as a condition of a 110 billion-euro (about 139 billion U.S. dollars) bailout.

Asian stocks slumped Friday following a rout in U.S. equities on concern the European debt crisis will spread and hurt the global recovery.

The MSCI Asia Pacific Index dropped to a 10-week low. In the region, Japan's Nikkei 225 Stock Average sank 3.1 percent as the yen strengthened against the euro and the dollar. South Korea's Kospi slumped 2.2 percent.

Market heavyweight HSBC Holdings Plc, Europe's biggest bank, sank 4.3 percent to 73.55 HK dollars in Hong Kong as financial companies led declines.

Standard Chartered Plc, the British bank which receives most of its earnings from Asia, fell 4.8 percent to 187.90 HK dollars.

Retailer Esprit, which earns most of its revenue in Europe, was the worst-performing blue chip of the day, falling 5.1 percent to 49.65 HK dollars.

Chinese developers rebounded on bargain hunting after their recent falls, traders said.

Mainland property developer China Overseas rose 2.7 percent to 14.30 HK dollars after losing 9.5 percent since Monday, and China Resources Land bounced 3.6 percent to 13.68 HK dollars after falling 8.8 percent over the same period.

Swire Pacific bucked the downtrend, rising 5.1 percent to 85.20 HK dollars, after it shelved the IPO of its property unit because of weak property market conditions. (7.773 HK dollars = 1 U.S. dollars)

Source: Xinhua

- HK fuel standards to be tightened (8th May)

An amendment regulation tightening the specifications of motor vehicle diesel and unleaded petrol to Euro V standards will be tabled at the Legislative Council of Hong Kong special administrative region on May 12, according to the government website Friday.

Subject to lawmakers' approval, the amendment will take effect on July 1.

Euro V fuel cuts the sulfur content to 0.001 percent, from 0.005 percent in Euro IV, reducing sulfur dioxide emissions by 80 percent.

Local oil companies have confirmed they can supply Euro V fuel, and have been offering Euro V diesel since December 2007.

Source: Xinhua

The Faces of Chinese Power

SUMMARY:

The article presents a discussion of the United States' chronic underestimation of Chinese power, adapted from the book "The Three Faces of Chinese Power: Might, Money and Minds," by David M. Lampton.

US underestimated china's power twice, first during Korean War and secondly during Clinton's era. Both of which proved to be quite hazardous for US credibility. Accurately assessing the power of China is still a critical task today, especially with renewed tensions on the Korean Peninsula and continuing volatility in the Taiwan Strait. . Overestimating Chinas leverage over North Korea is a problem.

In terms of economic power, Americans tend to exaggerate Chinas role as a seller and exporter while under appreciating its activities as a buyer, importer, and investor. They also underestimate Chinas intellectual, leadership, diplomatic, cultural, and other symbolic power. If U.S. policymakers continue to view Chinas power in substantially coercive terms when it is actually growing most rapidly in the economic and intellectual domains, they will be playing the wrong game, on the wrong field, with the wrong team.

Chinese leaders objective is to modernize China in order to boost its military, economic and intellectual might. For this, strategy adopted involves both openness (Globalization) and reforms through marketization and urbanization while they deemphasize and limit political liberalization. China wants to preserve current world order whereas US though a hegemon, wants to change it according to its own will. After Mao's dependence on coercive power and Deng's on economic power, China now seeks a more balanced mix that also uses "idea power."

China is enhancing its power militarily, economically and diplomatically simultaneously. China's military budget has been increasing continuously in order to develop credible deterrence. Due to the decision of the Central Committee of the Chinese Communist Party in October 2006 to "put people first," the tension between military and domestic spending promises to become a bigger issue.

So far china has done well in achieving its goal of strengthened economic power and built a stabilized middle class. Economic power, the most convertible form of strength, makes China attractive in a world that respects material success. China is also very successful in its economic relations with other states. A critical implication is that if the United States throws up barriers to nominally Chinese exports, it will be punishing its friends, its allies, and itself along with Beijing. Throughout much of Asia, the perception of China has changed from threat to economic opportunity. As china welcomes investment without imposing conditions, other than recognition of its "one china policy", so many developing countries appreciate the deal that china offers.

Beside coercion and material rewards, Beijing is using symbolic, intellectual, ideological, diplomatic, and cultural resources to increase its influence. It is strong in some of these areas and weak in others, but Americans generally tend to underestimate its capacities in this domain. However, Corruption remains a serious problem for the Chinese leadership.

The payoff in terms of image is good, even though Chinas reputation in the United States still suffers. International public opinion polls uniformly reveal that Americans have more negative views of China than do most other people, predisposing Washington to be

tougher with China than are other governments. In fact, according to polls conducted by the Pew Research Center, the BBC, and The Financial Times and Harris Interactive, in much of the world, including most of Europe, China is perceived more favorably along many dimensions than is the United States. And although other nations generally do not wish to emulate China's political system, its combination of high-speed economic growth and apparent stability is a development path that appeals to too many.

Despite rapid economic growth, China faces many domestic problems i.e. political, economic, and social problems. China also faces many international challenges.

For the US, it is important to get engaged with China as its power grows. . Although Beijing's domestic and foreign policies are not malevolent by design, they often have harmful effects, and for those countries on the receiving end of them, intentions may not matter much. A major focus of U.S.-Chinese cooperation should be to reduce the causes and consequences of such unintended spillover effects, especially in the areas of energy and the environment, particularly in regard to global warming. This, of course, will require putting an end to the mutual suspicion that currently afflicts U.S.-Chinese relations. Both sides could take positive steps. Both sides would benefit from much more extensive military-to-military exchanges and cooperation in space. The twenty-first century requires U.S. leaders who have the imagination to see possibilities for cooperation with China and to devise ways to motivate Americans to meet the economic and intellectual challenges that China's dynamic growth increasingly presents.