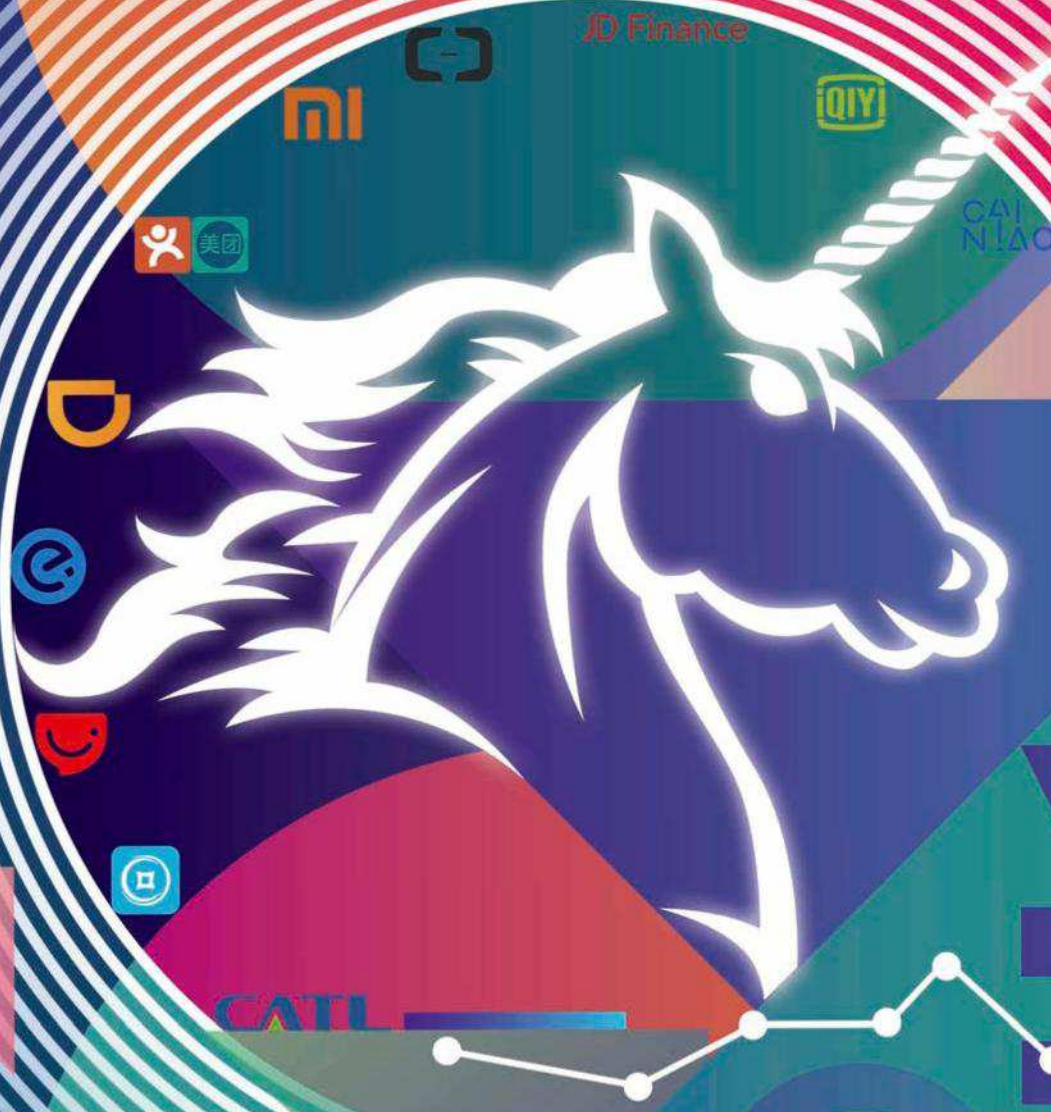


# BEIJING REVIEW

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## UNICORNUCOPIA

The proliferation of China's \$1 billion startups

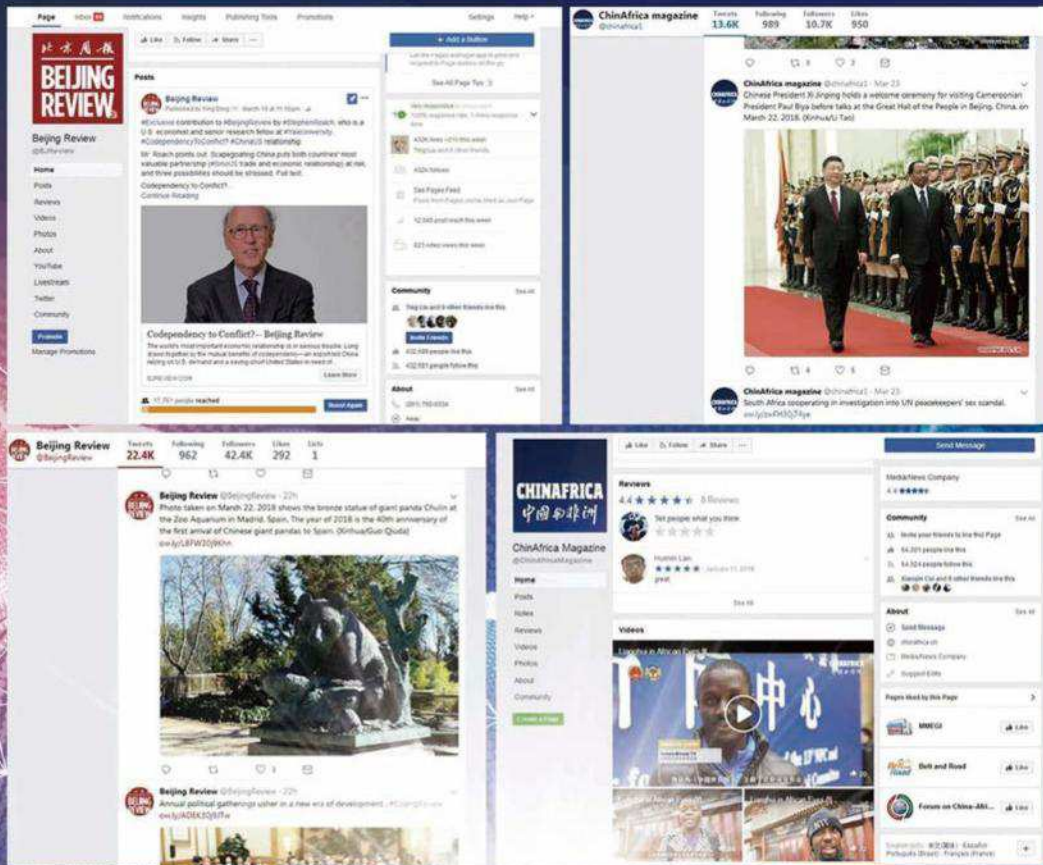
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## Unicorn Boom

A tech startup company that reaches a \$1-billion market value within 10 years is known as a unicorn, with such enterprises recently becoming a hot topic in China. Many domestic and international research institutes have analyzed Chinese unicorn companies to find out why they have experienced explosive growth in both number and scale within a short period of time.

According to last year's China-U.S. Unicorn Research Report released by global audit and consultant firm Deloitte, China had 98 unicorn enterprises, ranking second worldwide behind the United States and accounting for 38.9 percent of the total.

The rapid rise of unicorn companies not only showcases the rise of China's scientific and technological strength but also enables ordinary people to benefit from scientific innovation. For instance, ride-hailing company Didi Chuxing, which utilizes Internet technology and big data, has made it easier for people to take a taxi or hitch a ride.

The thriving of unicorn companies has resulted from China's economic transformation and upgrading. Its economy has entered a new normal of slower but more efficient growth since the 18th National Congress of the Communist Party of China held in 2012. As economic restructuring and upgrading accelerates, emerging industries such as electronics, information technology and intelligent manufacturing, which have produced the most unicorn companies, have received more government support and private funding.

The increase in the number of venture capital firms and the evolution of the equity market to become multi-layered have expanded the channels for startups to secure funding, providing a solid financial foundation for unicorns. Funding is especially important for hi-tech companies whose core competitiveness relies on a huge investment of capital. The mass entrepreneurship and innovation campaign championed by the Chinese Government has also contributed to the rapid growth of unicorns. It has improved the business environment and stimulated the enthusiasm for starting businesses, leading to the establishment of many of today's unicorns.

China's human resource development strategy has provided support for unicorns as well. Human resources are the most important force for starting businesses. The Chinese Government has made cultivating scientific and innovative talent its top priority in recent years, proving effective as more and more returned overseas Chinese and local talent embrace entrepreneurship.

The heated development of unicorns in China mirrors its transition to high-quality growth. The Chinese Government has provided a convenient and relaxed market environment for such companies and introduced favorable policies for them to be listed on the domestic stock market. There will certainly be more and more unicorns in China in the future, which will greatly contribute to the countries' economic growth. ■

WRITETOUS



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# ONSITE REPORTING

A reporter consults a receptionist at the media center of the 18th Shanghai Cooperation Organization Summit held in Qingdao, east China's Shandong Province, on June 9-10.

The media center formally opened on June 6, providing help for both domestic and overseas journalists at the event.



YINHX

## Lucky Gesture

Students pose for a lucky gesture at No.1 High School in Handan City, north China's Hebei Province, on June 7. About 9.75 million students sat for the national college entrance examination, which took place on June 7-8.

## Conservation Boost

Southwest China's Tibet Autonomous Region spent more than 1.1 billion yuan (\$172 million) on ecological conservation projects in 2017, the region's environmental protection bureau said on June 5.

The projects ranged from grassland, wetland and wildlife protection to construction of nature reserves and afforestation.

In 2009, China introduced a 23-year plan with a total spending of 15.5 billion yuan (\$2.42 billion) to boost ecological conservation in the region.

Statistics showed that in 2017, Tibet had 47 nature reserves covering 412,200 square km, or more than one third of the region's total territory.

Zhang Tianhua, deputy head of the local environmental protection

bureau, said Tibet set up a special committee for monitoring the environment and cracking down on illegal activities in the nature reserves.

Over the past five years, more than 60 regulations on ecological protection have been introduced in Tibet, while authorities investigated nearly 1,000 cases of environmental breaches.

## Drug Testing Hair

China's health department will promote a method which uses hair instead of blood or urine samples to test for drug use, according to developers of the test.

Southwest China's Yunnan Province borders the notorious drug production region known as the Golden Triangle in Southeast Asia and is a major front in China's battle

against drug crime.

The Yunnan Institute for Drug Abuse said it conducted the new test on 100 people, who were new arrivals at the provincial rehabilitation center.

Wen Pinyuan, Director of the institute under the provincial health department, said the test showed 93 percent were morphine or methamphetamine positive, matching urine drug tests done on the same group.

"Compared to blood and urine samples, hair samples have the advantage of being more stable, easier to obtain and preserve," Wen said.

He noted that hair samples can preserve drug residue for weeks or even months, giving drug enforcement officers a larger window to confirm drug use.

In the first quarter of this year, Yunnan police seized 5,759.7 kg of drugs, up 31.4 percent year on

year. Over 12,000 drug users were placed in mandatory rehabilitation programs during the same period, local authorities said.

Wen added that the institute will continue to optimize the use of the new testing technology, making it more accurate, feasible and economical.

## Passenger Transport Safety

China released a management guideline to supervise passenger transport companies on safety issues and reducing risks.

The guideline was jointly published recently by the Ministry of Transport, the Ministry of Public Security and the Ministry of Emergency Management.

The guideline details rules focusing on safety education, risk management and control and examination of hidden dangers.

Data shows that 55.8 percent of road accidents that caused more than 10 deaths from 2012 to 2017 involved passenger vehicles and tour coaches.

Many of the accidents were caused by irresponsible companies which did not carry out safety checks.

## Car Emissions

Automobile emissions have become a major source of air pollution in China and need to be handled properly, according to a recent report.

China remained the world's largest automobile market last year, with about 310 million vehicles, up 5.1 percent year on year, according to the report released by the Ministry of Ecology and Environment (MEE).

Some cities saw increasing air pollution due to a combination of coal burning and vehicle exhaust emissions. Studies of the cause of pollution in Beijing, Tianjin, Shanghai and another 12 Chinese cities found that vehicle exhaust emissions contributed from 13.5 percent to 52.1

percent of major pollutants.

The MEE will speed up drafting an action plan to deal with diesel-powered trucks, which are considered to be a major air polluter, it said in a statement.

It will also develop the strictest environmental regulation mechanism for vehicle exhaust emissions and promote clean diesel-powered vehicles and green transportation, the statement added.

## Tourism Supervision

China will put into use a platform to regulate and supervise the tourism industry starting on July 1, the Ministry of Culture and Tourism said on June 1.

The platform covers functions such as examining travel agencies' qualifications, managing tour guides, and dealing with complaints from consumers, among others.

Travelers can get information about tour guides and make comments on their services through the platform, which can also detect unreasonable prices in the market through e-contracts.

Tourism is thriving in China. Data showed the country's domestic tourism industry brought in 4.57 trillion yuan (\$725.4 billion) last year, up 15.9 percent year on year.

## Healthy Life Span

Chinese people can look forward to a longer healthy life than people in the United States for the first time

since records began, according to World Health Organization (WHO) data.

Chinese babies born in 2016 can expect 68.7 years of healthy life, compared with 68.5 years for U.S. babies, the figures show.

U.S. newborns can still expect to live longer overall, 78.5 years, compared to China's 76.4. But during the last decade people from the United States have suffered from bad health.

The United States was one of five nations, along with Somalia, Afghanistan, Georgia and Saint Vincent and the Grenadines, where healthy life spans beginning at birth fell in 2016, according to the data, which was published in mid-May.

"Chinese life expectancy has increased substantially and is now higher than for some high-income countries," said WHO spokesperson Alison Clements-Hunt.

U.S. life span is decreasing, having peaked at 79 years in 2014, the first such reversal for many years, she said.

The world's longest living people are the Japanese. Babies born in Japan in 2016 were forecast to live for 84.2 years.

## Tuberculosis Treatment

China's tuberculosis incidence rate fell to 60.5 per 100,000 people in 2017, and the country's tuberculosis prevention and treatment is better



## Spectacular Landscape

Tourists visit the Huangguoshu Waterfall in Anshun City, southwest China's Guizhou Province, on June 5. The waterfall entered into a period of high flow due to continuous rainfall.

than the world average, according to the National Health Commission.

"The country's incidence rate of tuberculosis in 2017 dropped by 14.3 percent from 2012, with the annual drop around 3 percent, obviously faster than the world average," said Mao Qun'an, head of the Disease Control and Prevention Division of the commission.

The mortality rate of tuberculosis was 2.8 per 100,000 people in China in 2017, comparable to that of developed countries, Mao said.

Noting that China has laid out anti-tuberculosis plans to address different phases of the disease, Mao said the fund for preventing and treating the disease has risen from 260 million yuan (\$41 million) in 2004 to 640 million yuan (\$100 million) in 2017.

"Authorities have promoted education about tuberculosis and screening of the disease among the public," Mao said. "At present, there are more than 700,000 anti-tuberculosis volunteers."



## Ecolife

Volunteers ride bicycles promote green travel in Hohhot, capital of north China's Inner Mongolia Autonomous Region, on World Environment Day on June 5.

## Private Railway

East China's Zhejiang Province has granted permission for the country's first high-speed railway project undertaken by private investors, said the provincial economic planner on June 5.

The railway, 226.56 km long and capable of a maximum speed of 350 km per hour, is an intra-provincial route connecting the cities of Shaoxing and Taizhou.

The project is to be jointly funded by private capital led by Fosun Group, state-owned China Railway, the Zhejiang Communications Investment Group Co. Ltd. and the local government.

Private capital will hold a 51-percent stake in the railway, whose planned investment totals 44.9

billion yuan (\$7.01 billion).

Fosun Group signed an agreement on the project with the Zhejiang Provincial Government in September 2017, with the railway expected to be completed in 2021.

## Belt and Road Opportunities

Economic opportunities along the routes of the China-proposed Silk Road Economic Belt and 21st-Century Maritime Silk Road are expected to increase this year as more Chinese firms step up overseas expansion, a report from global audit and consultant firm Deloitte showed.

The Belt and Road Initiative is writing a new chapter for investment

and trade, with a strong performance in 2017, while Deloitte believes the initiative will increase in significance in 2018.

"A growing number of countries and organizations are actively involved in the initiative, promoting its development across the globe. The initiative now looks beyond infrastructure projects, expanding to other diverse industries and sectors in destination countries," said Norman Sze, Belt and Road Services China leader with Deloitte.

While China's state-owned enterprises took the lead in the initiative's early stage, more private and foreign-funded companies are taking part. Meanwhile, traditional and emerging industries are expected to see new opportunities in international industrial capacity

cooperation, he said.

"The Belt and Road Initiative is shaking off geographical limitations and creating a new platform for win-win results through discussion and collaboration," Sze added.

The report estimated that Internet companies, led by Baidu, Alibaba and Tencent, will play a key role in outbound investment, transforming Made in China from cheap commodities to innovative products.

Projects in areas like artificial intelligence and biotechnology, which focus on technological innovation, are to be heavily favored, the report showed.

## Growth Forecasts

The World Bank upgraded its forecast for China's economic growth in 2018 to 6.5 percent, 0.1 of a percentage point higher than its January forecast. But growth is estimated to edge down to 6.3 percent in 2019, as regulatory and macro-prudential policies tighten and fiscal policy becomes less accommodating.

In its Global Economic Prospects report released on June 5, the World Bank's growth forecast for the global economy remains unchanged for this year and the next, but it has warned of a combination of considerable risks including escalating trade protectionism.

The report said the global economy would grow 3.1 percent in 2018 before slowing to 3 percent in 2019, unchanged from its previous forecasts in January.

Growth in advanced economies is expected to moderate slightly to 2.2 percent in 2018 and slow further to 2 percent next year as central banks gradually remove monetary stimulus, according to the report.

Growth in emerging markets and developing economies is predicted to strengthen to 4.5 percent in 2018 before reaching 4.7 percent in 2019, as "the recovery in commodity exporters matures and commodity prices level off following this year's increase."



## A Woven Masterpiece

A visitor photographs a carpet at the International Carpet Exposition held in Xining, northwest China's Qinghai Province, on June 2.

The five-day event attracted over 650 businesses from home and abroad to come and display their latest products.





## Tea Time

A farmer sorts tea leaves at a production base in Xianfeng County, central China's Hubei Province, on June 5.

## Copper Investment

On June 1, the Aluminum Corp. of China (Chinalco) announced plans to invest \$1.3 billion to expand its operations at Peru's Toromocho copper mine.

The decision aims to boost the company's capacity to produce and process fine copper, Chinalco's CEO Ge Hongling said during a meeting with Peruvian President Martin Vizcarra in Lima.

"By 2020, the annual production capacity will increase 45 percent and the value of annual output will reach \$2 billion, contributing to the creation of more jobs and tax," Ge said.

Chinalco, which has been operating in Peru for 10 years, hopes to triple its processing capacity to 157,000 tons a day and to double its annual output of fine copper to 300,000 tons.

Vizcarra welcomed Chinalco's "significant" investment, saying it will help spur Peru's economy, raise revenue and support government education and healthcare programs.

Geological studies show Toromocho, located about 150 km east of Lima, contains more than 1.52

billion tons of minerals with an average copper content of 0.48 percent, along with molybdenum and silver.

Chinese Ambassador to Peru Jia Guide told reporters at a press conference that "over the next three years, we expect a wave of Chinese investment in Peru of some \$10 billion in energy, mines, construction and finance."

## Better Service Quality

The quality of China's service sector improved last year, according to a new official report.

The customer satisfaction index rose 2.86 points from 2016 to 74.75 out of 100 in 2017, remaining "relatively satisfactory," according to a monitoring report from the State Administration for Market Regulation.

Higher scores were given to telecommunications, civil aviation, online payment and online shopping services, the report said.

Customer satisfaction is an important indicator of service quality around the world, as surveys show that higher levels of customer satisfaction are associated with higher

returns on investment.

However, the report also showed that the service sector needs distinctive services and better personnel, registering low scores in special services and attitudes toward customers.

The administration said it will work with other departments to draft legislation on supervising service quality and monitoring risks in the sector.

In 2017, the service sector accounted for 51.6 percent of China's GDP and contributed 58.8 percent to GDP growth.

## IPR Protection

China has achieved significant results in the protection of intellectual property rights (IPR), according to the State Intellectual Property Office.

Shen Changyu, head of the office, made the remarks at a forum in Beijing on June 5 to evaluate the country's IPR achievements since 2008 when a national IPR strategy was unveiled.

"China will accelerate the modernization of its IPR governance system and ability and further promote the application and trans-

formation of intellectual property to create more social benefits," Shen said.

In 2017, China saw 1.38 million patent applications for inventions, up by 14.2 percent from 2016 and the highest in seven years.

## Tightened Regulation

The Chinese Government has moved to tighten regulation of drivers and platforms offering ride-hailing services, vowing to crack down on illegal activity and irregularities such as unlicensed services, privacy leaks and unfair competition.

In a joint statement issued on June 5, the Ministry of Transport and six other ministries said they will launch joint supervision of the ride-hailing industry, both for in-progress rides and after-journey services.

Ride-hailing platforms who fail to address irregularities will be forced to suspend their services or their mobile apps will be removed from online stores according to relevant laws and regulations.

China unveiled its first nationwide regulations for car-hailing services in July 2016, granting legal status to the industry.



## Wheat From the Chaff

A farmer harvests wheat in Ji'an Village, Huaian City, east China's Jiangsu Province, on June 6.



## GUATEMALA

Rescue workers search survivors after the eruption of the Fuego Volcano in Escuintla on June 5. A total of 192 people are still missing following the eruption



## YEMEN

UN Special Envoy to Yemen Martin Griffiths speaks during a press conference at Sana'a International Airport on June 5, calling on all parties to the Yemen conflict to restart negotiations. He left the country that day after three days of talks with Houthi rebels



## UNITED NATIONS

María Fernanda Espinosa Garcés, Ecuadorian Minister for Foreign Affairs and Human Mobility, gives a speech after being elected president of the 73th Session of the UN General Assembly in New York on June 5





## IRAQ

A young boy cools down amid a heat wave on June 6. Temperatures rose to 40 degrees Celsius in Baghdad that day



## ITALY

The Freccia Tricolori aerobatic squad performs during a ceremony to mark Republic Day in Rome on June 2



## EGYPT

President Abdel Fattah al-Sisi speaks during his inauguration ceremony in Cairo on June 2. He was reelected as president for a second term which will last until 2022



## NEW PRESIDENT FOR TOP ENGINEERING ACADEMY

**Li Xiaohong**, a mining engineering expert, was elected President of the Chinese Academy of Engineering (CAE) on June 1.

Established in 1994, the CAE offers consultancy services to the state on major programs, planning, guidelines and policies as China's top engineering academy.

Li, 59, served as President of Chongqing University from 2003 to 2010 and was appointed president of Wuhan University in 2010. In 2011, Li was elected as a CAE academician, the highest academic title in engineering science and technology in China.

Li's main interest lies in water jet technology and mining engineering, on which he is one of the leaders in these fields. His research contributed to addressing the major safety problems of complex coal mines which are at serious risk of mine gas disasters.

Li is focusing on the use of supercritical carbon dioxide fluid to assist in shale gas exploration and production. The ultimate goal of his study is to develop a theoretical system and technology for high-efficiency shale gas exploitation.



## Promotional Films for Cities

### Workers' Daily June 5

A new promotional video for Zhengzhou, capital of central China's Henan Province, has recently caused uproar online for including footage of a park in Kaifeng, a different city in the province.

The number of films seeking to promote Chinese cities has experienced a sharp increase in recent years. Almost every city has its promotional film, with some cities even producing more than one a year. The genre has become a vanity project for some cities.

The films are often produced by big-name advertising companies and lack distinctive characteristics, all similar to one another. Smiling faces, grand new architec-

ture, historical sites, children running in the sun, elderly citizens practicing Taichi in parks, all are typical scenes in these videos.

But only those passionate about a place can make a film which truly reflects the city's character. While this may be difficult to achieve, a city's promotional film should at the very least present the city authentically.

Those promotional videos which strike a chord with the audience are not necessarily big-budget productions by large companies. For instance, the eight-minute advertising video for the G20 Summit in 2016 in Hangzhou, capital of east China's Zhejiang Province, was made by a couple who spent five years taking over 90,000 photos of the city for the video. In the end, 18,000 photos were included in the video.

It's time to cool down the enthusiasm for the production of city films. Not every city needs a film and no city needs multiple films every year. Ultimately, films lacking in local characteristics and creative ideas will fail to project a city's image.

## Internet Celebrity Faces

### China Newsweek June 4

Internet celebrity faces, characterized by big eyes, double eyelids, white skin, a high nose bridge and a pointed chin, have become a regular sight on online platforms such as live streaming websites.

The popularity of this aesthetic reached its peak in 2015 and 2016 when webcasting platforms experienced explosive growth. Many underwent expensive surgery at illegal private hospitals to achieve this look, with inevitable complications meaning that people ended up at more professional hospitals to repair their appearance.

The pursuit of double eyelids and a high nose bridge occurred in Japan around 30 years ago. At that time, the appearance of Hollywood stars was popular in Japan, with the phenomenon lasting for almost 10 years. But people later became more rational and only made small changes which they believed made themselves look better, but less detectable by others.

The current fervor for Internet celebrity faces indicates that China's cosmetic surgery industry is still in a nascent stage of development. Patients' view of beauty is immature and many practitioners of the

**"Strengthening economic and trade ties between China and other Shanghai Cooperation Organization (SCO) members is set to bring more business opportunities to Tsingtao Brewery and the city."**

**Chu Liangjing**, Vice President of Tsingtao Brewery's overseas sales department, in a recent interview with Xinhua News Agency. The Tsingtao Brewery is the most iconic business in Qingdao, the host city of the SCO Summit in east China's Shandong Province

**"As the UN member state with the biggest population, China can take on a leadership role by implementing domestic policies that address plastic pollution upstream."**

**Heidi Savelli Soderberg**, a program officer with the UN Environment Programme, on World Environment Day on June 5



industry are in pursuit of profits regardless of moral standards.

The ideal situation should be improving customers' self-confidence through plastic surgery by focusing on their shortcomings with doctors charging a reasonable price for the procedure.

## More Space for Exercise

**Guangming Daily**  
June 5

The per-capita area of sports fields is only 1.57 square meters in China, a far cry from 16 square meters in the United States and 19 square meters in Japan. According to the Ministry of Finance, 930 million yuan (\$145 million) has been earmarked to subsidize the opening of large stadiums to the public for free or at a low price.

At present, people's enthusiasm for sports is running high, with a recent case of 40 marathons held across the country on one day.

It is urgent to provide adequate space for people to exercise. If someone has to take three subway lines and cycle half an hour to play badminton or basketball, exercise is unlikely to become part of their daily life. Similarly, if the square dancers who generate outcry for disturbing others have a proper venue for exercise, then their activities will not affect other residents.

To date the Central Government's subsidies have gone to large stadiums located far from residential compounds. While smaller stadiums closer to people's homes have received little attention.

The good news is that the General Administration of Sport in China announced in April that it will no longer distribute subsidies according to the number of seats in a stadium but by the amount of people it receives and the number of sports events and training it hosts. Hopefully this will be the starting point for solving the shortage of exercise space in China.



### FORMER RETAIL TYCOON ACQUITTED

**Zhang Wenzhong**, 55, founder and former Chairman of Wumei Holdings, the parent company of retail chain Wumart Stores, was acquitted from fraud, bribery and embezzlement charges on May 31 after a retrial by the Supreme People's Court (SPC).

The SPC made the ruling that the original sentence was based on insufficient evidence and the laws applied were improper.

In 1994, Zhang established the first Wumart store in Beijing. In November 2003, Wumart was listed on the Hong Kong Stock Exchange and quickly expanded its retail empire through acquisitions and mergers.

Zhang was subsequently sentenced to 12 years in prison and fined 500,000 yuan (\$78,000) for previous charges in 2009 in a final ruling by the Hebei Higher People's Court in north China's Hebei Province, on a charge of illegally gaining huge amounts of supporting capital from the government.

He petitioned the SPC in October 2016 and the SPC decided to retry the case in December 2017.

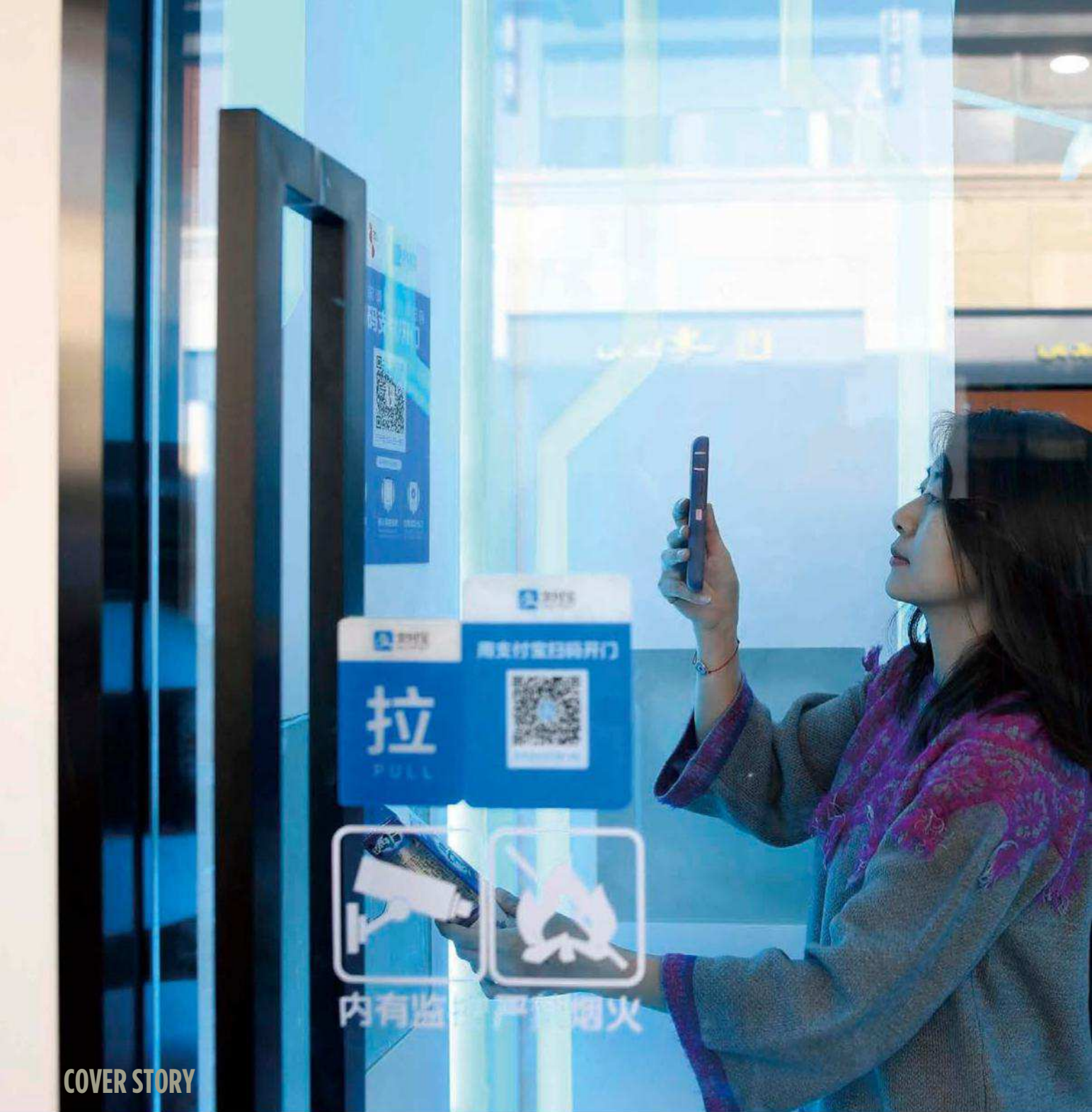


“The Belt and Road Initiative offers a framework for intergovernmental cooperation, which will help remove the largest barrier—the legal barrier—in traditional Chinese medicine (TCM) qualification, TCM education accreditation, drug access and medical insurance.”

**Ma Liangxiao**, a doctoral supervisor for foreign students learning acupuncture at Beijing University of Chinese Medicine, in a recent interview with *China Daily*

“China will devote more resources to producing high-value and influential brands and patents and participating in the global governance of intellectual property to help it become more inclusive, balanced and efficient.”

**Shen Changyu**, head of the State Intellectual Property Office, on June 5



COVER STORY

# MYTHICAL BEASTS

China becomes the home of the world's second most unicorn companies By Deng Yaqing



A customer checks out at a self-service convenience store via Alipay, a third-party payment service offered by Ant Financial Services Group, in Hangzhou, east China's Zhejiang Province

where it could raise about \$10 billion in the largest listing globally in almost four years. Meanwhile, there are sources suggesting that the smartphone giant may enter the A-share market through the issuance of Chinese Depository Receipts (CDRs).

Chinese mainland and Hong Kong securities regulators are sparing no effort to attract unicorn companies by improving their listing policies. On June 6, China Securities Regulatory Commission (CSRC) issued rules on a test run for the issuance and trading of CDRs. The securities regulator has also released amended rules on IPO and a package of measures to support unicorn companies in their domestic issuance of stocks or CDRs. Meanwhile, the Hong Kong Stock Exchange has permitted the listing of innovative, high-growth companies with a dual-class stock structure, according to which Xiaomi can get listed.

"Increasing consumption capacity, improving productivity and abundant entrepreneurship have provided the necessary conditions and resources for Chinese companies to grow and prosper," Wang said.

"However, the strict requirements and high threshold for getting listed in the domestic market and the American stock market's lukewarm attitude toward Chinese firms have long denied these companies the opportunity to raise capital in the secondary market. They have no choice but to finance in the primary market, which explains the birth of so many unicorns," Wang continued, predicting that an increasing number of Chinese unicorns will seek to accomplish IPOs in the Chinese mainland and Hong Kong as their business grows.

## Core competitiveness

Innovation and a favorable business environment have set the stage for China's new era of fast-growing unicorns. Yet, while some of the top companies in this group will find success in the secondary market, other less competent ones could lag behind or even collapse.

"Besides the ability to attract capital, unicorns need to foster and maintain the ability to innovate in order to survive, which focuses more on integration and making use of various market resources than sticking to the development of a certain technology in the laboratory," Gao Yuning, an associate ►►

China's new-look economy is gaining momentum. With focus having been laid on entrepreneurship and innovation, a cluster of privately owned and rapidly growing startups have provided a boost for the country as it undergoes a momentous shift in growth drivers.

According to a study released by Deloitte, by the end of June 2017 there were 252 unicorns—startup companies valued at over \$1 billion—worldwide, 106 and 98 of which were in the United States and China respec-

tively, far surpassing every other country.

"China's innovation capacity is now largely on par with America's, which is reflected by the robust growth of Chinese unicorns. Most of these companies are excellent performers and frontrunners in their respective fields," said Albert Wang, founding partner of Maintrend Capital and former partner of SAIF Partners, in an interview with *Beijing Review*.

Xiaomi, a Beijing-based unicorn heavy-weight specializing in consumer electronics, recently filed to go public in Hong Kong,



Shared bikes offered by the Chinese unicorn company Mobike in the British city of Manchester

professor with the School of Public Policy and Management at Tsinghua University, told *Beijing Review*.

Such innovation could involve a variety of technologies which are not necessarily developed by China, but can nonetheless be consolidated by Chinese unicorns in an efficient way to form a new secure and effective business model.

"A unicorn should be able to grow into a platform company rather than relying entirely on a single technology, and only in this way can such a company realize sustainable and rapid development," Li Lixin, Managing Director of Northern Light Venture Capital, told *Beijing Review*.

"Many great companies which have gone on to be listed are platform companies, such as Alibaba, Tencent and Didi Chuxing. Such a company represents a certain business environment in which a host of small and medium-sized companies reside," said Li.

A unicorn also needs to maintain a leading position in a certain section of the market and dig deeper into this area rather

than blindly seeking expansion so that it can develop superior services and products to better satisfy market demands, said Gao.

At the heart of a unicorn's competitiveness is its ability to address the urgent needs of consumers, Gao added. Take shared bikes for example. The companies offering this service do not rely on particularly advanced or hard-to-come-by technology, but they have nonetheless managed to provide a service which people need and the demand for which is inexhaustible.

"Competition here is more brutal and fierce than in the American market and so a fast learning team is indispensable. Financing capacity as well as shareholder structure also play an important role. In some cases, companies which provide products and services of the same quality experience totally different outcomes due to disparities in the above-mentioned areas," said Wang.

### Potential challenges

"Funding and innovation are two essential factors for corporate growth. However, exces-

sive financing and innovation may generate bubbles which, once they burst, may affect the confidence of entrepreneurs, investors and governments," said Wang.

As the struggle among platform companies continues, competition over consumers' time, attention and energy is intensifying.

"What matters is whether a company can create the value that consumers really need. Here value means not economic benefit, but knowledge, entertainment, relaxation and so on," said Gao.

Alongside market value, requirements for corporate social responsibility have steadily risen, as seen by Didi Chuxing's supervision over its drivers and transactions, and Internet lending platforms' duty to protect personal data and fend off financial risks, said Gao.

"Moreover, as established unicorns which thrive by adjusting their business models continue to expand their territories, fledgling companies may find themselves squeezed. On the flip side, if technology companies fail to grow fast enough, they will likely be outstripped by industry newcomers with greater momentum," said Li.



## Further opening up

There is no doubt that the Chinese Government wants to see successful companies choose to go public in the mainland or Hong Kong markets, so that Chinese people can share in the rewards of the new economy.

"In the past, the strict requirements and extensive restrictions of the A-share market deterred numerous unicorns from attempting to get listed at home. Now, with the threshold lowered, a new trend of domestic IPO applications is taking shape, and the international competitiveness of China's capital market will be further improved," said Li.

Conversely, CDRs usually find their way in developed and mature financial markets, and the issuance of CDRs in domestic stock markets necessitates higher requirements for supervision, access to information and investor protection.

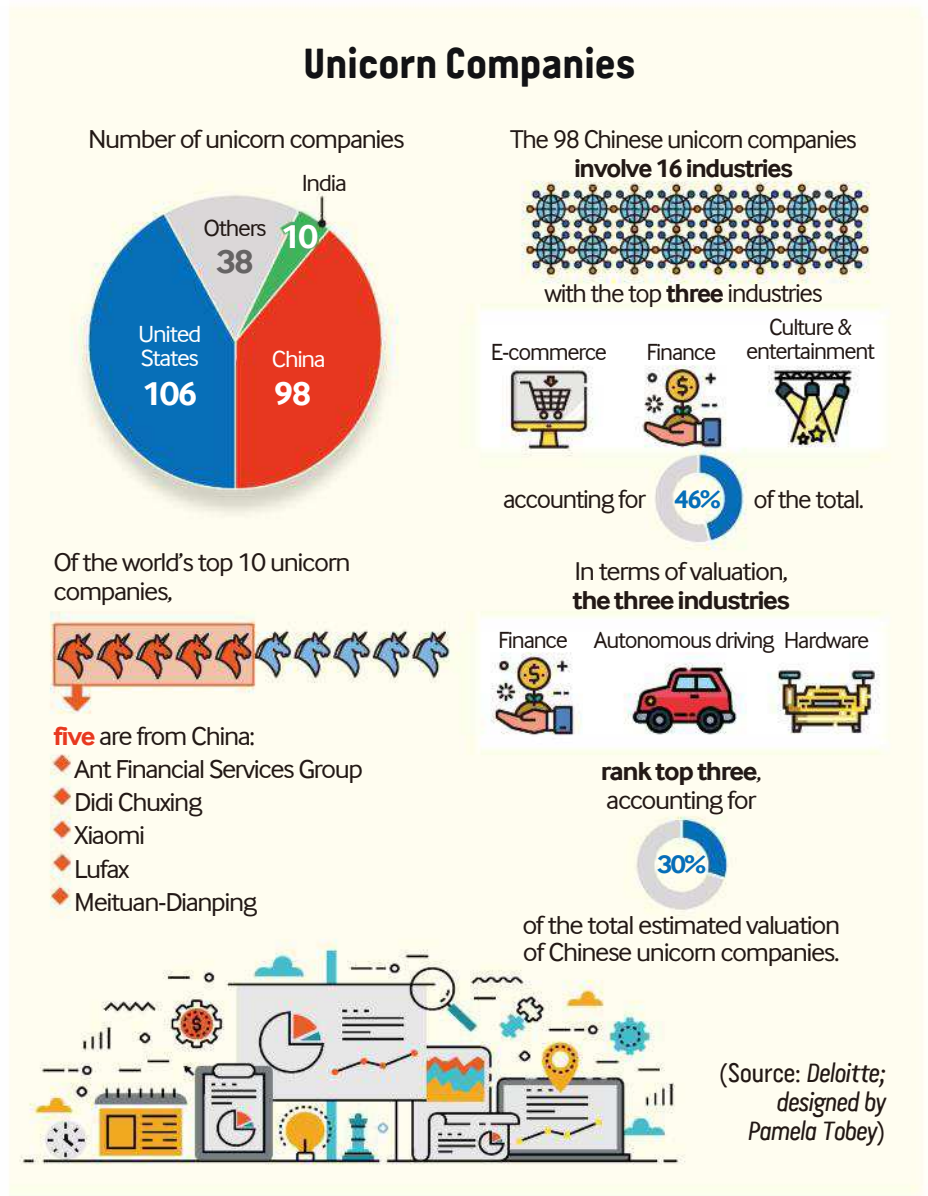
From June 7, qualified innovative firms can submit applications for CDR issuance to the CSRC under the new pilot CDR program. The CSRC said it will strictly control the number of enterprises and the volume of funding for the pilot CDR program, and properly arrange the timing and pace of CDR issuance.

"By learning from more mature overseas market, China should establish a comprehensive financial supervision system featuring cross-market and joint operation," said Gao, who also emphasized the protection of intellectual property rights and the release of more tax credits to encourage innovation.

"More efforts should be made in opening up, such as allowing cross-border capital and profit flow for fast-growing privately held companies," said Gao, who expects these enterprises to enjoy the same equal treatment and preferential policies as foreign-funded companies.

"As more Chinese unicorns look to go public by issuing CDRs in the mainland market, there will be a huge demand for capital, while giant companies currently listed in the A-share market will carry out additional issuance. It is beyond the capacity of the present capital market to fill the gap in capital demand," said Li, noting that efforts need to be made to increase the supply of funds.

To address the problem, China needs to widen its capital sources by allowing more overseas funds to flow into its stock market. According to Wang, in the process of enabling unicorns to go public at home, the Chinese authorities should push for the free convertibility and internationalization of the yuan and press ahead with the opening up



of China's stock market.

At the same time, investor structure should be optimized. "In China's stock market, about 80 percent of players are private investors, while in overseas markets the majority of market players are institutional investors. It follows that private investors should be encouraged to entrust their money to institutional investors who are more professional, rational and are better equipped to withstand fluctuations and risks," said Wang, adding that the country should also allow more private and overseas

money to enter the stock market.

"However, the steps toward opening up should be in line with China's current economic stature and global investors' confidence in the country. Otherwise, problems may occur," said Wang, citing rampant speculation on the Thai baht and Russian ruble, which he believes is the consequence of disproportionate opening up. ■

Copiedited by Laurence Coulton  
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COVER STORY

# BELLWETHER OF GLOBALIZATION

Xiaomi's public listing to set the tone for the coming years

By Michael Zakkour



The author is vice president of China practice at the global consulting firm Tompkins International and author of *China's Super Consumers*

Since it was announced earlier this year that Chinese smartphone and technology giant Xiaomi was planning to go public, the tech world, investors, and those who closely follow the development of China's economy and globalization have been abuzz. There

has been speculation over what this major IPO will mean for Xiaomi; for Chinese capital markets; the coming wave of new Chinese tech IPOs; and China's growing leadership, influence and role as an exporter of new technologies.

The IPO planned for the Hong Kong exchange may raise \$10 billion or more and value the company at around \$100 billion. It would make it the largest IPO of the year and the largest since Alibaba Group's 2014 IPO.

## From a grain of rice

Xiaomi was founded in Beijing in 2010 with the goal of building a homegrown Chinese smartphone that could perform at a high

level to compete with popular smartphones from Apple, Samsung and others at a price point that would appeal to Chinese consumers seeking value and performance all in one package.

The company released its first smartphone in 2011 and it was an instant hit. It focused on selling phones at prices that were almost on par with the cost of the components and assembly. Another method the company used to keep prices low was to start as a digital native. It only sold via its website, thus keeping overhead low by eliminating the costs of stores and labor. The big idea for the future was that the phone, as the hardware, would be the low-cost point



Lei Jun, Xiaomi Chairman, speaks at a product launch in Beijing on February 28, 2017

on the list of the Most Innovative Companies put out by The Boston Consulting Group, a global management consulting firm.

## Rise, fall, rise again

But these high-flying good times came to an abrupt end. Over the course of 2015 into 2016, Xiaomi dropped from being the No.1 seller of smartphones in China to No.5 and lost market shares to bigger and more global brands as well as new local startups. One pundit opined that Xiaomi had gone from being a “unicorn” to a “unicorpse.”

A combination of slumping sales overall in smartphones due to peak penetration; bumps in the company’s supply chain, services and apps that did not function to peak performance; plus new competition and less-than-expected sales in services, had the company on the brink of irrelevancy and failure.

However, the company used the moment of crisis to rethink and reset the strategy for the future. The three pillars of the new strategy are:

- Services. The aim is to design, rollout and sell services at an accelerated pace. This now includes offering consumers thousands of movies, TV shows and other live video content, gaming, and a micro-lending service, among others.

- Stores. Opening stores became a new focus. In line with the New Retail and O2O (online to offline) models being pioneered by Alibaba and JD.com, Xiaomi stores focus on experience as much as on products. Realizing that buying phones or Xiaomi TVs was a low frequency event that did not keep people coming back, the company built stores that offer a huge array of tech peripherals, related products, experiential brand touchpoints and new market-demand-driven products such as its “connected” air purifiers, which only took two months to become the No.1 seller in China. The stores also feature fitness devices, games, smart rice cookers, pillows and smart home devices. By offering services, experience, connectedness, tech-driven shopping experiences and new hardware and software, the company now has the makings of its most important turnaround play—building an ecosystem.

- The Xiaomi ecosystem. In a New Retail world, as Alibaba’s Jack Ma puts it, “the combination of online, offline, technology and

of entry for the long-term plan of selling apps, entertainment products, software and services.

The phones gained market share at an almost unbelievable rate. Xiaomi became the No.1 smartphone seller in China in 2014. In the ensuing years, Xiaomi established itself as a major player in the smartphone world, producing dozens of new phone products and offering services across a wide variety of categories. It is currently the No.4 smartphone maker in the world and in addition to the frequently updated series of phones, Xiaomi produces tablets, laptops, apps, wearable cameras, software, e-commerce services and even a drone with a 1080p 4K

camera.

In recent years the company has been recognized by respected publications and organizations for its commitment to innovation.

In 2015, it was listed No.2 on the “50 Smartest” in the *MIT Technology Review*, which noted that “the fast-growing smartphone vendor is maturing beyond its original ‘cut-price Apple’ model with ideas like flash sales over its mobile messaging platform.” Xiaomi was recognized as No.3 on the list of Most Innovative Companies in 2014 by Fast Company “for reinventing the smartphone business model in the world’s largest mobile market.” That same year, Xiaomi was No.35



Xiaomi's booth at CeBIT 2015, a trade fair showcasing IT and communications products and solutions, in Hanover, Germany

logistics for a single value chain" is critical to success at home and abroad. Xiaomi has embraced the idea that it must build its own ecosystem.

### Worth \$100 billion?

The story of the rise, fall and rise of Xiaomi is at the heart of the differing opinions about the potential for a successful IPO and long-term success for the company as it tries to compete with the established titans of technology, telecom, retail and entertainment in China, and eventually globally.

There are critics of the "New Xiaomi" and its claims to a higher valuation. Many say that it still has to "earn its way" into such a large valuation, that the razor-thin margins on

hardware (which still account for 80 percent of its sales) have not yet produced compensating margins and profits in services and that there is a hype machine setting unrealistic goals for the IPO.

However, what is positive about Xiaomi's upcoming IPO and its future is that it has reshaped the company by:

- Building a connected hardware, software, services and New Retail model for business;
- Making innovation, customer centricity, customization and customer contribution central to its mission, with an especially unique fan base that is directly involved in helping the company design new products, add features and come up with fixes; and

- Focusing on globalization and utilizing a suite of components, technologies and services that are transferable to overseas markets.

With that said, it is hard to say at this point how the IPO will be priced, whether it will be over or under priced in the long run, and where it will land after the first days of trading. But the upside is that Xiaomi is based on global expansion, a huge patent portfolio, a budding ecosystem and some of the most loyal and engaged fans/consumers in the world.

### Where, when and why to list

Xiaomi built its reputation, perceived market valuation and potential capital raise on the



Customers purchase products at a newly opened Xiaomi store in Paris on May 22

strength of its commitment to innovation, focus on technology, a strong ecosystem and the development of a loyal and involved customer base.

We can view the excitement surrounding the potential offering as a sign of justified optimism of what is to come from Chinese company IPOs in 2018.

One challenge that well-funded Chinese unicorns currently have is deciding where to list. Hong Kong is making a strong bid to become the market of choice for Chinese IPOs due to cultural familiarity, time zone compatibility, new reforms and the ability to attract executives with more of a home-court advantage mindset.

As reported by CNBC earlier this year,

“A possible IPO of Xiaomi on the HKSE later this year would play into pending reforms.” The changes come after the Hong Kong exchange lost the mega \$25 billion IPO of e-commerce giant Alibaba to the NYSE in 2014 over issues related to the controversial dual-class voting structure.

“Alibaba became the largest global IPO, and its market cap astounded the Hong Kong exchange and woke it up to the need to make changes,” said Venture Capital investor Hans Tung from GGV Capital, a leading early investor in Alibaba.

New York exchanges such as the NYSE and NASDAQ have been the top choices in recent years for IPOs as Chinese technology, e-commerce and service companies look

to broaden their appeal and globalize. But with recent regulations making it easier and more favorable for Hong Kong listings and for companies listed on foreign exchanges to re-list on Chinese mainland exchanges through depository certificates, the balance of venues for new listings could change dramatically this year and into 2019.

Key Chinese companies to keep an eye on for hotly anticipated new public offerings include ride-hailing app Didi, which is looking for further globalization; Bytedance, the company behind the news app Toutiao; and Alibaba’s Ant Financial Services Group.

As the CNBC report put it, “Exchanges are eager to attract a crop of venture-backed Chinese tech titans to go public, and their private equity and venture capitalist backers certainly don’t mind getting liquidity from their sizable investments made several years ago in China’s emerging technology players.”

These factors are sure to play a role in where companies decide to list and how they will perform. Recent downturns in the list prices for JD.com, Vipshops and Sogo must be used to balance the conversation around the coming IPO storm.

What is not in doubt is that Chinese companies focused on technology, e-commerce, the sharing economy, gaming and telecom will be listing at greater rates than ever before and that there is an eager institutional and private investor audience eager to get onboard and ride the wave of new ideas and prosperity these companies can produce with their infusions of new capital.

Ultimately, the global investing community will judge the need and capacity for a big surge of new Chinese innovation-driven IPOs and Xiaomi may well be the bellwether for what happens over the next two years. ■

Copiedited by Rebeca Toledo  
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# All for One or One for All?

Clarifying the misunderstanding surrounding the Belt and Road Initiative By Hu Biliang



The author is a professor and Director of the Belt and Road Institute at Beijing Normal University

German newspaper *Handelsblatt* reported in April that the ambassadors to China of 27 European Union (EU) member states had compiled a report criticizing the Belt and Road Initiative for unfairly advantaging Chinese companies, dividing the EU and hampering free trade. In short, according to the report, the initiative serves only the interests of China itself.

Given that this mega-scale development concept was proposed only five years ago, and much of the affiliated construction work is still in its initial stages, it is not surprising that multiple opinions and viewpoints abound.

Thus far, a batch of investment and construction projects involving infrastructure and energy have been launched along with supporting financial institutions such as the Silk Road Fund, the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB), all of which were made possible through international cooperation. China has also tried to pool international wisdom and increase global understanding of the Belt and Road Initiative by hosting a variety of mutual exchange programs including the Belt and Road Forum for International Cooperation last year.

Yet in spite of these efforts, international understanding of the initiative remains inadequate, and the reasons why deserves circumspection.

## Who benefits?

One popular view among Belt and Road skeptics is that Chinese enterprises monopolize Belt and Road projects, with few foreign companies afforded the same breadth of opportunity. Some claim this is the result of preferential treatment in the awarding of public contracts. However, by this logic, if the Belt and Road Initiative—an international development roadmap—served only the interests of China, it would be ill-supported

and unsustainable, eventually damaging the interests of the Chinese companies which provide the investment, and ultimately China itself.

So why does such an impression exist despite being illogical?

At the initial stage of Belt and Road construction, most undertakings are large infrastructure projects which require heavy investment, a lengthy construction process, and high risk with limited short-term return. China intended for international collaboration on such projects, but few countries or overseas companies have been willing to get involved during these nascent phases, or to share the risks together with their Chinese counterparts.

In light of this, some Chinese state-owned enterprises have had no choice but to carry on by themselves at the initial stage. Once the backbone of these infrastructure developments is complete, the investment landscape of the countries in which they are located will be drastically improved and the corresponding risks will be greatly reduced. At this point we will likely see more and more investment from diversified sources choosing to become active in projects along the Silk routes.

Some claim that the Belt and Road Initiative gives China convenient access to raw materials. There is nothing fundamentally untrue about this claim, nor is there anything wrong with raw material trading with countries along the Silk routes according to the rules of international trade. This exchange of goods not only meets the demand in China, but also significantly contributes to the economic development of the exporting nations. All these trade practices conform to international trade rules, and are based on mutual benefits free from coercion.

It is also true that the development of the Belt and Road Initiative can help reduce China's surplus capacity. Some Chinese enterprises are moving production capacity to these countries—reducing China's surplus capacity but at the same time, and perhaps more importantly, promoting the industrialization of these partner nations. For instance, in China, excess production capacity exists in the steel, cement and plate glass industries, yet these materials are in high demand among developing countries looking to rapidly build their infrastructure. Therefore,

China's international capacity cooperation is an arrangement mutually beneficial by design.

## Aiding the EU

While many misunderstandings over the Belt and Road Initiative are attributable to insufficient knowledge, some of the criticisms mentioned in the report are less defensible, and the claims that the initiative aims to divide the EU and shape globalization to suit China's own interests lacks any coherent justification.

China has always been a staunch supporter of European integration. During the course of this process, China has deepened cooperation with EU members in the construction of ports and railways in an attempt to bolster economic and trade relations between China and Europe. This can not only strengthen ties between China and Europe but also drive the process of European integration and economic synthesis across Eurasia. It thus seems contradictory to suggest that China's intention is to divide the union.

It is also explicit that the Belt and Road Initiative represents a new way to safeguard globalization. It is a program devised to serve the shared development of both China and the world, particularly focused on facilitating the economic take-off of developing countries.

China has declared explicitly to build the Belt and Road international cooperation platform jointly with partners to ensure that the program would be a collaborative one. It has also been stated on numerous occasions that the Belt and Road Initiative aims to build a community with a shared future for mankind together with every member of the international community. China has made joint efforts to build multilateral financial institutions such as the AIIB and the NDB so as to provide financial support to developing countries trying to improve infrastructure, while the Center for International Knowledge on Development looks to share China's development experiences with other emerging economies.

China's efforts toward safeguarding globalization will likely help the country gain greater influence in the global arena. But this influence is a positive one which can



China Railway Express containers at Duisburg Intermodal Terminal in Germany. Duisburg is Germany's biggest inland port and an important stops for China Railway Express

help enhance the sustainable growth of the global economy, build a world without poverty, advance globalization, improve systems of global governance and promote the common development of mankind while safeguarding world peace.

The report also accused the Belt and Road Initiative of hampering free trade. On the contrary, by linking different regions through the construction of infrastructure, transport and economic corridors, the initiative can in fact create a more liberalized and open environment for international trade. Through the establishment of a worldwide network of transport and infrastructure, more players than ever before will be able to partake in global trade, heralding a new era of participation in international exchange.

### No creditor imperialism

Another recent accusation, by Indian scholar Brahma Chellaney, is that the Belt and Road Initiative represents a kind of creditor

imperialism. According to Chellaney, by providing large quantities of cheap debt to countries along the Silk routes, China is purposefully creating a "debt trap" for these governments, forcing them to cede both natural assets and sovereignty. Chellaney's idea was later seized upon by the media in the United States, Japan and Australia.

Indeed, much of the financial support for the construction of Belt and Road projects comes from Chinese or China-proposed financial institutions, and so some countries have borrowed a large number of cheap loans from China. But it is a big leap to assume that China is intentionally creating a debt trap from which it can benefit further down the line. In promoting the initiative, China has followed the principles of broad consultation, joint contribution and shared benefits, neither enforcing political conditions nor coercing others into deals. Every arrangement is based on voluntary and equal cooperation.

Prior to collaborating on projects, China

and its partners conduct a joint assessment on the sustainability, economic and social benefits of projects, in an attempt to avoid risks and potentially negative outcomes for either party. For example, total investment in the China-Laos railway project is \$7 billion, of which \$2.1 billion is funded by the Laotian Government by borrowing a 30-year low-interest loan from the Export-Import Bank of China. According to the deal, the Laotian Government will pay back \$0.1 billion every year. After a feasibility assessment, both countries agreed that such a plan is workable, and even if the Laotian Government is unable to meet the financial repayments, it can instead opt to provide China with potassium carbonate, a common trade item between the two countries, as a substitute for cash. This is an example of how Belt and Road collaboration is premised on the basis of equality, mutual benefit and trust. ■

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# Regional Stability

The 17th Shangri-La Dialogue was held in Singapore on June 1-3, with the Korean Peninsula nuclear issue, regional and non-traditional security challenges, and China's role in the Asia-Pacific region, widely discussed at the three-day event. The following is an edited excerpt of a Xinhua News Agency report on the event:

**C**hina advocates common, comprehensive, cooperative and sustainable security, takes win-win cooperation as the core of new international relations based on partnerships instead of alliances, and strives to pursue a new path of security, which is built by all, shared by all, beneficial for all and safeguarded by all," said He Lei, Vice President of the Academy of Military Science of the Chinese People's Liberation Army and the head of the Chinese delegation to the 17th Shangri-La Dialogue.

## Korean denuclearization

The Korean nuclear issue has made positive progress recently. U.S. President Donald Trump said on June 1 that he would meet with the top leader of the Democratic People's Republic of Korea (DPRK) Kim Jong Un on June 12 in Singapore.

"This time is different and North Korea has a new leader now. I believe that North Korea is looking to change the course of history and taking decisive action toward that," said South Korean Defense Minister Song Young Moo, expressing his belief that the efforts made by the leaders of the two countries will mark the start of a new era.

"In the short term, a big challenge for Asia-Pacific security is the Korean Peninsula nuclear issue, and even if it is managed, coping with that would be a big long-term challenge," said Tim Huxley, Executive Director of the International Institute for Strategic Studies-Asia, the organizer of the conference in Singapore.

"The DPRK promised to discontinue its nuclear tests before reaching any agreement with the United States, laying the

foundation for the denuclearization of the Korean Peninsula," said Chen Gang, Assistant Director of Policy Research at the East Asian Institute of the National University of Singapore.

China is committed to facilitating peace talks and will only play a positive role, Chen said.

## Non-traditional threats

Besides traditional international security issues, terrorism, separatism, and online security were also in focus at the conference. Most participants agreed that countries should team up to fight non-traditional security threats.

Indonesian Defense Minister Ryamizard Ryacudu called upon countries to be more vigilant and focus on unity by "enlarging our similarities and minimizing differences" to anticipate the evolution of real threats such as "terrorism and radicalism, separatism and armed rebellion, natural and environmental disasters, [and] border area disputes."

The above mentioned threats are not limited by national boundaries, are unpredictable in their occurrence, and random in their choice of victims, he said.

"All countries must coordinate their national instruments of law enforcement, diplomacy, economy, development policy and the military, and then apply a well-tailored and targeted mix of measures," said German Minister of Defense Ursula von der Leyen.

"Internationally we need to cooperate even more closely in our respective regional organizations and alliances. When poverty grows radicalization, it is education, human security and jobs which foster reconciliation, stability and peace," she said.

## China's positive role

Representatives at the conference also discussed China's role in the Asia-Pacific, stressing that China has contributed to peace and stability in the region.

China has offered positive views on regional economic integration, and has suggested new security concepts according to the Asia-Pacific Regional Security Assessment 2018, a report issued by the International Institute for Strategic Studies.

"No other country's relationship with India has as many layers as our relations with China," with the two countries having displayed "maturity and wisdom" in managing issues and ensuring a peaceful border, said Indian Prime Minister Narendra Modi in his keynote speech at the conference.

Asia and the world will have a better future when India and China work together in trust and confidence, sensitive to each other's interests, he said.

"We should also acknowledge that a prosperous China, constructively engaged in global affairs, is a good thing. It is not possible to address global challenges such as climate change without China's involvement," Australian Minister for Defense Marise Payne said at the conference.

In practice, new comprehensive security concepts proposed by China are replacing zero-sum games in dealing with international relations, said Oh Ei Sun, a special adviser for international affairs at Malaysia's Asian Strategy and Leadership Institute.

China's policy for Asia-Pacific security cooperation talks about the sustainability of the security order and building new foreign relations—this is different from the zero-sum and Cold-War mentality, said Asanga Abeyagoonasekera, Director General of the Institute of National Security Studies in Sri Lanka. ■

**China's policy for Asia-Pacific security cooperation talks about the sustainability of the security order and building new foreign relations**



# Reaching for the Moon

China-Russia economic ties have unlimited potential By Lu Yan

**T**rade volume between China and Russia is expected to reach or exceed \$100 billion this year, according to China's Ministry of Commerce, as the country continues to be Russia's largest trading partner for the eighth consecutive year. Bilateral trade totaled over \$84 billion in 2017, up 20.8 percent year on year and China's direct investment in Russia surged 72 percent to reach \$2.22 billion last year.

Despite the rapidly growing economic relationship, both Chinese and Russian scholars claimed that there was huge potential that could be further tapped for bilateral economic cooperation. At the China-Russia Think-Tank Forum held in Beijing on May 29-30, scholars from both countries expounded on the deepening bilateral relations.

"The bilateral trade scale is still far from enough. To fully tap the huge potential for further economic and trade cooperation, the two countries need to overcome some barriers ahead," Li Xin, head of the Center for Russian and Central Asian Studies of Shanghai Institutes for International Studies, said at the event.

## Room for growth

The two-day forum, which has attracted over 300 attendees, was jointly held by the Chinese Academy of Social Sciences and the Russian International Affairs Council. Experts from political, academic and business circles from both countries expressed their opinions on current China-Russia economic and trade relations and areas that the two countries can further explore.

During a panel discussion on China-Russia economic relations, Li pointed out that bilateral trade has been adversely affected by the international price of oil and external factors. "It is mostly because of the goods structure of Russia's foreign trade," Li said.

He added that China's trade surplus with Russia is also a challenge. Russia's exports are mainly crude oil, raw materials and wood products, while 60 percent of China's exports are mostly textiles, mechanical and electrical products. The value of China's exports to Russia is higher, which has led to a trade surplus for China.

Yevgeny Nadorshin, chief economist at PF Capital in Moscow, noted that the economic and trade exchanges between China and Russia could go further. Although the Chinese Government and especially state-owned



Workers from the China Railway Construction Corporation operate a crane at a subway construction site in Moscow on June 4

companies have provided strong support to Russia's industrial development, direct investment from China is small compared to the entire economic volume of the two countries.

"Both China and Russia are undergoing a period of economic transformation and facing uncertainties. We should share our technologies and experiences," Nadorshin said. For instance, China is a big light-industry production country with a complete manufacturing system, which is lacking in Russia. On the other hand, Russia can offer its technologies in fields like nuclear energy and aerospace. "Unfortunately such exchanges are rarely seen between our countries," he said.

## Sky's the limit

In recent years, new developments have emerged between the two countries that point to a great future potential. Agricultural products and e-commerce trade have grown quickly, leading to the signing of a memorandum of understanding last year on furthering cooperation in agriculture, deepening practical cooperation in agricultural science and technology, investment and trade, animal health, plant disease and pest control. According to Li, on account of the China-U.S. trade friction, China may further increase imports from Russia.

"In the future, we should promote the connection between the Belt and Road Initiative and the Eurasian Economic Union (EAEU) and

facilitate trade and investment. We have already signed comprehensive economic and trade deals, and we expect more," Li said.

On May 17, the EAEU signed an agreement on trade and economic cooperation with China, the first major systemic arrangement between the two sides, where it was agreed to further simplify procedures for customs clearance and cut costs for trade in goods by strengthening cooperation and exchange of information.

Li suggested that as two major market economies, China and Russia should prevent their companies from being pressured by political factors. Instead, they should respect the rule of the market and raise the share of high value-added products in bilateral trade and further explore cooperation in infrastructure and high technology.

Victor Lavrentyevich Larin, head of the Institute of History, Archaeology and Ethnography of the Peoples of the Far-East under the Russian Academy of Science, suggested that the maritime economy can be a new growth point for China-Russia bilateral trade.

Li concluded by emphasizing, "There's one important aspect we should not ignore. Companies from both countries should increase mutual trust and reduce misunderstanding through people-to-people exchanges." ■

Copyedited by Rebeca Toledo  
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# Pressing Forward

Industry professionals discuss media cooperation and cultural exchange ahead of the SCO summit **By Wen Qing**

**U**nder the theme of “carrying on the Shanghai Spirit and Ushering in a New Era for Media Cooperation,” the first Shanghai Cooperation Organization (SCO) media summit was held on June 1 in Beijing, attracting over 110 media outlets from 16 countries.

The summit was initially proposed by Chinese President Xi Jinping last year in the Kazakh capital of Astana, where he suggested that it could enhance people-to-people exchanges among SCO member states. Xi

reiterated these views in a congratulatory letter to the summit, adding that he hoped the event would play a positive role in the further development of the organization.

## Bridging hearts

In the modern world, as information technology develops ever more rapidly, the media plays an increasingly significant role in communication between people and cross-cultural exchange, Xi wrote in the letter.

The media can enhance people-to-people exchanges and communication and cooperation in other areas among SCO members. Xi called on the media to promote the Shanghai Spirit and to lay the foundations for practical cooperation by facilitating amicable communication between participatory nations.

“The media can serve as a bridge connecting the hearts of people in different countries, and it has played a significant role



Huang Kunming, Minister of the Publicity Department of the Communist Party of China Central Committee, gives a keynote speech at the first SCO media summit in Beijing on June 1

in the development of the SCO so far," said Huang Kunming, Minister of the Publicity Department of the Communist Party of China Central Committee and a member of its Political Bureau, in a keynote speech at the summit. Huang noted that many Chinese media outlets have established communication and cooperation mechanisms with the mainstream media of other SCO member countries. Through media platforms in China, people can find out about the development of other countries in the SCO, and the people in these countries can in turn better understand China through programs broadcast via their own media.

SCO Secretary-General Rashid Alimov said in a speech at the opening ceremony that the SCO has made contributions in promoting security and enhancing economic and people-to-people exchanges. The media should play a positive role in objectively reporting the work of the SCO and promoting its image, he said.

Ainura Temirbekova, Kyrgyzstan's Deputy Minister of Culture, Information and Tourism, said that Kyrgyzstan supports China's initiative to deepen media cooperation. "The SCO has become one big family following 17 years of development. To communicate the voice of the SCO is the media's responsibility. We should build and share an information network together," she said.

Parvizi Davlatzoda, Tajikistan's Ambassador to China, said that SCO media cooperation can not only introduce each other's development advantages, but also contribute to deepening mutual understanding, which is the basis for multilateral cooperation in various fields.

The leaders of SCO countries stressed the media's role in enhancing mutual understanding, with industry professionals like He Xiaolan from the Shanghai Media Group echoing this opinion. She said her company is working with the Russian SPB to record oral history by interviewing soldiers who fought in World War II (WWII). The huge sacrifices and contributions made by China and Russia in WWII mean that such a project can promote bilateral friendships, she added.

Indrani Bagchi, an editor at *The Times of India*, stressed the role of movies in cross-cultural exchange. Indian movies have spread widely among SCO member countries and many people have come to know India better through its films. Bagchi suggested tapping more of the potential for cooperation in movies and other creative ventures.

## Unbalanced development

The media has played an increasingly significant role in improving mutual understanding between the people of different countries. Yet, in the eyes of many media professionals, the influence of the media in developing and developed countries is unbalanced and exchanges among SCO countries are insufficient. According to Hu Xijin, Editor in Chief of the *Global Times*, when news breaks in some SCO countries it is beyond the reach of Chinese news agencies and they instead often quote or republish reports from the Western media, which often lacks subjectivity. Hu suggested that media outlets among SCO countries establish an information exchange mechanism to offer each other timely and true information about events in their own countries so that more objective news can be

reported.

"I hope one day we can source information from media outlets in Tajikistan and Afghanistan when we report their news, rather than from Reuters or the Associated Press. If we can reach an agreement on this, it will be huge progress," Hu said.

Alexey Nikolov, Managing Director of Russia Today, also mentioned the imbalance of media influence around the world. In his opinion, due to the powerful influence of the Western media, people's attention is often diverted toward the West, with voices from other parts of the world ignored. Nikolov gave the example of nine journalists who died in a recent terrorist attack in Afghanistan, and the limited coverage of the event.

It is our duty to objectively and fairly report the news around the world. Yet the current situation requires us to do more, which is why we plan to sit down and establish more contact with each other, Nikolov said.

## Pragmatic measures

Participants at the media summit also shared their own insights on how to accelerate and deepen media cooperation among SCO member states. One frequently mentioned suggestion was to establish platforms through which the media can conduct regular exchanges. Makhdoom Babar, Editor in Chief of the *Daily Mail* in Pakistan, told *Beijing Review* that the SCO media summit provided a good opportunity for communication among media outlets, especially those with a hawkish attitude toward one another, as is the case with some publications in India and Pakistan. Babar said that holding the summit every year would provide a boost to the media industry.

Nikolov agrees. He told *Beijing Review* that in the future he hopes more editors and journalists will participate in this kind of summit, in addition to industry leaders. They can draw from each other's strength, he said.

Anton Anisimov, Deputy Editor in Chief of Sputnik News Agency and Radio, noted the importance of establishing a mechanism for interaction. In his opinion, the Pulitzer Prizes are mostly organized and awarded according to Western values. As a means to deepen cooperation and encourage quality reporting, the SCO should establish its own journalism prize, he said.

Zhang Xinxin, President of the China News Service, suggested establishing a press association. An official website should be set up under the guidance of this organization, later concrete measures such as organizing joint interviews and trainings can be conducted. ■



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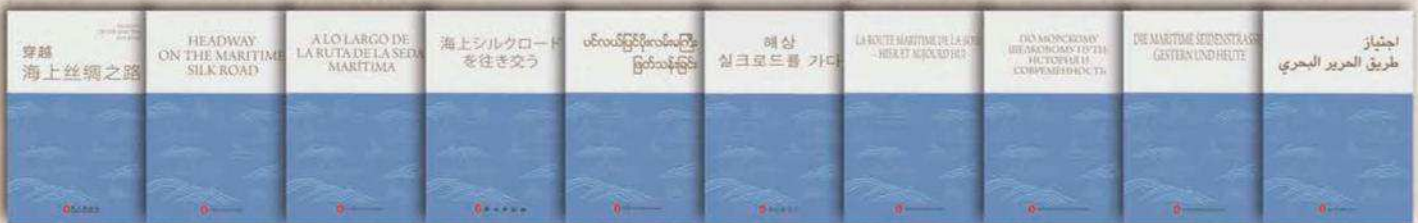


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### Building the Belt and Road: Philosophy, Practice and China's Contribution

*Building the Belt and Road: Philosophy, Practice and China's Contribution* (in multi-language) is a programmatic document produced by the Office of the Leading Group for the Belt and Road Initiative and published to coincide with the opening of the Belt and Road Forum for International Cooperation. The book provides a clear account of the philosophy, the nature, and the specifics of the Belt and Road Initiative, and summarizes the early results achieved through B&R cooperation.



### Headway on the Maritime Silk Road

*Headway on the Maritime Silk Road* is a book generously illustrated with photos from the documentary film of same name on CCTV. It tells the stories of more than 30 figures from around a dozen countries along the Maritime Silk Road. Inheriting the pioneering spirit of their enterprising ancestors, these figures have received family businesses or passed them on, and the core of their work is exchange with people of different cultures. Through the personal stories of these ordinary people, the book draws together the threads of a Silk Road that has lasted for thousands of years, in which Chinese, Indian, Arabic and European civilizations communicate with each other and coexist in harmony. With more than 200 illustrations, the book brings to life the countries that lie along the Maritime Silk Road and their fascinating inhabitants.

### Belt and Road Series

The "Belt and Road Series" makes a systematic explanation on the history, development and cooperation focus of the Belt and Road Initiative. It displays China's sense of responsibility, and its goodwill to develop together with other countries and build a community of shared destiny.



More than two millennia ago the diligent and courageous people of Eurasia explored and opened up several routes of trade and cultural exchanges that linked the major civilizations of Asia, Europe and Africa, collectively called the Silk Road by later generations. For thousands of years, the Silk Road Spirit – "peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit" – has been passed from generation to generation, promoted the progress of human civilization, and contributed greatly to the prosperity and development of the countries along the Silk Road. In the 21st century, it is all the more important for us to carry on the Silk Road Spirit.



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# Pursuit of Progress

China continues reform and opening up to meet the challenges of a changing world

By Xia Yipu



A container terminal at the port of Qingdao in east China's Shandong Province

**T**he 19th National Congress of the Communist Party of China (CPC) declared in October 2017 that socialism with Chinese characteristics had entered a new era, charting a new historical direction for China's development.

In this new era, the Chinese nation is experiencing a tremendous transformation: it has stood up, grown rich, and is now becoming strong. In recent times, the Chinese

nation has become independent and more prosperous. The key to this is the CPC and the Chinese people's correct understanding of the characteristics of the times, as well as the guidance of the theory of socialism with Chinese characteristics and the opportunities availed during 40 years of reform and opening up.

Peace and development remain the call of our time. China is still in the primary stage of socialism and this basic national condition has not changed. China's international status as the world's largest developing country also remains unchanged. This determines that China must adhere to and develop socialism with Chinese characteristics and strengthen its confidence in the path, theory, system, and culture that it offers.

The country's determination and confidence in realizing the great dream of national rejuvenation and carrying out the great struggle of responding to major challenges, withstanding major risks, overcoming major obstacles and addressing major conflicts, the great project of Party building and the great cause of building socialism with Chinese characteristics have not changed.

Four decades ago, Deng Xiaoping, the initial architect of reform and opening up, raised the question of where China was going, what socialism is and how it could be achieved. The second generation of the CPC leadership, with Deng at its core, pointed out that poverty is not in keeping with socialism. The essence of socialism is to unleash and develop productive forces and ultimately achieve common prosperity. These thoughts and answers to the major problems of China's future and destiny constitute the essence of the theory of socialism with Chinese characteristics.

Profound changes have taken place in the world today. The contemporary international community has become more multipolar, more globalized and more diversified, while technology has become the

basis of modern society.

Just as they were 40 years ago, the Chinese people are now facing new questions. On April 10, Chinese President Xi Jinping attended the opening ceremony of the 2018 annual conference of the Boao Forum for Asia and delivered a keynote speech. Xi said that for a country and a nation to rejuvenate, it must progress along the tide of history.

The trend of history is moving toward a future in which human society will gradually become a community with a shared future, where the common well-being of all mankind will be pursued, and where development will be achieved through peaceful cooperation, openness, harmony, reform and innovation.

Therefore, China should open its mind, adhere to peace, cooperation and openness, and consciously integrate its own development with that of the world.

China will be a responsible, modern, socialist country, and will work together with people in the rest of the world to strive for the establishment of a peaceful, stable, prosperous, open and beautiful global community.

## Embracing the world

At the opening ceremony of the Boao Forum, Xi described economic globalization as an irreversible historical trend. China's door to the world will not be closed, he said, but will instead open wider still.

Only by opening its door wider will China have the opportunity to communicate with the international community, integrate into world development, offer wisdom to the progress of human civilization, realize the common advancement of more countries and regions, and contribute to the global economy.

In this way China can also show its philosophy to the world, contribute to building a community with a shared future for man-

# NATION 40 YEARS OF REFORM AND OPENING UP

Staff work on a production line of BMW Brilliance, a joint venture between BMW and Brilliance Auto, in Shenyang, northeast China's Liaoning Province, on May 23



kind, and safeguard world peace.

Opening wider is incumbent on China in its role as a responsible major country. Through the Belt and Road Initiative, it can promote peaceful cooperation, openness, inclusiveness, and consultation based on mutual respect and benefit.

Opening is the prerequisite for integration, and integration is the purpose and result of openness. On January 28, 2013, Xi said that China should have a global vision, better integrate domestic development with opening up to the outside world, and combine the interests of the Chinese people with those of all people.

China's reform and opening up represents a voluntary embrace of economic globalization and active integration into the prosperous future of human society.

Economic globalization is a trend which facilitates trade, investment, personnel flow and technological development.

If China wants to develop, it must not shut its door. The country must continue to integrate into the world and contribute to the building of an open and reasonable international order. China must seize global strategic opportunities, cope with challenges properly, handle international and domestic situations coordinately, promote more equitable and reasonable global governance, and create favorable conditions for its development and world peace.

"An integrated world is there. Whoever refuses the world will be refused by it," Xi said at a meeting commemorating the 200th anniversary of Karl Marx's birth.

## Reform and innovation

Unlike the 1950s and 1960s, when China gave priority to developing heavy industry, at the beginning of reform and opening up the gov-

ernment encouraged and developed relatively small labor-intensive industries, making good use of the country's comparative advantage in cheap and abundant labor. Such industries seized a share of the domestic and international market, greatly promoting China's economic and social development.

With the continuous expansion of the global market and profound changes in the world order, China is moving closer to the center of the international stage. China's development model has faced many problems in areas such as human resources, exchange rates and natural resources. Moreover, it should not be satisfied with its role as a world factory. The key to changing this is the development of core technology and the ownership of proprietary intellectual property rights.

Innovation is the primary driving force for development and the bedrock for building a modern economic system. Only through continuous reform and innovation can China continue to generate sustained economic growth.

However, it must be acknowledged that

a lack of innovation is still an issue inhibiting China's development. Without mastery of core technologies, technical barriers will appear sooner or later.

Yet through reform and opening up, China continues to develop and create. It is no longer simply an imitator or follower, but steadily becoming an innovator and trailblazer.

## Common well-being

Economic globalization is both a trend and a means. Its fundamental goal is to let the people of every country share the fruit of social development. China promotes globalization and global governance following the principle of achieving shared growth through discussion and collaboration, so as to make new and greater contributions to humankind, establish and improve the multilateral trading system and promote more open, inclusive, balanced and mutually beneficial global economic growth.

In the modern world, countries are more interdependent, which inevitably brings greater uncertainty and instability. As a representative of emerging economies and





Villagers in Qiannanyu Village in north China's Hebei Province pick cherries on May 25. The village is one of many pursuing green development

developing countries, China is increasingly involved in improving global governance, taking on more important international responsibilities, effectively increasing its overall impact on the development of the world economy, and providing the international community with timely, effective and diversified public goods.

In August 2014, during a visit to Mongolia, President Xi said that all countries are welcome to board the train of China's development. The idea that "to go fast, go alone, but to go far, go together" reflects China's willingness to promote the common progress and well-being of humankind. At the core of China's development is the desire to share opportunities and interests, achieve mutually beneficial results, and to make these outcomes bigger and more evenly distributed.

A harmonious world is an ideal envisioned in traditional Chinese culture. The concept of a community with a shared future for mankind is a response to historic changes. The shared aspect of these visions is that they focus on human liberation, hap-

piness and development.

In this interconnected world, people should seize the opportunity presented by globalization to set up a community with a shared future. People should trust each other, jointly cope with the crises and challenges facing humanity, and achieve shared growth through discussion and collaboration.

The process of reform and opening up that started 40 years ago is the key to determining the destiny of contemporary China. It is indispensable for the liberation and development of social productivity, and is the only way to adapt to the new scientific and technological revolution of our times.

The successful experience of socialism with Chinese characteristics has injected new vitality into the international socialist movement, accelerated the multipolarization of the world, and provided a new choice for nations that hope to fast-track their development and maintain their independence.

China's reform and opening up is the result of the Chinese people's conscious exploration of scientific socialism in China and their efforts in sinicizing and popular-

izing Marxist doctrine. It is a path that the Chinese people have chosen to make the country strong. It could be said that reform and opening up is the inevitable result of the combination of scientific theories of socialism with China's own development practices. It is in this sense that President Xi emphasizes that socialism with Chinese characteristics is essentially the application of the scientific socialism founded by Marx and Engels to China's contemporary reality.

China has entered a new era. The best way to commemorate reform and opening up is to continue on the path toward development that it has created, by devoting greater effort to innovation, linking China's national interests with the well-being of all human beings, and pursuing the freedom, liberation and happiness of humankind. ■

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Vice Premier Han Zheng (left) attends the unveiling ceremony of the Ministry of Natural Resources on April 10



A Shanghai resident applies for a travel document at the Shanghai Public Security Bureau on May 31. The newly established State Immigration Administration has simplified the application procedure

**A** day before World Environment Day on June 5, the new Ministry of Ecology and Environment bared its teeth on the governments of three localities after concluding that they had not taken strong enough measures to correct environmental problems exposed during earlier inspections. The ministry summoned their leaders and demanded they rectify the situation.

Previously known as the Ministry of Environmental Protection, it obtained its current name after the 13th National People's Congress approved a government reshuffle in March.

As of May 31, all of the 25 institutions involved in the reshuffle had been launched, according to Xinhua News Agency.

"From the Ministry of Environmental Protection to the Ministry of Ecology and Environment, the change is not just in name," said Liu Youbin, a spokesperson for the restructured ministry. He said that it will make relevant plans to ensure a smooth transition between the old and new institutions, so that the new organization operates efficiently and fulfills its new responsibilities.

This round of reshuffling not only covers Communist Party of China (CPC) and state institutions, but also legislative and political advisory bodies, judicial, military and social organizations. Changes at the Central Government level are scheduled to be completed by the end of this year.

## Into action

The first newly-created organization that went into operation was the National Supervisory Commission. It was inaugurated on March 23, two days after the CPC Central Committee published its plan to deepen the reform of Party and state organs.

The commission was set up to strengthen the Party's centralized leadership on anti-corruption work. It will both enforce Party discipline and oversee all people exercising public power.

China's Supervisory Law stipulates that the list to be supervised include Party cadres and civil servants, as well as employees of public institutions, managers of state-owned enterprises and community-level people's self-governing organizations. The commission's role is mainly to handle cases

# Up and Running

Newly-formed institutions unveiled as part of government reshuffle By Wang Hairong

of corruption, dereliction of duty and other duty-related crimes.

In May, the commission announced that it had started investigations against Zhang Shaochun, former Vice Finance Minister, and Pu Bo, former Deputy Governor of Guizhou Province, for serious suspected violations of Party discipline and laws.

The State Immigration Administration (SIA), a new organization, was launched on April 2, and has already introduced several new initiatives. It announced that beginning on May 1, tourists from 59 countries can now visit south China's Hainan Province without a visa.

This visa-free policy will attract more international tourists to Hainan, boosting the island province's image as an international tourist resort and promoting its development, said Min Haiyun, an SIA official, at a press conference unveiling the policy.

The visa waiver has produced immediate results. In May, tourists from the 59 countries made over 24,000 visits to Hainan, up 8 percent year on year, according to figures from the provincial public security department.

Since 2000, visa waivers for Hainan have been granted to group travelers from 21 countries who can stay for up to 15 days, said SIA's Deputy Director Qu Yunhai. In 2010, the waiver was expanded to cover tourists from 26 countries. And now with the number increased to 59, the length of stay has also been extended to one month, Qu said, adding that solo travelers can also enjoy the waiver.

The new administration was created to develop immigration policies, manage border entries and exits, and improve visa management in response to an increasing number of foreigners living and working in China.

But it is also geared to making Chinese citizens' outbound travel easier. In April 26, it announced a policy to simplify the application procedure for outbound Chinese nationals.

In the past several weeks, these new central organizations have mushroomed one after another. The Ministry of Emergency Management was unveiled on April 16. It has been diligently fulfilling its responsibilities, handling a coal mine explosion on June 5 in Benxi, northeast China's Liaoning Province. According to the ministry, explosives went

## Quick Facts

Since 1981, the central departments of the Communist Party of China have been reshuffled four times in 1982, 1988, 1993 and 1999. State Council, China's cabinet, institutions have undergone seven restructuring in 1982, 1988, 1993, 1998, 2003, 2008 and 2013.

(Source: *China News Agency*)

off at the wellhead of the coal mine, initially resulting in 11 deaths, nine injuries and 25 people trapped underground.

After receiving the report, the ministry immediately dispatched a work group to the site, and its leaders coordinated and directed rescue work via a video link. As of midday on June 6, of those trapped, 23 had been rescued, while two remained missing.

The last central organ to be unveiled was the State Medical Insurance Administration, which was launched on May 31. Its main responsibilities include formulating policies, plans and standards regarding medical insurance and assistance, supervising related funds, improving cross-region cost-settlement platforms, and formulating pharmaceutical purchasing policies and standards.

## Being streamlined

The reshuffle was initiated after problems were found with the previous structure of Party and state organs such as unclear responsibilities, cross-regulation and weak supervision. It is aimed at solving existing problems, said State Councilor Wang Yong.

The move will strengthen government function in economic management, market supervision, social management, public service and ecological and environmental protection, said Wang.

After the reshuffle, the number of ministerial-level entities under the State Council, China's cabinet, has been reduced by eight and vice-ministerial-level entities by seven, he added.

Besides the SIA, other new organizations include the Ministry of Veterans Affairs, the Ministry of Emergency Management and the

International Development and Cooperation Agency primarily tasked with handling foreign aid-related issues.

A number of organizations were formed by merging existing institutions or similar departments.

For example, the Ministry of Culture and Tourism is an annexation of the former Ministry of Culture and State Tourism Administration.

The former Party School of the Central Committee of the CPC and the Chinese Academy of Governance were merged to form a new school, which bears the name of the former. The Banking and Insurance Regulatory Commission replaced the former China Banking Regulatory Commission and China Insurance Regulatory Commission.

Previously, natural resources were managed by several government ministries. The National Development and Reform Commission was responsible for planning major functioning zones. The Ministry of Housing and Urban-Rural Development covered urban and rural land. The Ministry of Water Resources was responsible for water resource surveys and ownership registration and management, while the Ministry of Agriculture dealt with work related to grassland. The State Forestry Administration and the State Oceanic Administration covered their own respective fields.

Now, all of these responsibilities come under the newly formed Ministry of Natural Resources, which oversees the development, utilization and protection of natural resources.

"A salient feature of this institutional reform is that Party and state organs are reformed simultaneously and in a coordinated manner, and the Party's leadership is highlighted," said Zhang Xixian, a professor with the Party School of the Central Committee of the CPC.

A good example is the overlapping work of the United Front Work Department of the CPC Central Committee and the Overseas Chinese Affairs of the State Council, which both handled overseas Chinese affairs. After the institutional overhaul, the latter was incorporated into the former. ■

# Olympic Feats

## Construction on venues for the 2022 Winter Olympics gears up By Yuan Yuan

**D**ubbed the Ice Ribbon, the skating venue for the 2022 Winter Olympic Games in Beijing (Beijing 2022) won praise from the International Skating Union (ISU) on May 27, though it is still under construction. As the only new permanent structure being built specifically for the Games in Beijing's downtown, it is expected to be completed by the end of 2019.

Featuring 22 separate light strands flowing up and around the oval, with a distinctive and poetic facade, the National Speed Skating Oval (NSSO) can accommodate 12,000 spectators, including 6,800 permanent and 5,200 temporary seats. The design is flexible so as to enable it to stage long- and short-track speed skating, figure skating, ice hockey and curling competitions.

In the lead up to and during Beijing 2022, the NSSO, which began construction in April 2017, will be the home of Olympic training and competition for speed skating events. After the Games, the 31.6-meter-

high gymnasium will open for public ice sporting events.

"I'm sure the athletes will be very fascinated with and happy to be welcomed by such a venue in 2022," Vice President of ISU, Tron Espeli, said. "It's very encouraging to see coexistence between speed skating and other ice sports and public use in the oval's post-Olympic utilization plan."

### Speeding things up

The construction on Beijing 2022 venues will be accelerated this year, according to a plan released by organizers on May 31. Co-hosted by Beijing and Zhangjiakou in Hebei Province, the competitions will be split between the two cities, or three clusters, to be more accurate: the Beijing downtown cluster, the Yanqing cluster in Beijing's northwestern suburban district of Yanqing and the Zhangjiakou cluster.

According to the layout plans for 2022

Winter Olympic venues unveiled by Beijing on February 20, 2014, five ice events will be held in Beijing's downtown cluster while the luge, bobsleigh and alpine skiing events will be held in the Xiaohaituo Mountain area in the Yanqing cluster, 90 km from Beijing's city center. All other skiing events will be held in Chongli County, Zhangjiakou, 220 km from downtown Beijing and 130 km from the Xiaohaituo Mountain area.

Among the 26 venues for the Games, 18 are located in Beijing, including both competitive and non-competitive sites. Of them, five new venues are set to be completed by June 2020, with eight renovated venues to be completed by 2021.

With ample snow in the winter and high-altitude mountains, Yanqing is ideal for the luge, bobsleigh and alpine skiing events. The design of the Xiaohaituo Alpine Skiing Field features an athletics track and training trails that resemble several white waterfalls flowing down the valley from the top of Xiaohaituo Mountain. It can accommodate more than 8,000 spectators.

"The Xiaohaituo Mountain in Yanqing is one of the few mountains in China that meets the standards of an Olympic venue in terms of its height," said Gao Xuedong, Deputy Secretary General of the Chinese Ski Association.

Gao explained that in China, the height of mountains at about 85 percent of the country's ski resorts is below 200 meters. But according to International Ski Federation standards, the height of a mountain for official downhill events must be at least 800 meters. Xiaohaituo Mountain meets this requirement at 2,198 meters high.

However, the fact that the mountain is tall and steep has actually made logistics particularly challenging. "The construction of the Xiaohaituo Alpine Skiing Field may be one of the toughest tasks of the preparations for Beijing 2022," said Zhang Jie, an executive manager from the Beijing Urban Construction Group Co. Ltd., the project constructor. Since all the large construction machines couldn't be operated on the

### Venues for 2022 Winter Olympic Games

#### ● Beijing Downtown Cluster

- Beijing National Indoor Stadium: Ice hockey
- Beijing National Stadium: Opening and closing ceremonies
- National Speed Skating Oval: Speed skating
- China National Convention Center: MPC/IBC
- National Aquatics Center: Curling
- Capital Indoor Stadium: Figure skating, short-track speed skating
- Wukesong Sports Center: Ice hockey
- Beijing Olympic Village

#### ● Yanqing Cluster

- Xiaohaituo Alpine Skiing Field: Alpine skiing
- Xiaohaituo Bobsleigh, Skeleton and Luge Track: Bobsleigh, skeleton and luge
- Yanqing MMC: Media center
- Yanqing Olympic Village

#### ● Zhangjiakou Cluster

- Kuyangshu Biathlon Field: Cross-country skiing, Nordic combined (cross country)
- Kuyangshu Ski Jumping Field: Ski jumping, Nordic combined (ski jumping)
- Hualindong Ski Resort: Biathlon
- Genting Hotel: Media center
- Genting Ski Resort: Snowboarding (slopestyle, halfpipe), freestyle skiing
- Taiwu Ski Resort: Snowboarding (cross), freestyle skiing
- Wanlong Ski Resort: Snowboarding (parallel slalom)
- Zhangjiakou Olympic Village

*(Source: Beijing Organizing Committee for the 2022 Olympic and Paralympic Winter Games)*



A design sketch of the Shougang Ski Platform for Beijing 2022 in the Shougang Industrial Park in west Beijing's Shijingshan District



A design sketch of the National Speed Skating Oval in Beijing

narrow and steep hill paths, the company had to dig a new path to deliver materials.

The Xiaohaituo Bobsleigh, Skeleton and Luge Track is currently under construction and, along with the skiing field, will be the site of 20 Olympic events.

## New sustainable games

The issue of sustainability was discussed at a debriefing of the Beijing Organizing Committee for the 2022 Olympic and Paralympic Winter Games on June 5 in the Shougang Industrial Park in west Beijing's Shijingshan District, which used to be a steel mill but has now been transformed into the headquarters of the committee.

The budget for Beijing 2022 has been set at \$3.5 billion. As the first city in the world

to host both a summer and winter Olympics, Beijing will renovate many of the venues used in the 2008 Summer Olympics for the upcoming Winter Olympics. For example, 11 of the 13 ice sports venues in downtown Beijing are from the 2008 Summer Olympics, such as the Wukesong Sports Center which will be used for ice hockey and the National Aquatics Center, commonly known as Water Cube, for curling.

President of the International Olympic Committee (IOC) Thomas Bach said the reuse of existing venues as well as cost-effective support from the IOC will help Beijing 2022 set a new benchmark for future Olympics. Beijing has also pledged that all the venues built for 2022, especially those for snow events, will incorporate plans for public use after the Games.

Since it won the bid to host the 2022 Winter Olympics, China has encouraged funds from various sources to get involved in the construction of venues for the Games. The NSSO, for example, involved funding, resources and operational expertise from multiple private businesses to share the costs and diversify future operational plans.

"It will be an effective model for encouraging the private sector to offer innovative and commercially practical solutions for the sustainable use of the venue," said Wang Gang, an official from Beijing's governmental office overseeing the project. ■

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# Pay as You Go

China's pay-for-knowledge industry explodes as people seek to improve themselves By Li Jing

**W**orries about her declining English language proficiency have been rattling around in Liang Rui's head since she graduated from the University of Huddersfield in Britain three years ago. Working at a private company in her hometown of Taiyuan, capital of north China's Shanxi Province, the 26-year-old has such a tight daily schedule that she has no time for her hobby of reading English classics.

Her quandary has now been resolved thanks to a mobile reading app called

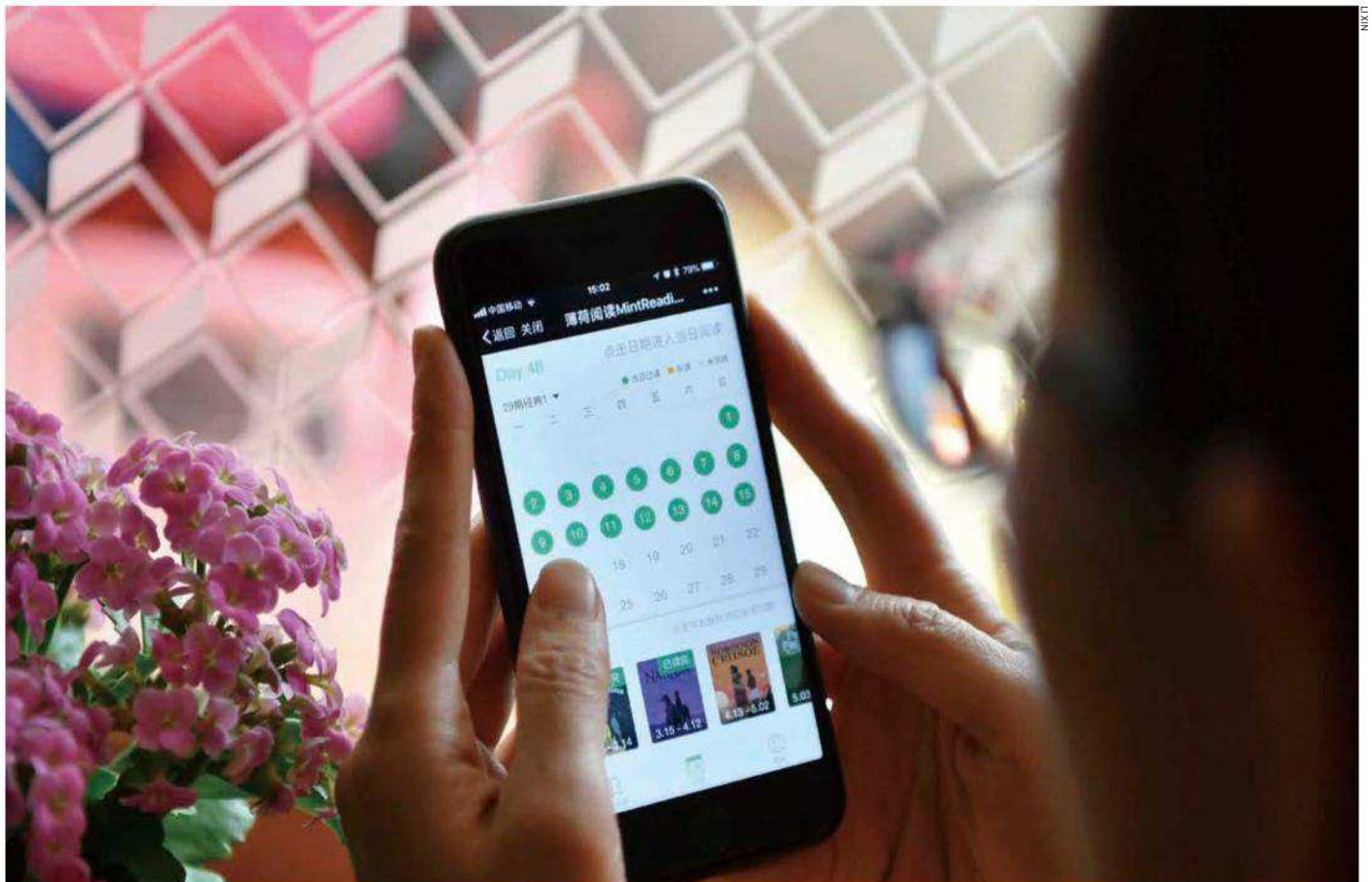
MintReading. She starts her day with breakfast and a browse of MintReading to enjoy her newly purchased English e-book *How to Stop Worrying and Start Living*, an exact reflection of her recent transformation.

"The app assigns the task of reading for 10 minutes a day and elaborates on the discourse so that readers can really learn something from reading. It's convenient and efficient," Liang said. She paid 139 yuan (\$22) for a 100-day reading program and is satisfied with her progress. "It helps

utilize my fragmented time, and I have finished two original English works without even noticing," she added.

## Seeing the value

Liang is one of many Chinese people eager to continue their studies so as to stand out in a highly competitive country, but are too busy with daily work and trivial matters. Many of them are resorting to online courses, which are proliferating thanks to current advances in technology, leading them, unconsciously, to



A Beijing resident uses the MintReading app

become consumers of the fledging pay-for-knowledge industry.

A recent report by iiMedia Research, a Chinese Internet investment analytics firm, revealed that the industry generated revenue of 4.91 billion yuan (\$772 million) in 2016, a three-fold increase year on year. By 2020, the market value is expected to amount to 23.5 billion yuan (\$3.7 billion). The basis of the pay-for-knowledge industry is tapping into the commercial potential of knowledge and converting it into profitable products and services.

2016 was an epochal year for the pay-for-knowledge industry. Chinese question-and-answer site Zhihu, mobile learning apps like iGet, and Ximalaya FM, an audio-sharing platform, seeing a surge in subscribers and products that year.

Yang Fan, an analyst with Forward Industry Research Institute, attributes the explosion of the market to convenient online payment and mature Internet technologies. "These make it possible to purchase and tip instantly with mobile devices, and also attract content providers to offer and share knowledge on the platforms," he said.

Tian Yimiao is one of those who benefits from sharing knowledge on these platforms. An associate professor of musical composition at the Shanghai Conservatory of Music, Tian is passionate about classical music and hopes to spread the genre to a wider audience. Ximalaya FM is helping her dream come true. By the end of May, her daily exclusive paid courses had had an accumulated audience of 13.45 million. Classical music enthusiasts pay 199 yuan (\$31.2) to learn from her daily 10-minute class on the platform. For listeners, it only takes a short period of time while eating breakfast or during the walk from the subway station to the office; but for Tian, she usually spends three hours or more to prepare for the 10-minute class. In the process of realizing her dream, Tian has become wealthy: the courses have brought her around 10 million yuan (\$1.57 million) in revenue.

Besides academics like Tian, writers, entrepreneurs and experts from all walks of life are jumping on the bandwagon to reap the fruits of their knowledge. More and

more subscribers are also ready to pay and learn. According to iiMedia Research, the number of people who are willing to pay for knowledge products and services on mobile apps is expected to reach 292 million in 2018, over 20 percent of China's entire population, and that figure is expected to grow in the future.

## Convenient and efficient

With the proliferation of smart phones and rapid development of the Internet, people are overwhelmed by information on a daily basis. Most of the time, fragmented information alone is confusing. These mobile learning apps restructure fragmented content to make it systematic and help subscribers build relatively complete knowledge systems over a short period of time. "We offer solutions to cure people's anxiety of knowledge scarcity," said Wu Qing, founder of Keting App, which specializes in providing business insight and courses.

Pay-for-knowledge platforms are also a product that fits people's fast-paced lifestyle. With smart phones as their medium, the apps satisfy users' demand for fully utilizing their fragmented free time. "The apps see users' hunger for knowledge as business opportunities and tailor products and services for their fragmented time," said Wu.

Li Xiang is a stay-at-home mom in Beijing. She spends most of her day taking care of her 4-year-old son and tending to the household chores. Despite being so busy, she felt lacking in mental and spiritual stimulation and was afraid of being left behind by a rapidly developing society. Her anxiety began to ease as courses from mobile apps filled the void. "The paid programs are suitable for people like me," she said.

In addition to restructured courses, users can purchase answers to tricky questions from pay-for-knowledge platforms. AskAboutAfrica, the first question-and-answer site focusing on African issues in China, brings together successful business people, experts on African issues and startup entrepreneurs to provide insight and advice on business ventures in Africa. By tipping, users receive quick answers to their questions. Hui Honglin, founder of the site, said the platform is to help small and

medium-sized enterprises gain a foothold in Africa by making experience and expertise easily attainable.

Pay-for-knowledge platforms have been well received by some users, but their popularity has also aroused public debate on whether they are actually exploiting people's anxiety. If you don't want to be left behind, the only way is to keep pace with the times by learning new things quickly and efficiently is a mantra that becoming popular among many.

## Staying sober

Public anxiety reached its peak in April, when an article entitled *Your Peers Are Abandoning You* went viral. It cited the case of Hu Weiwei, the 36-year-old founder of Mobike, one of China's popular shared bicycle apps, who cashed out her business for 1.5 billion yuan (\$238 million). This stood in stark contrast to the majority of her peers who are still struggling to earn a monthly salary of less than 10,000 yuan (\$1,568).

Han Han, a young and popular Chinese writer, has criticized such articles and the practice of exploiting the public's anxiety, especially for commercial gain. "Being successful does not necessarily mean being rich or powerful. Our behavior should be guided by fair conscience, not commercial hype," said Han.

In addition, some subscribers think that pay-for-knowledge has struggled to meet their expectations. "During the course, I felt that the content was inspirational, but had no real impact on my growth," said Wang Mingfeng, who runs a we-media account on social networking app WeChat, having paid some 5,000 yuan (\$787.9) for courses on mobile apps.

"The platforms should be accountable for screening content to ensure a competitive service quality and maintain market order," suggested Chen Liteng, an analyst who follows e-commerce trends. He added that consumers should also ask themselves if they really need these services to improve their lives before purchasing them. ■

## MSCI Gives Foreign Investors a Chance to Share China's Market Dividends



A trader passes the board at a securities firm in Hangzhou, capital of east China's Zhejiang Province, on January 2

**W**ith the inclusion of China A-shares on a key global index, a step has been made for more foreign investors to increase exposure to China's capital market and share its growth dividends.

Global index compiler MSCI included 226 China large-cap A-shares on its MSCI Emerging Markets Index at the close of trading on May 31.

These stocks, at a partial inclusion factor of 2.5 percent, have an aggregate weighting of 0.4 percent in the index. In the second step of the inclusion in September, the factor and weighting will increase to 5 percent and 0.79 percent respectively.

MSCI indices are tracked by global funds at an estimated \$3.7 trillion.

"International institutional investors are devoting more time and resources to learning how to navigate Chinese markets," said Chin Ping Chia, head of research for MSCI in Asia.

In May, the net inflow of funds from Hong Kong to the Shanghai and Shenzhen stock exchanges reached 45.1 billion yuan (\$7.04 billion), the highest for a single

month since December 2016.

While A-shares are now only partially included, increased weighting in the future will bring more foreign investment to the market.

"If the Chinese market continues to liberalize to the point of warranting full inclusion in the future, Chinese stocks—A-shares and other share classes—could comprise more than 40 percent of the MSCI Emerging Markets Index," Chia said.

"Additionally, should China mid-cap A-shares ever be added to the index, Chinese companies would represent nearly one out of every two investment opportunities available to emerging market investors," he added.

A steady Chinese economy with a positive outlook means the mainland stock market will only become more attractive in the future.

"Global institutional investors are currently underweighted in Chinese assets. As the importance of China's economy and currency increases, adding positions on these assets will become the norm

for foreign funds," said Fang Xinghai, Vice Chairman of the China Securities Regulatory Commission.

Sun Yu, a researcher from securities joint venture HSBC Qianhai, estimates that the two-step inclusion will lead to inflows of over \$22 billion, and that in the coming five to 10 years this amount will exceed \$600 billion.

"The A-share market and China's capital market and financial sector at large are accelerating the pace of opening up," Sun said. "The more open a market becomes, the more efficient in pricing and the more regulated it is."

While the MSCI inclusion is recognition of China's past achievements in the development and openness of its financial markets, the government is taking more steps forward, including expanding the daily quotas for mainland-Hong Kong stock connect programs and relaxing foreign ownership restrictions on financial companies.

"In the short term, immediate foreign fund inflows will not have a major impact, given the large size and transaction volume of the A-share market," said Gao Ting, a UBS Securities analyst.

In the long term, more profound changes are expected.

"The A-share market is becoming more and more aligned with international markets. This will bring a lot of changes to market practices, including improvements in corporate governance, information disclosure and regulation," Gao said. ■

This is an edited excerpt of an article originally published by Xinhua News Agency  
 Copyedited by Laurence Coulton  
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## NUMBERS

(\$1=6.4 yuan)

### 1.67 tln yuan

China's service trade volume in the first four months of this year, up 11.9 percent year on year

### 30%

Expected annual growth of market turnover for China's sharing economy over the next five years

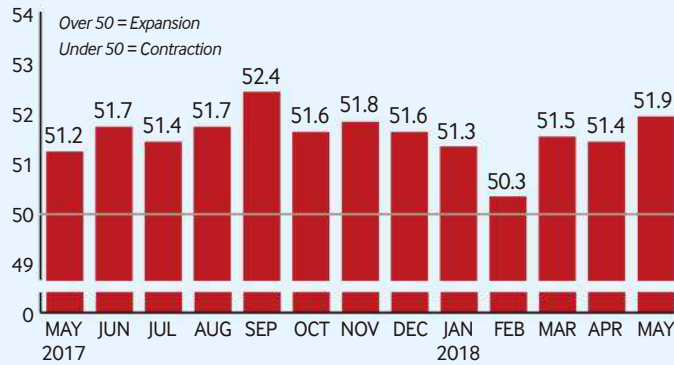
### 56.1%

China's logistics performance index for May, up from 54.6 percent in April

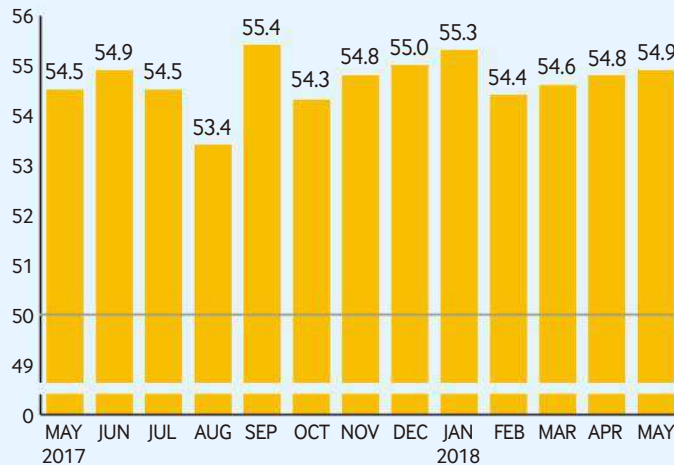
### 12.5 tln yuan

Total of deposits in China's housing provident fund, a housing savings program made up of compulsory monthly deposits by both employers and employees, at the end of 2017, up 17.7 percent year on year

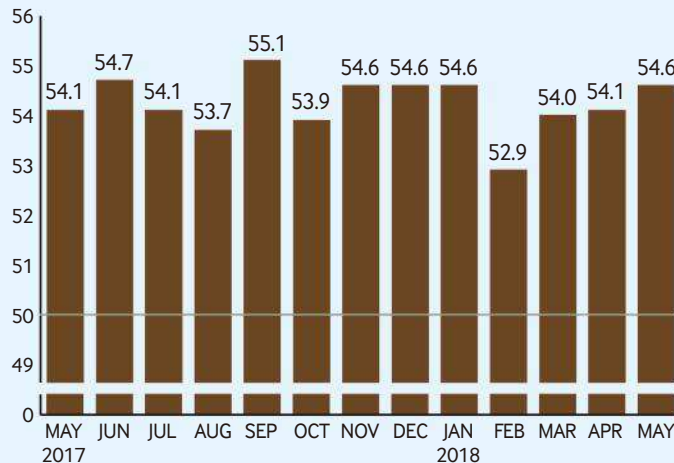
**China's Purchasing Managers' Index (PMI)**



**China's Non-Manufacturing PMI**



**China's Comprehensive PMI**



(Source: National Bureau of Statistics)

### 5.6 tln yuan

Combined trade volume of China's 219 national-level economic development zones in 2017, up 17.5 percent year on year

### \$10.77 bln

Exports to China from New Zealand between March 2017 and March 2018, primarily in the form of dairy products

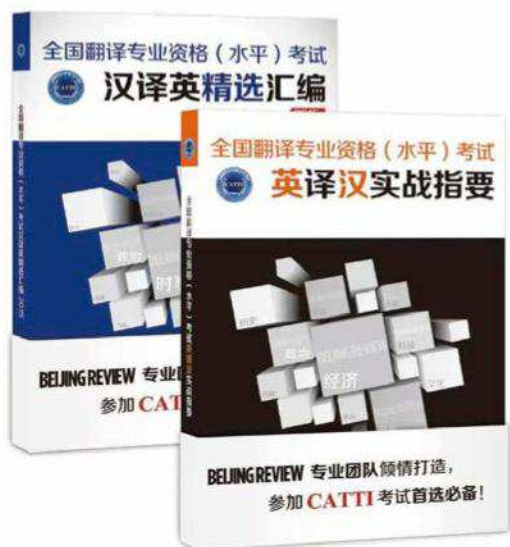
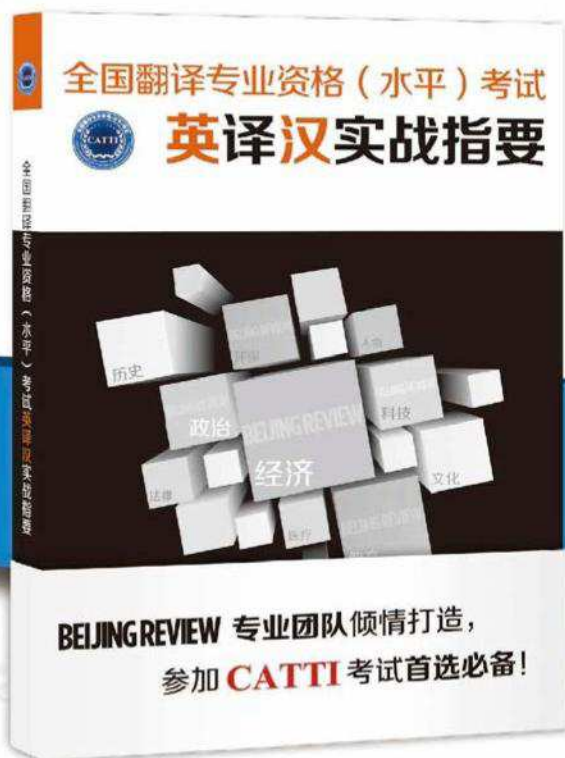
### 103.3%

The China Bulk Merchandise Index, a gauge of domestic market growth, for May, down by 1.5 percentage points compared with April

### 33.7 bln yuan

Profit of China's cement industry in the first four months of this year, surging 220 percent year on year

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# CHINA MOSAIC

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## 中国3分钟



# Understanding China

A series of bilingual books on China's development make their U.S. debut

By Yu Shujun

China has achieved incredible growth since it adopted its reform and opening-up policy 40 years ago. What exactly is going on in China? What is the secret behind such rapid development? How can a rising China get along with the rest of the world? For U.S. readers who are eager to find answers to these questions, a series of new books may hold the key. At the 2018 BookExpo America (BEA) held in New York from May 30 to June 1, the first selection of *Understanding China*, a series of books telling the stories of contemporary China, was presented to U.S. readers for the first time since their publication in April.

"Telling the stories of China, the Communist Party of China (CPC) and China's communication and interaction with the rest of the world through a series of books is the best way to help those who care about China acquire new knowledge and gradually allay the suspicions of those who have doubts about China," said Zheng Bijian, head of the editorial board of *Understanding China* and President of the China Institute for Innovation and Development Strategy (CIIDS), in a message to the series promotional event at the BEA, one of the largest book fairs in North America, on June 1.

The event was co-hosted by the CIIDS, the China International Publishing Group (CIPG) and the Berggruen Institute, an international think tank. The series was jointly planned and compiled by the CIIDS and CIPG, and published in both Chinese and English by CIPG's Foreign Language Press, which also published *Xi Jinping: The Governance of China*. The selection presented at the BEA consisted of 15 books in Chinese and seven English versions.

Zheng said in his message that the series expounds on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the path taken by China since the reform and opening up over the past 40 years, especially the important decisions the CPC Central Committee has made, major advances it has carried out and new trends and challenges it

faces in leading the Party, the country and the army since the 18th CPC National Congress in 2012.

## Motivation

While foreigners are curious about the world's second largest economy, "misgivings about the country abound," wrote Zheng in the preface to the *Understanding China* series. "All kinds of theories such as the 'China Threat,' the 'Collapsing of China,' the 'Thucydides Trap' and the 'middle income trap' have been directed toward China," he said. That is why the CIIDS joined together with the Chinese People's Institute of Foreign Affairs and the Berggruen Institute's 21st Century Council to hold two *Understanding China* conferences in 2013 and 2015, according to Zheng.

When Chinese President Xi Jinping sat down

with foreign participants at the 2015 conference, Zheng explained in his message, he said that to understand China requires two-way communication and that China should tell its own stories. Xi also said that as China continues to develop, he always reminds himself of the country's history by answering the questions: Where have we come from and where we are going?

"In fact, these questions have also been asked by the international community for a long time, which is when the idea of compiling the *Understanding China* book series came to me," said Zheng.

Dawn Nakagawa, Executive Vice President of the Berggruen Institute, said at the event, "For far too long, we have let ideological differences blind us to our common future and the benefits of working together. Indeed we have very different political systems, each with pros and cons,



A reader poses with a stuffed panda in front of a poster introducing the *Understanding China* series at the CIPG booth during the 2018 BookExpo America in New York on June 1



Hu Kaimin (center), Deputy Editor in Chief of the Foreign Languages Press, Dawn Nakagawa (left), Executive Vice President of the Berggruen Institute, and Shi Xiaojin, Director of the Information and Media Department of the China Institute for Innovation and Development Strategy, sign agreements on co-publishing the series overseas at the CIPG booth at the 2018 BookExpo America in New York on June 1

strengths and weaknesses. If we listen to each other and are willing to learn from each other, perhaps it would benefit both of our governance systems.”

For seven years the Berggruen Institute and the CIIDS have worked together to deepen understanding and strengthen connections between China and the world, said Nakagawa. In 2016, CIPG, the CIIDS and the Berggruen Institute started working together to plan the series of books.

## Compelling stories

Hu Kaimin, Deputy Editor in Chief of the Foreign Languages Press, said in his address that the books were written by the most renowned Chinese experts in various fields, with each focusing on one aspect of today's China.

As a leading Chinese thinker and strategist, Zheng is one of the authors. In his book, Zheng shares his views with readers on China's role in economic globalization. Others include veteran Chinese writer and former Culture Minister Wang Meng, who explains the Chinese way of

thinking; former IMF Deputy Managing Director Zhu Min, who highlights the Chinese economy; and Ma Huateng, founder and CEO of Chinese tech giant Tencent, who details the changes the Internet has brought to Chinese society.

Zheng said that he strongly recommends the books because of the objectivity of their content and vivid and concrete descriptions in their writing style. “The writers do not exaggerate the achievements China has made, nor do they shy away from questions that China faces,” Zheng explained. “And the books are not simply the authors' academic works, but include stories, which are easy for readers to understand.”

Hu added, “In terms of topics and expressions, the books take into full consideration foreign readers' focuses and way of thinking, and the English translations try to meet their reading habits.”

Hu was also confident that the series “will be accepted, loved and valued by more American readers and friends in various sectors, and will provide a wealth of information and profound insights for the international community

in understanding Chinese culture and choices and adapting to the development of China.”

## Future plan

At the event, a co-publishing signing ceremony was also held with representatives from the Foreign Language Press, the Berggruen Institute and the CIIDS, where it was agreed to jointly publish the book series overseas. The Berggruen Institute will look for international publishers for the books, while Hu said that world-renowned scholars and politicians are going to be invited to write books on the theme from their unique perspectives.

Nakagawa expressed her hope that the Berggruen Institute will continue its cooperation with its Chinese counterparts on both the conferences and the books, and will help make the series an international success. According to Zheng, the book series will be accompanied by television specials and videos. ■

*(Reporting from New York City)*

Copyedited by Rebeca Toledo  
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# Creative Preservation

Cultural heritage protection takes various forms

By Ji Jing

**T**eapots that combine traditional porcelain-making techniques with modern design, handmade stylish furniture for children made using a mortise and tenon technique, and brooches that incorporate elements of embroidery from the Miao ethnic group mainly living in southwest China. All of these exquisite handicrafts are on sale at the Jiachuan Experience Center in Qianmen, a historical commercial area adjacent to Tiananmen Square in downtown Beijing.

Zhang Erze, founder and CEO of the Jiachuan Culture Company in Beijing that owns the Jiachuan Experience Center, said the best way to preserve intangible cultural heritage (ICH) is to make it applicable to people's daily life during a speech at the Beijing International Forum on People-to-People Friendship held on May 27-29.

The event, hosted by the Beijing People's Association for Friendship With Foreign Countries, the Beijing Association for Science and Technology, the Communist Youth League Beijing Municipal Committee and the Xicheng District Government, attracted participants from nearly 30 countries. Cultural heritage inheritance and preservation were one of the hot topics for discussion throughout the forum.

## Spreading cultural traditions

Having developed an interest in art and culture at an early age, Zhang decided to delve into the cultural industry by creating Jiachuan in 2017 after having worked as a senior manager at a large tech company for years. Zhang works with both designers of modern artwork and ICH inheritors to bring a modern touch to traditional craftwork. Enthusiasts and potential customers can find access to all of Jiachuan's products at its experience center in Qianmen.

Zhang aspires to promote his products by first cultivating customers through reestablish-

ing a family culture for contemporary Chinese families.

In Zhang's view, traditional Chinese concepts related to family, whether they were positive or not, have all been lost. For instance, the concept that women should be obedient to their husbands is certainly outdated, but the notion that women should play important roles in coordinating family members' relationships and building a healthy family culture should be maintained. But in reality, both have been discarded.

"Some of my friends migrated abroad and their children have become the so-called 'bananas' who neither accept Chinese culture nor are accepted by foreign cultures," said Zhang. "I want my children to be proud of their Chinese identity by rebuilding a family value system."

Zhang himself has benefited from his company's embrace of traditional culture and family values. Not only has his dressing style become more traditional, but his relationship with other family members has also become more intimate.

When he worked for the tech company, Zhang was responsible for establishing a cloud computing data center in north China's Inner Mongolia Autonomous Region and only returned to Beijing once every two weeks to see his daughter who was still very young. Now he spends more time with his family. Although his startup company has not yet turned a profit, Zhang believes what he will leave to his two daughters will be more valuable than material wealth.

## Preserving dying handicrafts

The state-owned Beijing Huafang Culture Development Co. Ltd. takes a different approach to cultural heritage inheritance and preservation. Founded in 2012 by acquiring over 20 factories producing traditional handi-



A craftsman from Beijing Huafang Culture Development Co. Ltd. carves a lacquerware plate on July 3, 2017

crafts such as carpets, snuff bottles and carved lacquerware, Huafang works with over 140 ICH inheritors and master craftspeople, producing over 60 categories of craftwork.

Yang Weizhi, deputy general manager of the company, said Huafang mainly focuses on preserving traditional handicraft techniques at the moment. "The royal carpets which use golden thread can only be made at Huafang. If we fail to preserve the technique, it will disappear," Yang told *Beijing Review*.

The key to preserving traditional handicraft techniques is to hand them down to younger generations of craftspeople, according to Yang. The company has been recruiting trainees for four years and training them at the Huafang Cultural Creativity Base in the suburban Shunyi District of the capital. However, since the process of becoming a real master takes decades, including an initial training period of three to four years, few young people are attracted to these professions. "Only one fourth of the craftspeople we trained stay in Huafang. Among the dropouts, some have started their own companies, some returned to their hometowns, while others switched to other companies," said Yang.

Huafang also offers courses on over 20 categories of traditional handicraft techniques to both children and adults at its Yuetan Yaji Museum in Xicheng, including the making of clay Rabbit God statuettes which are unique to Beijing. The company is also active in



COURTESY PHOTO



COURTESY PHOTO

A Russian journalist visits the Jiachuan Experience Center in Beijing on May 28



COURTESY PHOTO

Children showcase their work from an inscription rubbing course at Yuetan Yaji Museum in Beijing on November 11, 2016

international exchanges, for instance, displaying its artwork during the 2018 Winter Olympic Games in PyeongChang, South Korea.

However, Huafang still has a long way to go in order to reach global customers, according to Yang. "A viable approach may be using our techniques to make products featuring distinctively foreign cultural elements," he said.

Another obstacle is that most of the products the company makes are highly priced and out of reach for average consumers. For example, a piece of carved lacquerware may

cost several hundred thousand yuan, making Huafang's customers mostly handicraft collectors. Yang said his company has plans to produce more affordable consumer products in the future.

Xicheng, where both Jiachuan and Huafang are based, is one of the two core areas of Beijing with a profound culture and a long history. It is home to 36 national, 67 municipal and 208 district-level ICH items covering folk literature, traditional music, folk sports, fine arts, handicrafts, medical treatment methods,

and customs and traditional practices, Yang Fei, Director of the ICH Protection Center of Xicheng, said at the forum on people-to-people friendship in May.

In recent years, the center has carried out cultural exchanges with ASEAN countries such as Laos, Cambodia and Singapore to showcase the district's cultural heritage through exhibitions and performances. ■

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## Can Shared Nurses Change The Lives of the Elderly?

In 1999, China passed the threshold for an ageing society, and by 2017, the country's elderly numbered 241 million, accounting for 17.3 percent of the total population. It is predicted that by 2050, China's seniors will number some 487 million, constituting 34.9 percent of all the country's people. An ever-growing demand for nursing services thus follows, which people are attempting to solve through the concept of shared nurses.

With the use of a mobile app, professional nurses will now come to homes of registered patients to offer a dozen of services including intravenous injections and aspiration.

Patients, especially the elderly and infirm who cannot easily get to hospital, are able to access convenient and professional services via shared nurses, economical in terms of both time and money. Meanwhile nurses, whose incomes are generally low in China, seem eager to take on the extra work as these off-duty services provide an opportunity to supplement their income.

### Dear Readers,

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

 [dingying@bjreview.com](mailto:dingying@bjreview.com)

Please provide your name and address along with your comments

These services are thus being hailed as win-win for both patients and nurses, but some argue that as the service is linked to people's health, there needs to be stricter standards and criteria.

### Pros and cons

**Jiang Debin (gansu.gscn.com.cn):** Recent years have witnessed a great deal of progress in the sharing economy. Business innovations in sharing are making our lives more convenient and reshaping the way we live. Shared nurses provide many services including injections, blood tests and the changing of dressings. For patients with chronic illnesses, those who have just been discharged from hospital and the elderly, these are essential services. However, many are unable to get to hospital, so for nurses to offer the same services in their homes is a significant development.

China is becoming an ageing society, and a growing number of senior citizens must now wait for care, with more than 90 percent of China's elderly choosing to live at home rather than in a nursing institution. Their caregivers are usually lacking in medical knowledge. Shared nurses, however, can help to solve this problem. Their professional training will bring high-quality healthcare to the elderly and they can also make extra money on the side. More and more nurses say they would be interested in such work. Current income for nurses is relatively low, and thus many of them are choosing to quit their jobs. While helping to improve their income, shared nurses can also help to relieve pressure on the country's employment.

The nurse-sharing program optimizes the allocation of nurses by breaking down the barriers of the traditional medical industry. However, as a professional service directly related to public health, it is important to establish and improve standards, and to carefully scrutinize their qualifications to ensure the safety of those who receive care. Strict laws and regulations as well as guarantees of quality are the prerequisite for this emerging industry to grow and thrive.

**Shen Bin (The Beijing News):** So far, there have not been any accidents connected with shared nurses, and all those involved have benefited—patients have greater ac-

cess to nursing services, nurses themselves make more money, online platforms take advantage of Internet Plus and O2O to expand their profit margins. But once accidents occur, it will be hard to judge who should take responsibility. What is clear is that it will likely be the patients who suffer.

Many users support the idea, saying that it offers excellent services at a reasonable price which are unavailable at hospitals. The media have also praised it for supplementing existing nursing services.

However, this new concept also has its drawbacks. Some nurses still go to the homes of their patients to take blood, even though it is illegal to do so. Moreover, some shared nurses even give their patients whitening injections which are also prohibited by hospitals. It is reported that some shared nurses follow their patient's instructions without first consulting doctors.

Fundamentally, nursing is health care, unlike other services like housekeeping. Injections and intravenous drips may seem like simple procedures, but they still require expert medical skills and equipment. At normal hospitals, there are strict checks and procedures which shared nurses do not always follow, and this poses threat to patients.

From a legal perspective, providing medical services outside of medical institutions is at odds with the nursing code of conduct. As early as March 2017, the Shanghai Municipal Commission of Health and Family Planning stipulated that shared nurses are violating the rules of practice and that nurses are forbidden to provide medical services before obtaining a medical practice license first.

Despite these setbacks, we cannot ignore the demand for this service. As China becomes an increasingly aged society, people over the age of 60 will increase to 255 million by 2020. For the elderly, shared nurses who visit them in the home can transform their lives. For nurses, this is a chance to further capitalize on their skills by benefiting more people with their professional training.

Policymakers should take into consideration both the demand for nursing services in the home and medical security. In recent years, China's health authorities have encouraged doctors to go to different places or





regions to offer treatment to patients so that medical resources can be made available to those in more remote areas. Shared nurses can also serve this purpose.

## Standards to be established

**Tian Yang (www.cnhubei.com):** There is no denying that shared nurses can bring various benefits, but their rise also brings with it some problems. For example, who should be held accountable when accidents occur? What is the professional requirement for a shared nurse? To avoid the pitfalls of bike-sharing, we should set high standards for shared nurses from the outset so as to guarantee online platforms which connect shared nurses and patients are well regulated. We hope that the shared health care industry will not grow recklessly just to meet the market's demand, nor should it be killed in the cradle by overbearing regulations. Only in a balanced system can we expect the industry to develop healthily and create more benefits for the public.

**Zhang Haiying (Beijing Youth Daily):** The sharing economy is booming, not only

in transport but in medicine too. Last year, the first doctor-sharing platform was established in Guangzhou, capital of south China's Guangdong Province, and later nurse-sharing platforms began to appear too. These trends bring convenience to patients, increase the income of nurses and help to relieve the pressure on big hospitals which are always packed with patients.

Although shared nurses can help patients unable to travel for medical care, this service still has many shortcomings. Regulations and standards to guarantee the safety of nurses are still lacking, as is oversight of their medical practices. There are no regulations in place governing which patients qualify for such services and whether or not the nurses are sufficiently qualified. Many choose to steer clear of these services out of fear that nursing procedures are not standardized. For the nurses, many worry about their personal safety and so are unwilling to take on part-time work. These obstacles discourage investment in the sector and are some of the reasons why nurse-sharing lags behind

similar businesses like bike- and car-sharing.

A nurse-sharing platform called Nursing at Home recently released a 10-step standard procedure on nursing services in the home, a first for the sector. However, these are only standards set by a company and do not carry the same weight as official regulation.

Even though there are standards in place for sharing bikes and cars, problems still exist, and so it is better for shared nurses to be standardized as early as possible. The platforms for these services should learn from the experience of other industries which have experimented with the sharing economy, while the requirements and standards of the medical sector should be taken into full consideration.

Only a standardized and well-regulated industry can give nurses confidence, rid patients of their concern and strengthen the courage of investors. ■

Copiedited by Laurence Coulton

# Emancipation of the Mind



By Lan Xinzen

Any mention of China's reform and opening-up policy likely brings to mind a now well-known story of economic takeoff and a country's rise from poverty to become the world's second largest economy within the space of four decades. But behind this economic transformation, profound changes have also taken place in the minds of Chinese people, an often overlooked side of the process that is worth due consideration.

A retrospective sweep of the reform era throws up two events which have been crucial in altering Chinese minds. The first was a massive debate on the criterion of truth which was triggered by an article titled Practice Is the Sole Criterion for Testing Truth published in *Guangming Daily* on May 11, 1978. This was a crucial moment in emancipating people's mindset and the emergence of the idea of reform and opening up.

Forty years ago, China was standing at a historic juncture. After the turbulence of the "cultural revolution" (1966-76), the nation was anticipating huge change and overhaul in every aspect of life. A proper course could be charted only after the ideas and concepts that had produced the previous decade of turmoil had been shaken off. This set the scene for a debate on the criterion of truth which helped to emancipate people's minds from the shackles of doctrinarism and narrow empiricism. When the Third Plenary Session of the 11th Central Committee of the Communist Party of China convened in December 1978, it announced the beginning of a new journey on the path to reform and opening up.

The other event that influenced contemporary Chinese thought was the Shekou debate. On the evening of January 13, 1988, intense argument broke out over moral values between three scholars and the audience at a youth symposium held in Shekou, then a town in south China's Guangdong Province. The scholars admonished those who ran their own private businesses, but the young spectators disagreed, retorting that these people should be encouraged to do so and that making money through hard work, so long as legal, was nothing to be ashamed of.

On the second day of the event one of the scholars, Li Yanjie, asked his institution, a youth education research center under Beijing Normal University, to produce a report which suggested that the symposium was "swamped by the false rhetoric of youth" and that Shekou's young generation had taken an "evil path." In February, a local newspaper in Guangdong ran the story, followed by several articles

The products and wealth created by economic growth began reshaping people's views while their opened minds have in turn pushed forward economic and social progress

criticizing the three scholars for their unprogressive stance. The event was soon widely discussed across the country. On August 6, the *People's Daily* published a 7,000-character piece on the dispute, and opened a special column for discussion on the new views of China's youth. The stage was set for the country's next generation, with the backing of the country's most authoritative newspaper, to break free from the shackles of an old and outdated mindset.

A clash of ideas was an inevitable feature of the transition from a planned economy to a market-oriented one. Unrestrained, like the country's economy, people's thinking quickly moved forward. The products and wealth created by economic growth began reshaping people's views while their opened minds have in turn pushed forward economic and social progress.

People's awareness of individuality has increased. Reform and opening up has enhanced the possibility of upward social mobility as a result of individual effort, which has consequently prompted more people to downgrade the importance of clans or collectives and focus more on themselves.

The concept of consumption has also changed. Before the launch of reform and opening up, Chinese stressed frugality and consumption was thus reduced to the lowest level necessary for survival. Since 1978, the consumption of commodities and cultural products has grown steadily, arriving now in a new era in which the principal contradiction facing the country is one between unbalanced and inadequate development and the people's ever-growing needs for a better life.

Traditional customs and attitudes toward life have also undergone profound changes. More Western festivals have become popular in China, such as Valentine's Day and Christmas, while some traditional Chinese festivals are less visible. Before late 1978, people's clothes were limited to simple colors and styles, with women scolded for wearing short skirts. Nowadays, the streets abound with colors and patterns, with girls wearing mini-skirts and backless dresses.

The changes occurring in the mindset of China today highlight the openness of Chinese society, which is essential for the continuation of reform and opening up and the future of globalization. ■

Copyedited by Laurence Coulton  
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The background of the entire page is a vibrant, blue-toned digital cityscape. Several skyscrapers are visible, each with the word "internet" written vertically on its side. The scene is overlaid with a complex grid of binary code (0s and 1s) and various technical data points, such as "TIME: 47.739532%", "CHECKING STAT", "DATA DOCUMENT", "ORIGINAL: 298", "DATA UNITS CO", "TURN: 042783", "PROGRAM: K2387", "IS: OK -12837", and "COMPE". The overall aesthetic is high-tech and data-driven.

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