

CHINA REPORT

中国新闻周刊
English Edition

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Double Amputee
Climbs Tallest Peak

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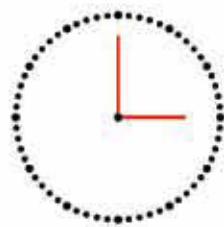
HANDS-ON NEGOTIATIONS

Can a meeting
between leaders
succeed in bringing
lasting peace to the
Korean Peninsula?





CHINA



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China needs to maintain 'strategic patience' amid trade war with the US

High-level talks between China and the US and a joint statement notwithstanding, US President Donald Trump is planning to impose 25 percent tariffs on US\$50 billion worth of Chinese goods. In response, China announced 25 percent tariffs on US\$50 billion worth of US goods.

What now appears to be a full-scale trade war poses a serious threat to the Chinese economy, particularly if Trump follows through on a suggestion he could impose an additional US\$200 billion in duties if Beijing retaliates.

It is unclear how China will respond if Trump exacerbates these punitive actions. Confrontation between the two countries would not only damage the Chinese economy, but the global economic order too. So in the short term, China must be patient.

Chinese policymakers need to realise that the rise in protectionism is underwritten by the fact that economies around the world are encountering various structural problems.

The Trump administration's attacks stem from a short-term economic mission to reduce the trade deficit, but also a long-term strategic goal of containing China's development. China should similarly prepare short-term and long-term tactics.

In the short term, this means a clear and comprehensive assessment of China's strengths and weaknesses that stretch beyond economics and trade into other areas. Besides direct retaliation with reciprocal tariffs, China needs to clearly calculate the

costs and benefits of the confrontation spilling into other areas. Indirect actions in other fields may deter further escalation of the trade war.

As the trade war will inevitably bring damage to the Chinese economy, policymakers must have the patience and courage to withstand the damage instead of resorting to conservative measures

In the medium term, China should unwaveringly push forth its ongoing structural reform and further open its markets. As the trade war will inevitably bring damage to the Chinese economy, policymakers must have the patience and courage to withstand the damage instead of resorting to conservative measures. This will not only help reduce trade friction but also help China restore the balance of its economy to boost economic growth and withstand the deteriorating trade relationship.

In the long term, China needs to come to terms with the fact that international competition is essentially a fight for skills, capital and technology. The Trump administration's tax cuts and its trade war share the same goal: attracting capital and technology to keep wealth and

skills within the US. It is these assets that underpin US strength. But China's rise too has relied on nurturing a new generation of entrepreneurs and attracting capital and skills through liberalisation.

After decades of development, China's current policy framework has hit a bottleneck. With competition for capital and skills set to increase, China needs to focus on further liberalising its market to create a fair and transparent business environment.

China's rise has become a global focus. The bigger the Chinese economy, the more friction it will experience with other nations. In the future, trade friction looks to become the new normal for China, and the nation needs to plan for this. ★

HISTORIC HANDSHAKE

The will-they-won't-they meeting between the US and North Korean leaders finally took place. Did it live up to the hype, or was it all just talk?



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Photo by CFP

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ChinaReport, Chinese Edition

June 11, 2018

Pioneering University



As one of the earliest windows of China's reform and opening-up policy, Shenzhen in southern China's Guangdong Province has been in the fast lane of development and innovation. Since its inception six years ago, the Southern University of Science and Technology (SUST) has channeled the city's pioneering spirit to become a trademark in China's higher education for both development speed and quality, aiming to be a world-class university in interdisciplinary research, innovative talent training and a centre to deliver new knowledge to the world. Alongside the globalisation of education and China's new era for quality development, SUST provides a unique platform to experiment with Chinese higher education reform, and it's worth an in-depth look. *ChinaReport* reporters secured exclusive interviews with the university's Party chief and president to give an inside account of its mission, role in the city and the challenges it faces.

Vista

June 1, 2018

Surrogacy Market

According to the China Population Association, more than 40 million Chinese people suffer from infertility, accounting for 12.5 percent of the country's reproductive population. The rate was only three percent about 20 years ago. To make matters worse, 77 million people are expected to be infertile by 2018. Nowadays in China, a growing number of women are reluctant to have children due to work or other personal choices, making the overseas surrogacy market increasingly popular. This includes Southeast Asian countries, the US, Ukraine and Russia. Although surrogacy is prohibited in China, a complete industrial chain has been formed to cash in on the booming business – agencies are providing both overseas surrogates and underground surrogacy services. In recent years, however, legal disputes regarding the trade have been rapidly rising. Sociologists and jurists caution that it is high time the surrogacy market is regulated at a time when the boundaries of law and ethics of the business remain unclear.



Caixin Weekly

May 28, 2018

The Bay Area

The Pearl River Delta in southern China symbolises the country's success in economic reform and development. The central government has decided to make the area larger and stronger in its ambitious plan to develop the Bay Area and transform it into a world-class cluster of cities through the integration of nine cities in Guangdong Province, as well as Hong Kong and Macao, China's two special administrative regions. Interconnectivity and upgrading of industries will be priorities of the area, and the national development guidelines are expected to be released very soon. It will be a major challenge to coordinate the cities involved and cross the barriers of their separate administrative systems. What's more, policymakers have to regulate the area's real estate market frenzy to maintain healthy and sustainable economic growth.



China Economic Weekly

June 11, 2018

Football Business

The World Cup is not only an eye-catching sports event but also a lucrative business. FIFA is expected to rake in revenues of over US\$8 billion from TV rights, advertising and product sales for the event in Russia. China Central Television, the Chinese State broadcaster, has sold its first round of advertisements at a price of 3.56 billion yuan (US\$555m). In Russia, seven Chinese enterprises are sponsors of the World Cup, paying to the tune of US\$300 million, to try to extend the global reach of their international brands. In recent years, a growing number of Chinese elements and enterprises have appeared in first-class sports arenas, signifying China's overall economic strength and its soft power. Insiders argue that the World Cup has become an amplifier of brands, but enterprises should realise that it will take effect only if their products are good. Otherwise, it will damage their brands.



Caijing

May 28, 2018

Inter-city Competition

Since early 2017, many Chinese cities have been competing to lure talented college graduates with generous offers and incentives. In early 2018, even Beijing and Shanghai followed in their footsteps and made public a package of policies such as easing the restrictions on getting a *hukou*, China's registration system which gives access to vital social services. China is home to over 287 million domestic migrant workers, but few cities nationwide treat the group as key workers. Migrant workers are also reluctant to settle down permanently in cities as they worry that their rural land rights may be lost. Experts argue that local governments should unveil preferential policies for migrant workers, train them with skills and encourage them to stay in cities. This will optimize the labor force structure and maintain the healthy development of cities.





WHAT THEY SAY

“Chinese education is in such a moribund state: teachers are only allowed to praise, not criticise students, let alone punish them. If something bad happens, people believe that teachers should take all the responsibility, saying that there are no bad students, just bad teachers.”

Chen Zhiwen, editor-in-chief of popular education website www.eol.cn, warning that parents value encouragement and praise so much that it over-protects children and stops teachers from giving them the necessary discipline.



ILLUSTRATION BY WU SHANGWEN



“Success is when all [other] values tend to worship money, but you still hold onto your dreams.”

Zhu Deyong, a well-known Taiwanese cartoonist and writer, reading a letter he wrote to himself when he was a child, on a China Central Television programme.



“Experienced and abundant in talented people, information and capital, Hong Kong’s financial market is fully qualified to serve the Belt and Road Initiative, and it will play an important role in improving the capital flows of the initiative’s financial system.”

Zhou Xiaochuan, former president of the People’s Bank of China, suggesting that Hong Kong actively incorporate itself into the financial system of the Belt and Road Initiative, at a recent forum on Hong Kong’s financial market organised by Hong Kong Exchanges and Clearing Limited.



“Judging from the current focus of the Sino-US trade conflicts, the US is targeting Chinese high-tech industries that are undergoing rapid development.”

Zhang Ming, international investment director of the Institute of World Economics and Politics, Chinese Academy of Social Sciences, warning in a commentary for *CRI Online* that the Sino-US conflicts will not be limited to trade, since the US intends to curb China’s rise in all aspects.



“China has publicly announced several times that China will not pose any threat to any country. China will never seek hegemony or expansion, no matter how strong it will be. I am wondering if the US can make the same announcement as China.”

Ministry of Foreign Affairs spokeswoman **Hua Chunying** responding to US former Indo-Pacific Commander Harry Harris’s claim that China would dominate and control Asia if it were not for the US and its allies’ involvement, speaking at a regular press briefing in Beijing on May 31.

“The influence of university education varies with different individuals. To be specific, the poorer a student is at birth, the more attending university will enhance their human capital.”

Shen Minghong, a postgraduate from the Hong Kong University of Science and Technology, talking about a university’s role in influencing one’s future life, in a post on Intellectuals, a public account on WeChat.

“Different from other literary forms, science fiction will eventually come true, so it is impossible that after several decades it will maintain its relevance. This is the fate of science fiction.”

Liu Cixin, renowned science fiction writer and author of *The Three-body Problem*, claiming at the latest Asia-Pacific Science Fiction Conference that science fiction should appeal to modern people as much as possible to stay relevant.

“Our current local governance crisis will spread and escalate to become a systematic, total crisis if we fail to launch breakthrough reforms in our political institutions.”

Yu Keping, a politics professor at Peking University and columnist for financial portal *Caixin*, appealing for the Chinese government to be more courageous and determined in reforming and modernizing political institutions, on *Caixin’s* website.

“Some local governments are rushing so much to make and promote new policies that they tend to turn every policy into an earth-shattering campaign.”

Sun Liping, sociology professor at Tsinghua University, attributing local governments’ ineffective policies to their eagerness to show off their style over substance, on his public WeChat social media account.



Top Story

Sino-US Trade Conflict Escalates



The trade conflict between China and the US is escalating after President Donald Trump, represented by the White House, released a statement on June 18, which stated that the US plans to impose 10 percent additional tariffs on US\$200 billion worth of Chinese imports.

According to the statement, the further tariff increase is in response to China's recent imposition of additional tariffs on US\$50 billion worth of imports from the US, following Trump's announced plans for tariffs on US\$50 billion worth of imports from China.

"China apparently has no intention of changing its unfair practices related to the acquisition of American intellectual property and technology. Rather than altering those practices, it is now threatening United States companies, workers, and farmers who have done nothing wrong," the statement said.

China hit back immediately, with the Chinese Ministry of Commerce (MOFCOM) announcing on June 19 that China

will take "both quantitative and qualitative [those beyond tariff increases] countermeasures" if the US "loses its reason and publishes the US\$200 billion list."

"The US has violated the market rules, gone against the world's development trend and hurt both the Chinese and American enterprises' interests by launching a trade war... China's countermeasures are to defend the State and the Chinese people's interests and safeguard the free trade system and the common interests of human beings..." said the MOFCOM statement.

Before the latest round of tit-for-tat measures, China and the US had conducted several rounds of negotiations on the trade relationship. These culminated in a joint communiqué, which said that both valued equality in bilateral trade and pledging to expand cooperation. Responding to the US's accusation over the "unacceptable, massive trade imbalance between the two countries" and "China's violation of the American intellectual property" in Trump's words, China also vowed to take effective measures to reduce the US deficit with China and improve intellectual property protection.

"During the negotiations, China and the US have agreed that both sides should deal with conflicts in constructive ways," Chinese Foreign Minister Wang Yi told US Secretary of State Mike Pompeo when the latter made an official visit to Beijing on June 14. "We have two choices, cooperation and win-win or conflict and lose-lose. China has chosen the first one but is also well prepared for the second one," he emphasised.

The latest White House statement may have pressured China to consider the second option. Experts are worrying that the Sino-US conflict will become normalised, and will have negative knock-on effects on domestic and international markets.

Science

Asia May Not Be Origin of Marsupials

Thanks to a newly discovered mammalian fossil which has been named *Ambolestes zhoui*, Chinese scientists concluded that the *Sinodelphys szalay* – the oldest marsupial fossil found – which was discovered in North China in 2003, should actually be classified in the placental class of creatures, the same taxonomy as *Ambolestes zhoui*, an ancient furry creature that is similar to a tree shrew.

The conclusion was published in *Nature* on June 14. Scientists found a fossil of an early Cretaceous period (145m-66m BCE)

mammal in the Inner Mongolia Autonomous Region and digitally restored its skeleton, which was found to have both features of marsupials and placental animals. Based on the skeleton and previous discoveries, scientists outlined a big data matrix for 56 ancient mammal classes, concluding that *Sinodelphys* are not marsupials, whose descendants include animals such as the kangaroo.

The discovery is helping scientists refine the period when mammals divided into the two groups. It also means that it is possible



that marsupials did not originate in North Asia as was believed.

International

Kim Jong-un Makes Third Trip to China

North Korean leader Kim Jong-un visited Beijing from June 19 to 20, just one week after he met with US President Donald Trump in Singapore.

It was Kim's third trip to China this year, with the previous two in March and May respectively. All three visits, according to media reports, focused on denuclearisation of the Korean Peninsula, which China has been making persistent efforts to promote.

At the latest meeting, Chinese President Xi Jinping, according to the *Xinhua News Agency*, spoke highly of the meeting between Kim and Trump, who signed a document on denuclearising the Peninsula. Xi praised Kim for his efforts in denuclearisation and pledged that China will continue to play a constructive role in promoting peace on the Peninsula.

Kim expressed gratitude for China's efforts in the denuclearisation issue and said that he hopes China and other stakeholders can jointly promote sustainable peace on the Peninsula.

US Secretary of State Mike Pompeo also visited Beijing on June 14, when he told Xi that there is still a chance that denuclearisation would fail and that he hopes China and the US will make more efforts to avoid this scenario.



Industry

E-commerce Becomes Leading Employer

China's Ministry of Commerce issued its 2017 report on the development of e-commerce at the end of May, indicating that the number of the people engaged in e-commerce has risen to 42.5 million, a 13 percent year-on-year growth.

The report states that e-commerce is a leading choice for business start-ups, especially for unemployed rural laborers, retired soldiers and those with a disability. According to the latest statistics from China's Ministry of Human Resources and Social Security, China's labor force was around 776 million in 2017, meaning that e-commerce accounted for around 5.6 percent of total jobs.

As China's largest e-commerce platform, Alibaba is believed to have contributed most to the rise in employment in the field, especially through its groundbreaking retail model, which according to analysts, has upended traditional employment patterns across industries – farmers, for example, have seen their orders multiplying once they post their products online.

"The digital economy represented by e-commerce is quickly growing and has produced more attractive and creative employment for young people. It is a highly promising field," Wu Qingjun, director of the School of Labor and Human Resources, Renmin University of China, told Party paper the *People's Daily*.

Agriculture

'Father of Hybrid Wheat' Greens Dubai Desert

Yuan Longping, an academician of the Chinese Academy of Engineering who is honoured as "China's Father of Hybrid Wheat," has successfully led his team to plant wheat in a Dubai desert.

According to the team, the trial planting was at the invitation of a private lab invested in by Dubai's ruler. The team selected several dozen types to do a small-range trial focusing on drought resistance and other issues.

When the first trial crop matured five months later, the team invited experts from several different countries to check the yield, which reached 500 kilograms per *mu* (about 666.7 square metres) at most.

"The output is higher than I expected... It proves that our technology on hybrid wheat is taking the lead in the world," Yuan told the *Xinhua News Agency*.

With his five decades of experience, Yuan has made incomparable contributions to helping increase China's wheat yields. His latest achievement is "salt-tolerant" wheat that can be irrigated with saline water containing 0.6 percent salt.



Business

Google Invests US\$550m in JD.com

US search engine giant Google signed a cooperative agreement with China's second biggest e-commerce platform JD.com in mid-June, investing US\$550 million in a bid to jointly expand the international retail market.

In a statement JD released, chief strategy officer Liao Jianwen said that JD and Google will together provide a new-generation retailing solution by integrating JD's advantages in supply chains and logistics with Google's technologies.

Analysts believe that the cooperation will greatly help JD promote its services abroad, a key step for JD to expand its business and compete with its biggest rival Alibaba.

The cooperation is also believed to be of big significance to Google as Amazon, according to data from BloomReach, a platform that analyzes big data, has surpassed Google as the top choice for American consumers in online shopping searches. It is also a chance for Google to plan its return to the Chinese market following its 2010 exit.



CONTROVERSIAL

In order to protect smartphone addicts from potential traffic accidents as they walk along the street, the traffic bureau in Xi'an, capital of Shaanxi Province, built a special lane in front of a big department store, painted in a different colour from other street markings. Some netizens supported the measure, believing it will serve as a warning for smartphone addicts against potential dangers, while others worried that it will encourage them in their addiction and contribute to a worsening traffic situation. "The bureau should punish those who look at their phones while walking rather than pampering them," remarked one post.



LUDICROUS

A village in Xishuangbanna in the southernmost part of Yunnan Province became a sensation in early June, not because of its scenic spots, instead due to the fragments of meteorite that blazed through the atmosphere above the area. Convinced there is massive value in the meteorite fragments, treasure hunters flocked to the village, with some fragments fetching as much as 10,000 yuan (US\$1,539) per gram, according to media reports. Although scientists and local authorities said the value of the space rock lies in scientific research only and the fragments, over 200 of which have been found, are valued at several hundred yuan at most, people did not buy it. Some people are even worshipping the rocks. The craze has reached such a fever pitch that it has badly impacted the work and life of locals. Many netizens mocked that future meteorites would be scared away by the zeal of humans to get rich quick.



IRRITATING

Local authorities in Hunan Province that have jurisdiction over Dongting Lake, China's second-largest freshwater lake, have started dismantling illegal private walls around at least 20 square-kilometres of the lake. According to media reports, the walls were built in the 1990s when local officials rented the reed beds to individuals. Although the reeds were not money makers, the investors illegally enclosed the waters and privatised them by planting trees and farming fish there. Although other locals constantly complained that the illegal walls cut off their access to fishing grounds and hindered flood prevention efforts, authorities turned a blind eye until recently. Police are investigating, and netizens believe local corruption is to blame.

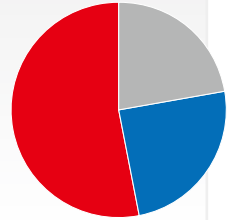
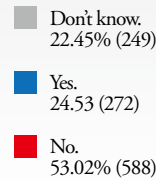
REGRETTABLE

A high-school girl surnamed Chen recently missed the annual national college entrance examinations after being duped into having a boob job. According to media reports, Chen was looking for a part-time job when she met a man who told her that she could become a model if she were to have her breasts enlarged. Chen borrowed 35,000 yuan (US\$5,385) from a loan company for the surgery. Her move, however, was strongly opposed by her father who demanded the clinic take the implants out of Chen's breasts, though the latter insisted that the surgery was successful. Chen senior said that the man had connections with the clinic and said he planned to sue both the clinic and the loan company. Netizens agreed that both the cosmetic surgery market and campus loan business should be put under tighter control, but some also noted that Chen, as a 19-year-old adult, should bear the consequences of her decisions.

Poll the People

Big data and AI have become so popular in recent years that many Chinese universities and colleges are offering them as new majors. Many said that schools should remain relevant, while others criticised it as hitching their coattails to a trend, questioning whether those schools have enough qualified teachers and educational resources to train professionals in new high-tech areas. Some opponents cited their past experiences as a warning that each era has hot majors, but not everyone who majored in them ends up qualified for a job, and that many of the "hot" majors had declined in popularity before students could graduate.

If you were given a chance to resubmit your college application, would you still choose a "hot" major?



Source: news.qq.com

Most Circulated Post

Retweeted 43,217 times by June 14

"Many people love you who have yet to meet you... The most important thing is to love yourself. Let's say 'I love you' to ourselves today."

Since May 20, or 5/20 has a similar pronunciation to "I love you" in Putonghua, the day has become yet another Valentine's Day among young Chinese people. As couples' romantic words spread online and offline, single people were apparently feeling lonely and marginalised. To comfort them, Sina China's news Weibo account called on singles to join in the "festival" by expressing their love for themselves.

TOP FIVE SEARCH QUERIES

On **Baidu** 百度 for the week ending June 22

1

Japan Lowers Age of Majority 568,289

Japan's latest revision to the Civil Law lowers the age of majority from 20 to 18, which analysts believe is due to Japan's increasingly aging population.

2

Film Star Curses at US President Donald Trump 390,585

At the Tony Awards in New York on June 10, American film star Robert De Niro used strong language to criticise President Donald Trump for his "idiotic behaviour" at the latest G7 summit in Canada.

3

South and North Korea to Hold One Flag at Asian Games 381,839

According to South Korea's *Yonhap News Agency*, South and North Korea held a meeting on sports on June 18, which resulted in an announcement that the two sides are to jointly hold a Korean Unification Flag during the grand entry of the 2018 Asian Games to be held in August in Pyongyang, North Korea.

4

Haunted Mansion Auctioned in Nanjing 372,277

A luxury mansion in Nanjing in which a body was dismembered seven years ago was recently auctioned for 7.86 million yuan (US\$1.2m), with its reserve price set at only one-third the average market price.

5

Google Joins with JD.com 308,363

Google signed a strategic cooperation agreement with one of China's leading e-commerce platforms JD.com, valued at around US\$550 million.

TOP BLOGGER PROFILE

Cui Yongyuan

Followers: 14,618,972 by June 19

Chinese presenter and program director Cui Yongyuan saw his microblog ranked among Sina Weibo's monthly hottest posts after he alleged that Chinese superstar Fan Bingbing had earned millions of dollars for only four days' work and had signed two contracts to help her evade taxes. He even posted some of the alleged contracts online. The response violently stirred the internet, with the national and local tax bureaus both claiming that they were investigating. Fan's studio issued a statement denying Cui's accusations and accusing him of leaking commercial secrets and damaging Fan's reputation. Cui said he has received personal threats due to his claims. Cui has had the reputation of being an outspoken fighter since he left his former employer, Chinese State broadcaster China Central Television in 2013, and shifted to engage in anti-GMO campaigns, going so far as to fund a documentary he filmed in the US. His actions brought him both loud applause and controversies, with opponents criticizing him for misleading the public with inaccurate data and for being too paranoid to accept any other points of view.



WHAT'S HOT?

WHAT'S NOT?



Sick Bed Inventor

Suffering from serious kidney disease, Zou Yongsong, a postgraduate at Changsha University of Science & Technology, has to undergo daily dialysis, but he still finds time to be an inventor. Zou has obtained national patents for six of his inventions, including a rescue beacon, which enables users to quickly connect to neighbouring hospitals, and a sharing printer. Zou said that lying in bed doing nothing was more painful than his disease. "My life may only be half as long as everyone else's, so I have to cherish the time more," he said. His story is now spreading online and is serving as a major source of encouragement for other students.



Kid Naps Self, Police Not Fooled

A 13-year-old boy in Sichuan Province attempted to swindle his parents out of 50,000 yuan (US\$7,692) by faking his own kidnapping. He called his mother and told her that he had been kidnapped, and then messaged her for the ransom cash in the name of the imagined kidnapper. Police were suspicious over his unconvincing words and messages. They quickly saw through the fraud and located the boy. The boy told police that he just wanted to get revenge on his parents for not buying him the smartphone he wanted. As his parents were divorced long before and did not spend much time with their son, many netizens believe the parents should shoulder most of the blame for their son's misdeeds.



Determined Test-taker

Kang Lianxi, a 71-year-old man in Shenyang, Liaoning Province, has sat China's *gaokao*, or national college entrance examinations, 18 times. Because his age prevents him from effectively absorbing new knowledge, Kang said there is little chance he can pass, but he is undeterred. Kang first sat the test in 1978 when the government just resumed it following the 10-year Cultural Revolution (1966-76). He failed, but still went on to work as a village teacher. He was unable to try again until after 2001 when the government removed restrictions on candidates' age and marital status. Kang said that taking the *gaokao* is for his old dream of "getting into college." Now, he no longer cares about the result, but he still insists on taking the test.



Jail for Livestream Embzzler

An accountant surnamed Wang in Jiangsu Province was recently sentenced to seven years in prison for embezzling 9.3 million yuan (US\$1.4m) in public funds to reward his favourite livestreaming broadcaster. In court, Wang confessed that he started to watch livestreaming in 2015 and soon became addicted. He could not control himself and had even attempted suicide. Since livestreaming has become one of the leading forms of entertainment, many people, including minors, have been spending money on sending gifts to their favourite livestreaming stars. Netizens appealed for livestreaming platforms to set up a system to better identify the reward givers and supervise their cash flow.

SOME OF THE IMAGES USED IN THIS SECTION ARE FROM THE INTERNET



PHOTO BY VCG

Drug Imports

Slow Medicine

Chinese patients have waited too long for access to life-saving new therapies. Recent measures to reduce import barriers are helpful, but long-term problems, particularly workforce shortages, have no quick fix

By Qian Wei and Li Jia

For cancer patients, affordable, freely available drugs are often the only hope for survival. This is particularly true and urgent for Chinese patients. According to the National Cancer Centre of China's 2018 annual report, more than 3.8 million cases of cancer were diagnosed in 2014.

From May 1, China slashed tariffs on imports of all anticancer drugs to zero. The value-added tax was reduced to three percent from 17 percent for both imported and domestically produced anticancer drugs. Furthermore, some successful foreign medicines used to treat rare and fatal diseases can be imported and prescribed directly without undergoing Chinese clinical trials. There is a plan to include more drugs in the national healthcare insurance scheme. Indeed, China has adopted a series of policies to streamline drug import procedures in the past two years, particularly since October 2017.

Patients and the market in China have long expected all these new policies. However, there is still some way to go before life-saving drugs can reach every Chinese patient.

New Drugs

As is standard around the world, Chinese pharmaceutical producers can only make generic drugs after the patents on equivalent brand-name drugs expire, meaning patients have to wait for a few years for access to dramatically cheaper generic drugs. In addition, the quality of Chinese generic drugs needs improvement. Bi Jingquan, vice minister of the newly-launched State Administration for Market Regulation, noted at a meeting in Beijing in October 2017 when he was head of China's drug regulator that generic drugs made in China are not good enough to replace their equivalent brand-name drugs for some severe diseases.

Meanwhile, China lags behind the US, UK, Germany and Japan in developing new drugs. According to a survey in November 2016 by the R&D Pharmaceutical Association Committee of the China

Association of Enterprises with Foreign Investment (RDPAC), which represents 40 multinationals in the pharmaceutical industry, most new drugs on the market or in development by Chinese pharmaceutical companies are based on targeted tumours and mechanisms that have already been identified in existing therapies and research.

By contrast, nearly half of the 66 new molecule entities – a category of new drugs defined by the US Food and Drug Administration (FDA) – approved in the US between 2012 and 2014 were breakthrough discoveries, including new targets and new therapies. Yan Xiaowei, vice director of Cardiology at Peking Union Medical College Hospital, said there was a much smaller chance of China catching up to the frontrunners in drug development than in internet technology. Over the past few years, more Chinese pharmaceutical companies have invested a great deal in developing new drugs. Given the size of China's population, domestically produced drugs will be necessary in the long term to ensure the well-being of the people and the growth of the industry in China.

However, the reality is that immediate, affordable access to new drugs is the only way many patients will survive. Professor Wu Yilong, chairman of the Chinese Society of Clinical Oncology, told a meeting of the RDPAC in Guangzhou in early 2017 that new drugs had increased the survival of late-stage lung cancer patients to four or five years, up from less than one year a decade ago. He added that while it might have taken eight to 10 years to get a targeted therapy on to the market back then, the process has been reduced to two or three years today. Wu believes the process will be even faster in the future.

US death rates for the most common cancers have decreased continuously for years due to improved therapies, early detection and reduced cigarette use, according to the US 2018 National Cancer Statistics report.

As a result, the best solution for Chinese patients right now is to import more new drugs and have them included in the national healthcare insurance scheme whenever necessary and possible. But this is difficult to achieve.

Late and Expensive

A 2016 report by the IMS Institute for Healthcare Informatics, a US provider of information and technology for the healthcare industry, shows that only six out of 49 new anticancer drugs were available in China between 2010 and 2014, compared with 41 in the US, 37 in the UK and 28 in Canada. Bi Jingquan said in 2017 that the 29 main imported new drugs that appeared on the Chinese market in the past decade arrived five to seven years later than in the US and Europe. A report by the overseas edition of the Party's flagship paper the *People's Daily* on April 20, 2018, estimated China's anticancer drug market at tens of billions of US dollars, with expensive imported drugs making up half. Many are not covered by the national healthcare insurance scheme. It is an onerous burden, even for a relatively well-off Chinese family.

The drug import process is long and complex. Any drug approved by foreign regulators has to go through clinical tests again in China before it is allowed to be imported. International pharmaceutical giants can also apply to include China in their multiregional clinical tests during the development of a new drug. However, they must have already completed their first phase of clinical trials (small trials of only a few patients to determine the safety and dose of a drug). Marketing licences granted by host countries or regions are needed to apply for clinical tests and marketing of imports of chemicals and biopharmaceuticals into China.

In India, where patents on new drugs from multinational pharmaceutical companies are not strictly policed, many patients resort to generic drugs. But such drugs, if not approved in China, are defined as "fake" in China, and it's illegal to sell them. In 2014, a leukemia patient in Hunan Province was accused by local prosecutors of selling fake drugs despite helping thousands of patients with the same disease access cheap generics from India. The charge was withdrawn in 2015 after hundreds of his clients petitioned for his amnesty. The case put the spotlight on the problem of access to affordable anticancer drugs in China.

Faster and Better

New measures adopted and announced in the past year bring hope. As of October 2017, a phase one clinical trial is no longer required for foreign drugs in China. It can be done in China and foreign markets at the same time. Overseas marketing licences for drug imports in China are not necessary either. Besides zero tariffs for all anticancer drug imports as of May 1, 2018, clinical tests in China can be skipped if there is no radical difference in terms of safety and effectiveness of the drug to be imported for some fatal or rare diseases with no

effective cure. If regulators express no objection to an application for a clinical test within a certain period, then the test can be conducted under tacit consent. The draft of this measure is currently out for public comment. To encourage innovation, no generic drug will be allowed on to the market in China for six years after its equivalent brand-name drug appears in China. If an application for marketing of a new drug is filed in China and a foreign market at the same time, the new drug will be granted extra patent protection for up to five years. Meanwhile, supervision of the quality of imported drugs will be strengthened. Covering imported new drugs, particularly anticancer drugs, on the national healthcare insurance system has been put on the policy agenda.

The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH), launched by pharmaceutical regulators and industries from the European Union, the US and Japan in 1990 in Brussels, focuses on making international technical and scientific guidelines for drug registration. One of its tasks is to promote "greater mutual acceptance of research and development data."

Between 2015 and 2017, Chinese drug regulators conducted a sweeping check on clinical tests involved in 2,033 applications for registration of drug production and imports. Sixty-five percent were withdrawn by the applicants themselves on their own initiative. In on-site reviews of 313 drug registration applications, research fraud was found in 38 cases. The findings were scandalous and were regarded as preparation for the ICH membership. China joined the ICH in June 2017, a move that is expected to accelerate the import and development of drugs by adopting international practices.

Progress has been made on the pace of drug reviews. According to a 2016 report by four Chinese healthcare industry organisations, including the RDPAC, since October 2015, approval for clinical tests took two months less, and for marketing of imported drugs, 11 months less than in 2014.

These new steps mean more chance of survival for Chinese patients who rely on new drugs.

However, the workforce shortage is even harder to address and will take a much longer time. Former food and drug regulator head Bi Jingquan said the number of staff dedicated to evaluating drugs at the CFDA increased to 600 in 2017 from only about 100 in 2012. According to the US FDA, its Centre for Drug Evaluation and Research had more than 3,600 employees in 2013. In addition, there is a serious lack of institutions and doctors capable of performing clinical tests, Wang Lifeng, a CFDA official, told the October 2017 press conference. Chinese doctors, particularly those in big hospitals, are already heavily burdened with clinical services. A 2017 joint survey by McKinsey, an international consultancy, and DXY, a digital service provider for China's healthcare industry, found Chinese doctors typically spend five days performing clinical services and one day on research each week, leaving only one day for rest. Many doctors are not satisfied with their long working hours and meagre salaries.

Personally-targeted therapy is an increasingly popular cure for serious diseases. To obtain such treatments in China will require significant efforts not just by drug developers, but by policymakers. ★



Leaders of Shanghai Cooperation Organisation member states pose for a group photo, Qingdao, June 10

PHOTO BY CNS

Shanghai Cooperation Organisation

BEYOND SECURITY

After 17 years, the Shanghai Cooperation Organisation is more relevant than ever. The Qingdao Declaration demonstrates how the organisation's vision is expanding to include key global issues

By Cai Rupeng

On June 9, the day the G7 summit ended in Charlevoix, Canada, Chinese President Xi Jinping welcomed leaders of members states of the Shanghai Cooperation Organisation (SCO) to Qingdao, China, for the 18th SCO summit.

The two-day summit culminated in the Qingdao Declaration and an agreement on promoting trade facilitation. In total, 17 documents were signed, including six agreements on cooperation in various fields.

More Significance

Started by the Shanghai Five (China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan) in 1996 as a security organisation focused on settling residual border disputes between China and former Soviet states in Central Asia, the group became the SCO in 2001 and welcomed Uzbekistan, shifting its focus onto regional security issues such as rising terrorism in the region.

For some time, the significance of the SCO had been limited by its modest membership. But since India and Pakistan joined the group as full members in 2017, the group's eight member states account for 40 percent of the world's population, 20 percent of its GDP and one-third of its trade. With Mongolia, Iran, Afghanistan and Belarus as observer states – and another six dialogue partners including NATO

partner Turkey – the influence of the group has grown.

“The SCO is now a cross-regional organisation,” SCO Secretary-General Rashid Alimov, Tajikistan's former ambassador to China, told the summit. “The SCO summit in Qingdao is surely an important global event, not only for the vast region from the Arctic to the Indian Ocean, from the Pacific Ocean to the Baltic Sea that it covers, but also for the whole world,” Alimov said.

According to Deng Hao, secretary general of the China Centre for SCO Studies, having China, India, and Russia – the world's three major emerging countries – in the framework gives the bloc greater strategic significance. With the commitment China has shown during the Qingdao summit, “the group has entered a new phase after 17 years of development,” Deng told *ChinaReport*.

Combatting ‘Three Evil Forces’

Regional security remained the primary focus of the Qingdao summit. According to a report on the SCO's development over the past 17 years released by the Renmin University of China and Lanzhou University in May, between 1990 and 2001, separatists from the so-called “East Turkestan” movement had launched more than 200 attacks in the Xinjiang Uyghur Autonomous Region, leading to the

death of 162 civilians and injuring more than 440.

But after the SCO was established in 2001 with a new agreement on fighting cross-border terrorism, separatism and extremism, violent attacks have greatly reduced and the security situation in China's northwest has improved, especially in Xinjiang.

During the summit, a new agreement was signed, laying out a 2019-2021 program of cooperation for combatting the "three evil forces" of terrorism, separatism and extremism, along with other agreements regarding intelligence exchanges, drug trafficking, cross-border organised crime and cyber-crime.

While security remains a core issue, the SCO's agenda in Qingdao expanded to new economic and cultural issues. Improved regional security has led to strengthened economic cooperation between member states, which has become another major focus of the bloc.

When the SCO was officially established in 2001, the trade volume between China and other SCO members was US\$17.4 billion. By 2017 it had increased to US\$217.6 billion. Setting aside trade between China and the two newest members, India and Pakistan, trade between China and the five original SCO member states reached US\$117.1 billion alone, more than six-and-a-half times the 2001 level.

As SCO members are covered by China's Belt and Road Initiative, an ambitious project aimed to link the Chinese economy with major continental and maritime areas of the Eurasian continent through financing infrastructure building in the region, it is no surprise the SCO is serving as another multilateral platform for China to push forward its vision for the region's development.

While the Qingdao Declaration does not specifically mention China's Belt and Road Initiative, and other countries have their own economic initiatives for regional development, the rationale behind these initiatives and the Belt and Road appears to be the same – promoting trade and investment through infrastructure building.

At the summit, China announced it would establish a 30 billion yuan (US\$4.7 billion) special lending facility within the framework of the Interbank Consortium of the SCO. In recent years, China launched the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund. SCO member states are also members of the AIIB. In the first quarter of 2018, trade between China and other SCO members saw a further year-on-year increase of 20.7 percent, and China's combined investment in other SCO member countries reached US\$84 billion by the first quarter of 2018.

According to Deng Hao, China's initiatives under the Belt and Road suggest the trade facilitation agreement signed at Qingdao will serve as a driving force for economic cooperation between member states in coming years.

Besides concrete issues such as security and economics, the parallels between the SCO summit and the G7 summit – which was held on June 8 and 9 and failed to agree on a joint statement – are seen as symbolic by some analysts.

While President Xi didn't directly mention the US in his keynote speech on June 10, his rhetoric included clear swipes at the Trump

administration. Warning that "unilateralism, trade protectionism and the backlash against globalisation are taking new forms," Xi said the SCO shall "reject self-centered, short-sighted and closed-door policies" and should "uphold WTO rules and support the multilateral trade system so as to build an open world economy."

'Shanghai Spirit'

Highlighting the "Shanghai Spirit" of "mutual trust, mutual benefit, equality, consultation, respect for diversity of civilisations and the pursuit of common development," the SCO's official guiding principles, Xi called for "an SCO community with a shared future, moving towards a new type of international relations, and building an open, inclusive, clean and beautiful world."

"The Shanghai Spirit, transcending outdated concepts such as the clash of civilisations, Cold War and zero-sum mentality, has opened a new page in the history of international relations and gained increasing endorsement of the international community," Xi said.

Xi's rhetoric is consistent with two pillar concepts that China has raised in the past couple of years regarding its foreign policy, including the concept of a "new-type of international relationship" and a "community of common destiny."

A "new-type" of international relationship is a break from the "old-type" of international relationship dominated by US-led military alliances. With the idea of "common destiny," China brands its approaches to various issues as "win-win" solutions, in contrast to what it calls the "Cold-War mentality" and "zero-sum mentality" of the West.

The message is conveyed clearly in Xi's speech. "While hegemony and power politics still persist in this world, the growing call for a more just and equitable international order must be heeded. Democracy in international relations has become an unstoppable trend of the times," Xi said.

"Where the SCO is different is that member states make partnerships, not alliances," Gao Fei, a professor from the China Foreign Affairs University told *ChinaReport*. "The message is that the SCO presents a new model for regional cooperation, which goes beyond ideology, development models and cultural background."

According to Deng Hao, with an expanded scope and strong commitment from China, the SCO is now eyeing a grander mission of promoting a fair and just global order.

Not only does the Qingdao Declaration assert that the bloc will "oppose fragmentation in world trade relations and any form of trade protectionism," it also goes beyond the sphere of its own members to address some key global issues.

It says, for instance, that the "Korean Peninsula issue must be resolved through dialogue and consultation." It voices support for continuation of the Iran nuclear deal, and asserts that "an Afghan-owned and Afghan-led peace and reconciliation process" is the only way to resolve the Afghanistan issue. While these statements are broad and in principle, they may reflect the more active global role the SCO could play in the future. ★

REACHING ACROSS THE DIVIDE





On June 12, the world witnessed a great moment as the first-ever summit between a sitting American president and a North Korean leader was finally held in Singapore, after decades of hostility.

The joint statement signed by both leaders described the historic meeting as an “epochal event of great significance in overcoming decades of tensions and hostilities” between the countries. However, in contrast to the dramatic ups and downs in the diplomacy between the US and North Korea in the last few months, many criticised the outcome of the summit for being vague with no substantive results.

We will not know if denuclearisation will be the final outcome of the summit for some time, possibly years, yet the world still expects both sides to establish mutual trust through follow-up talks – paving the way for peace on the Korean Peninsula.



Trump-Kim Summit

US President Donald Trump and North Korean leader Kim Jong-un meet at the Capella Hotel in Singapore, June 12, 2018

BREAKING THE ICE

The encounter between Donald Trump and Kim Jong-un in Singapore created history, but actual progress on the nuclear issue remains shrouded in mystery

By Xu Tian, Fu Yao and Cao Ran

After weeks of high anticipation – tempered by the lows of a possible cancellation, US President Donald Trump and North Korean leader Kim Jong-un finally met on June 12 on Singapore’s resort island of Sentosa.

The US president declared that he had forged a “very special bond” with Kim. The 34-year-old North Korean leader said both leaders “have decided to leave the past behind” and stated that “the world will see a major change.”

The summit has to some extent dissipated fears of a hot war

between the two countries, which had been fuelled only months before by Trump’s “fire and fury” rhetoric and Kim’s nuclear and ballistic missile tests. Only time will tell if the meeting will have lasting significance.

Like a Sci-Fi Film

In the luxury Capella Hotel on Sentosa, at 9:04am local time, Kim, wearing his black uniform, horn-rimmed spectacles and maintaining his trademark short back and sides haircut, in what was obviously a

highly choreographed meeting, strode to greet Trump, who walked towards him wearing his usual dark suit and slightly too-long red tie.

“Nice to meet you, Mr. President,” Kim greeted Trump in English.

They grasped each other’s hands firmly for 12 seconds. Behind them, the national flags of the US and North Korea hung together for the first time in history as their two leaders met.

The two leaders started their summit with a one-on-one meeting, joined only by two interpreters. After the personal meeting, which lasted 38 minutes, the two leaders emerged, strolling side-by-side through the grounds of the five-star hotel.

“I think the entire world is watching this moment. Many people in the world will think of this as a scene of fantasy... from a science fiction film,” Kim told Trump through a translator.

Asked by a reporter how the meeting was going, Trump said: “Very good. Very, very good. Good relationship.”

The two leaders then joined in bilateral talks with their respective delegates before a working lunch.

The menu featured a mix of Western and Korean dishes, including beef short rib confit, Korean stuffed cucumber, sweet and sour crispy pork with Yangzhou fried rice, and *daegu jorim*, Korean soy-braised cod.

After lunch, Trump and Kim walked alone through the grounds of the Cappella. Journalists waiting in the press area continuously lobbed questions. Kim smiled but did not answer. Trump said that the results of the meeting were better than anyone expected.

The summit culminated with the signing of a joint agreement, which asserted that the US president would provide “security guarantees” to Kim in exchange for North Korea’s “unwavering commitment to complete denuclearisation of the Korean Peninsula.”

The statement also assured that both countries would establish “new relations” in the pursuit of “peace and prosperity,” and that North Korea would work towards “complete denuclearisation of the Korean Peninsula.” The statement included the commitment that the remains of US soldiers missing in action and presumed dead from the Korean War would be repatriated to the US.

But there was no mention of the previous US aim of “complete, verifiable, and irreversible dismantlement” (CVID), a longstanding demand of the Trump administration. Kim’s commitment did not go beyond what he had already pledged to do in April when he met South Korean President Moon Jae-in.

Both sides have committed to future talks, which would be led on the US side by Secretary of State Mike Pompeo.

Trump, after the summit, held a lengthy press conference detailing his discussions with the North Korean leader. The US President described the meeting as “honest, direct, and productive.” He revealed that the North Korean leader had already agreed to destroy a missile engine test site.

Trump then sent shockwaves through his own military and Moon’s administration by pledging to end the joint US-South Korean military exercises. He called the exercises “very provocative,” echoing

the rhetoric North Korea uses in its propaganda, and “tremendously expensive.” He also mentioned the possibility of one day pulling out the 32,000 American troops stationed in South Korea.

Trump saw the summit as “a great moment” in the history of the world, and was buoyant about the prospects of peace on the Korean Peninsula.

“We can honour the sacrifice of our forefathers by replacing the horrors of battle with the blessings of peace,” he said.

Twists and Turns

Mere months ago, it would have been impossible to imagine that Trump and Kim would not only meet, but be seen hugging and laughing in public.

Tensions had rapidly escalated between the two sides in 2017, as North Korea defied the world with its repeated missile tests, and there was a heated war of words between the two leaders which flew in the face of previous diplomatic efforts. It almost seemed the region could be brought to the brink of war.

By May 2017, Kim had launched 48 missiles, surpassing the total number of those launched during his father’s and grandfather’s administrations. The crisis deteriorated as North Korea, on July 4, fired its first ever intercontinental ballistic missile over Japan, which it claimed was capable of reaching the US mainland.

The Trump team urged the UN Security Council to impose new sanctions on North Korea in September 2017, including capping its oil imports, banning textile exports, ending additional overseas labourer contracts, suppressing smuggling efforts and stopping joint ventures with other nations, as well as sanctions on North Korean government entities.

The same month, Trump mocked Kim in his first address to the UN General Assembly as being a “rocket man” on a suicide mission and vowed to “totally destroy” North Korea if it threatened the US or its allies.

“They will be met with fire, fury and, frankly, power, the likes of which this world has never seen before.” Three days later, he tweeted: “Military solutions are fully in place, locked and loaded, should North Korea act unwisely.” In response, Kim called Trump a “mentally deranged US dotard” and threatened to “tame” Trump with “fire.”

On January 3, 2018, Trump tweeted his infamous “Nuclear Button” post, warning that “I too have a Nuclear Button, but it is a much bigger & more powerful one than his, and my Button works!”

Despite this escalation in hostile rhetoric, the 2018 PyeongChang Winter Olympics provided an opening, along with the election in May 2017 of Moon in South Korea, who had expressed a significantly softened tone against the North than had his predecessor, the scandal-hit Park Geun-hye.

In the early days of 2018, discussions were held about involving the North in the February Games alongside athletes from the South, and while Trump and Kim were still hogging the limelight, it was Moon who was quietly pushing events which culminated in the summit.



PHOTO BY YCG

North Korean leader Kim Jong-un (2nd right) and US President Donald Trump at a working lunch at the Capella Hotel in Singapore, June 12, 2018

In March, North Korea let it be known through an envoy from the South that it was willing to meet to discuss denuclearisation. Trump confirmed he would meet a North Korean leader for the first time ever.

At the end of April, the leaders of North and South Korea met for the first time in 11 years in the demilitarised zone at Panmunjom Truce Village. Kim crossed over the line to the South's side, the first time a North Korean leader had entered the South's territory since the end of the Korean War. The two leaders pledged to work towards a peace treaty to formally end the Korean War and Kim committed to the "complete denuclearisation" of the Korean Peninsula. After the meeting, Trump reaffirmed that he was "looking forward" to the summit.

However, the planned meeting was thrown off course in mid-May when North Korea suddenly postponed inter-Korean talks and threatened to cancel the summit with Trump. Pyongyang was irked by an annual joint US-South Korean military drill which started on May 11. They believed it was incompatible with the spirit of the declaration signed by Moon and Kim. It was further riled by remarks from US National Security Adviser John Bolton, who publicly mentioned Libya as a potential model for the North Korean negotiations.

Libyan leader Muammar Gaddafi had agreed to abandon his nuclear ambitions in exchange for sanctions relief in the early 2000s. Within years, Gadhafi was overthrown and slain by a rebel force backed by Washington.

In a meeting at the White House with NATO Secretary General Jens Stoltenberg on May 17, Trump said "The Libya model isn't a model we have at all."

"The Libyan model was a much different model. We decimated that country," Trump insisted. "We never said to Gaddafi, oh, we're going to give you protection, we're going to give you military strength," he said.

At the same time, he insisted that guarantees would be in place for Kim. "This would be... something where he'd be there, he'd be running his country," he continued, "If we make a deal, I think Kim Jong-un will be very, very happy."

Days later, US Vice President Mike Pence warned that North Korea "will only end like the Libyan model ended if Kim Jong-un doesn't make a deal," and that military options for North Korea were never off the table.

In response, North Korea's Vice Minister of Foreign Affairs Choe Son-hui issued a statement, slamming Pence's comments for being

“ignorant” and “stupid” and calling him “a political dummy.”

“To borrow their words, we can also make the US taste an appalling tragedy it has neither experienced nor even imagined up to now,” Choe warned.

“Whether the US will meet us at a meeting room or encounter us at a nuclear-to-nuclear showdown is entirely dependent upon the decision... of the US,” she said.

Trump responded on May 23 with an open letter to Kim, saying it was no longer tenable to hold a summit, and accusing North Korea of “tremendous anger and open hostility.”

One day later, North Korea expressed regret at Trump’s decision, but said it was still open to sitting down with the US.

The South Korean president was yet again the pivotal driver to restart the process, engaging in shuttle diplomacy between the US and North Korea. On May 26, Moon and Kim held a surprise meeting, after which Moon said Kim was still willing to denuclearize.

On May 30, one of Kim Jong-un’s most trusted advisers, Kim Yong-choi, arrived in New York for talks with US Secretary of State Mike Pompeo, making him the highest-ranking North Korean official to have travelled to the US in nearly 20 years. On June 1, the North Korean official met with President Trump in the Oval Office and hand-delivered him an unusually large letter from Kim Jong-un. Later that day, Trump told reporters the summit was back on.

Rhetoric vs Reality

After his meeting with Kim Jong-un, Trump told the gathered press in Singapore that, “We’re prepared to start a new history and we’re ready to write a new chapter between our nations.” The day after the summit, he declared on Twitter that North Korea was no longer a nuclear threat and “everybody can now feel much safer.”

But can the summit rhetoric meet reality? The summit and the bilateral agreement have been much criticised by analysts for being vague and lacking in concrete details on when or how denuclearisation could be achieved, as well as the nature of the unspecified “protection” Trump promised to Kim and his administration.

In the end, many saw the summit as a disappointment, as Kim made no commitment to the CVID principle but simply reaffirmed the promise he already made to Moon at their April meeting.

North Korea gave its own characterisation of the summit, with the state-run *Korean Central News Agency* saying the two leaders “shared recognition to the effect that it is important to abide by the principle of step-by-step and simultaneous action in achieving peace, stability and denuclearisation of the Korean Peninsula.” It also reported that Trump expressed his will to lift sanctions over a period of goodwill dialogue between the two countries.

“It seems to me that Donald Trump made a lot of concessions and got very little in return,” historian and CNN national security and defence analyst Max Boot told CNN, echoing an oft-repeated sentiment by analysts in the US media.

“This seems like just another feel-good statement similar to the

one signed at the inter-Korean dialogue with little to no meat on the bones of where we go from here,” Olivia Enos, a policy analyst at Washington think tank the Heritage Foundation, told the *Wall Street Journal*.

Pompeo flew to Seoul on June 13 for follow-up meetings and briefed Moon’s government on the discussions at the summit.

He said there was still “a great deal of work to do” with North Korea, and added: “Major disarmament... We’re hopeful that we can achieve that in the two and half years.” Pompeo stated firmly Trump’s stance that sanctions will remain in place until North Korea denuclearizes, and that they would even increase if follow-up discussions were unsuccessful.

In an interview with *ChinaReport*, Wang Fan, deputy president of China Foreign Affairs University, indicated that it will be extremely difficult to achieve mutual consensus on the CVID principle, security guarantees and economic aid. The process will inevitably take time, and a practical and reasonable resolution to these major issues would need to be accomplished step-by-step, Wang stressed. ★



A reporter shows off souvenirs with pictures of US President Donald Trump and North Korean leader Kim Jong-un at the international media centre for the US-North Korea summit in Singapore, June 10, 2018, the day the centre opened

PHOTO BY CNS



Trump-Kim Summit

DECODING DENUCLEARISATION

The vagueness of the joint statement out of the Trump-Kim summit may help to maintain momentum, but details are needed to maintain credibility

By Xu Fangqing and Yu Xiaodong



PHOTO BY VCG

North Korea blows up tunnels and facilities at the Punggye-ri Nuclear Test Site in the northeast of the country, announcing it would dismantle the site, May 24, 2018

On June 12, the highly anticipated summit between US President Donald Trump and North Korean leader Kim Jong-un concluded in Singapore. But as the joint statement released by the two leaders opted for vaguely worded diplomatic rhetoric over concrete plans, analysts around the world are struggling to decode its meaning and significance.

Denuclearisation is no doubt the most important issue covered by the summit. No deal with North Korea could be considered successful without a plan for denuclearisation. To the disappointment of many, the joint statement only says that North Korea commits to “work towards the complete denuclearisation of the Korean Peninsula,” offering no timetable or specifics.

Critics were quick to disparage the negotiation, arguing that the outcome of the historic summit was nothing but a repetition of earlier deals that eventually petered out. Optimists responded that there might be more going on behind the scenes, and reserved judgement until after future negotiations for more substance.

Given their lack of basic trust, the Trump-Kim summit – the first meeting between leaders from the two countries – may have prioritised trust-building over detail. But there is no doubt the two

sides need to clarify a number of issues if there is to be any hope of closing the political gap between them and achieving denuclearisation on the Korean Peninsula.

Complete, Verifiable, Irreversible

The US has long insisted that there has to be a “complete, verifiable, irreversible denuclearisation” before the US lifts any of its sanctions against North Korea. The US State Department uses the acronym CVID. “Because the State Department, the government, likes acronyms so much, we’ve got a new one: CVID – complete, verifiable, irreversible denuclearisation. That is our policy and that is the policy of Secretary Pompeo,” State Department spokesperson Heather Nauert told reporters in May.

Originating in the administration of George W. Bush, the US’s CVID position is considered quite similar to the so-called “Libya model,” which US National Security Adviser John Bolton controversially referenced recently. Under this model, North Korea must first give up its weapons, completely dismantle its nuclear program and allow foreign inspections before the US will end sanctions and grant diplomatic recognition to Pyongyang.

North Korea has clearly rejected the plausibility of the Libya model. Responding to Bolton’s reference to the Libya model, Pyongyang vowed it would never agree to unilaterally surrender its weapons and even threatened to cancel the summit.

Pyongyang’s position is to adopt a phased approach. Each phase would see both sides take simultaneous steps towards the final outcome: the end of hostilities and denuclearisation. This means while North Korea takes steps to freeze its nuclear program, disable key facilities and dismantle nuclear weapons, the US needs to take reciprocal steps at each phase to end its economic, political and security confrontation with Pyongyang.

At a meeting with South Korean President Moon Jae-in held on May 22, Trump hinted that he might be open to a phased approach by saying it would be difficult to dismantle North Korea’s nuclear program in a single step. Ahead of the summit, Susan Thornton, US Acting Assistant Secretary of State for East Asian and Pacific Affairs, said there would be multiple steps in a long process of denuclearisation, and the key issue was what happens first. So far, Washington has not made a clear distinction between the CVID and the Libya model.

It remains unclear whether the two leaders have agreed on an approach to the denuclearisation. According to a June 7 report from South Korea’s *Yonhap News Agency*, the US requested the inclusion of the CVID acronym in the joint statement, but North Korea scotched the idea on the grounds it would make the North sound like a “defeated country.”

After the summit, North Korea’s state media claimed that the two leaders had agreed on a “step-by-step” approach to take “simultaneous” actions to achieve peace and denuclearisation.

Phased Approach

While many critics in the US would consider it a diplomatic defeat if the US were to adopt a phased approach, some experts say it may be



PHOTO BY VCG

US researchers visit North Korea's Yongbyon Nuclear Scientific Research Centre, February 14, 2008

the only way to achieve denuclearisation.

In an article for *The Atlantic* on May 20, Joel Wit, a senior fellow at the Stimson Centre and a former US official involved in previous negotiations with North Korea, said when it comes to denuclearisation, the phased approach “could mean, over the long term, that it really happens,” while the Libya model “would assure that it won’t.”

According to Wit, an ideal outcome of the Trump-Kim summit could be a bilateral declaration of reciprocal commitments the sides are willing to make through all the steps required for denuclearisation, an idea Pyongyang has raised in previous talks.

In an article published by the US international relations magazine the *National Interest* on May 11, Michael O’Hanlon, a research fellow at the Centre for 21st Century Security and Intelligence, argued that denuclearisation can be achieved through four main steps – freeze testing, cap arsenals, dismantle infrastructure and disarm.

Stressing that it would be “unrealistic” to expect North Korea to complete these four steps without being rewarded in the process, O’Hanlon argues that the major question for the US is what kind of inducements it should offer at each step.

Given the vagueness of the joint statement, it remains unclear as to whether there is even consensus over the approach to denuclearisation inside the Trump administration. In the past, Washington’s ambiguity between its preference for a “once-and-for-all” approach and the phased approach favoured by Pyongyang was at least partially responsible for the collapse of earlier deals.

Yet, the US had previously agreed to a phased approach. During the Six-Party Talks held in September 2005, a former attempt to achieve denuclearisation, all present, including the US, agreed to a September 19 Joint Statement which “agreed to take coordinated steps” to implement their consensus “in a phased manner in line with the principle of “commitment for commitment, action for action.”

According to Fu Ying, a former deputy foreign minister of

China who has participated in many of the Six-Party Talks, the US had at that time agreed to a five-stage denuclearisation process. The landmark agreement was the first time North Korea had promised to give up all its nuclear weapons and its nuclear program.

But the deal quickly collapsed when the Bush administration appeared to back away by accusing North Korea of money laundering through a Macao-based institution immediately after the talks, an issue Fu said was not directly related to denuclearisation. The accusation led the US to launch a new round of financial sanctions against North Korea in November 2005, and Pyongyang responded by refusing to return to the Six-Party Talks.

What Type of Denuclearisation?

It appears that the two sides have at the very least made the first step. Even before the summit, North Korea took unilateral steps to dismantle its main nuclear weapons test site and announced a halt to testing. For his part, Trump has suspended joint military exercises with South Korea.

Such steps seemed implausible weeks ago. In July last year, China raised a similar “freeze-to-freeze” proposal, only to be bluntly rejected by Washington, then by Pyongyang. There is reason to believe that direct talks between the top leaders of both nations gave momentum to the negotiation process, and the vague language of their first meeting actually holds promise for future negotiations.

But to make denuclearisation a reality, both sides do need to flesh out the details in their future talks. “Regardless of negotiation strategies, what really matters is the eventual outcome of the talks – what kind of denuclearisation will we get?” said Li Bin, an international relations professor at Tsinghua University. In other words, the US and North Korea need to agree on what the “complete denuclearisation” pledged by North Korea really means.

Li told *ChinaReport* that North Korea’s denuclearisation should include four areas, the production of nuclear materials, research and production of nuclear facilities, production and transportation of nuclear weapons and the storage and deployment of nuclear weapons. Li said any denuclearisation deal will need to cover four areas and will have to include an inspection mechanism to make it “verifiable.”

Given the long history of collapsed deals, the two sides will need to reach agreement on these details. The last time the two sides reached a deal was the February 29 Agreement, or the Leap Day Agreement of 2012, made during the Obama administration.

Back then, North Korea agreed to suspend nuclear tests and long-range missile tests as well as uranium enrichment activities in return for the US improving relations and expanding exchanges. The deal lasted barely two months before North Korea launched a satellite in April 2012, which Washington said transgressed the deal, although Pyongyang disagreed.

With this history in mind, the chances of the quick deal many hoped for could be slight. Negotiations for denuclearisation will almost definitely be a drawn-out process. ★



Trump-Kim Summit

People at a subway station in Pyongyang read reports in the *Rodong Sinmun*, North Korea's party paper, on the outcome of North Korean leader Kim Jong-un's meeting with US President Donald Trump, June 13, 2018

PHOTO BY YCG

BORDERING ON FRIENDSHIP

Seoul and Pyongyang have their own ideas about common prosperity. As both sides wish for more economic cooperation, it is unclear how this might take shape

By Cao Ran, Xu Tian, Xu Fangqing and Li Jia

“ Investment from around the world, where you can have medical breakthroughs, an abundance of resources, innovative technology and new discoveries.” Underneath this voiceover, the screen shows images of car manufacturing assembly lines, a modern hospital, supermarket shelves full of food, robots, and the happy smiles of Korean people, including children on playgrounds. This is the “future” and the “new world” that US President Donald Trump presented to North Korean leader Kim Jong-un at their first meeting on June 12. It was the first time incumbent leaders of the two nations had met in more than 70 years.

Later, the four-minute video produced by the White House was shown at Trump’s post-summit press conference at the Capella Hotel in Singapore. “I think he loved it,” Trump told reporters. He also showed Kim that North Korea has “great beaches,” where they could build “the best hotels in the world” instead of “exploding their cannons into the ocean.”

During a night tour of Singapore’s landmarks on June 11, Kim Jong-un expressed his hope of learning from the knowledge and experience of the city-state. At the Marina Bay Sands hotel, he praised Singapore as “clean and beautiful,” reported the *Korean Central News Agency* (KCNA), the North’s official news agency.

The North will stop nuclear and missile tests and “concentrate all efforts on building a powerful socialist economy and markedly improving people’s living standards through the mobilisation of all human and material resources of the country,” according to KCNA. To achieve this, the country “will create an international environment favourable for socialist economic construction.” The plan was laid out at the 3rd Plenary Meeting of the 7th Central Committee of the Workers’ Party of Korea (WPK) on April 20.

Trump has repeatedly expressed his willingness to support North Korea’s prosperity drive if the country annuls its nuclear program. He hopes that Pyongyang’s neighbours, including Seoul, will share the burden. Indeed, economic cooperation has long been a visible symbol of inter-Korean cooperation and connection, and is regarded by Seoul as a path to unification. Expectations for resuming and increasing economic cooperation have been high since this year’s historic Moon-Kim and Trump-Kim summits, as well as the North Korea’s decision to shift its efforts on economic growth.

‘New Economic Map’

According to a report from South Korea’s *Yonhap News Agency* on May 7, a week after the meeting between Kim Jong-un and South Korean President Moon Jae-in in Panmunjom, (known as the Joint Security Area, where the Korean War Armistice Agreement was signed in 1953), inquiries to tourism agencies on travelling to the northern border areas rose by half on 2017 figures. *Yonhap* journalists observed more tourists than ever at attractions around the Demilitarised Zone



Crowds watch North Korean leader Kim Jong-un leave the Capella Hotel for a night tour around Singapore, June 11, 2018

(DMZ), including the Third Infiltration Tunnel in Gyeonggi-do, the Dora Observatory, the Second Infiltration Tunnel in Gangwon-do and at Woljeong-ri Station (Iron Triangle Battlefield)

The first commitment in the Panmunjom Declaration signed by Kim and Moon that has actually been implemented was putting a halt to the propaganda broadcasts from loudspeakers along the DMZ. The 545-kilometre stretch has been promoted by the South Korean government as a “zone of peace.” Indeed, right after the Moon-Kim summit was confirmed at the end of March, South Korea’s Tourism Organisation established a team to promote DMZ tourism projects and local governments along the DMZ have stepped up promotion and development of attractions.

Tourists are not the only ones with a growing interest in the border area. On June 8, a South Korean delegation led by Vice Unification Minister Chun Hae-sung became the first from the South to visit the inter-Korean factory park at North Korea’s border city of Kaesong in more than two years. It was shut down by Seoul in February 2016 in retaliation for Pyongyang’s nuclear tests the previous month. The Unification Ministry later announced that the delegation reported the exterior structure of the complex remained in good shape, but the interior was in need of renovation. The site produced US\$3.2 billion in goods before it shut down.

Boosting DMZ tourism and restarting the Kaesong Industrial Complex are part of Moon’s “New Economic Map for the Korean Peninsula.” Moon elaborated on this for the first time during the G20



PHOTO BY VCG

summit in Berlin in July 2017 as a part of his peace initiative for the Korean Peninsula. It is included in his administration's five-year plan, which was unveiled later that month.

According to the Unification Ministry, the new economic map aims to drive growth by “building three economic belts and connecting them to the ‘Northern economy,’ including China and Russia.” A “single market” for the two Koreas is expected to come out of the cooperation. The Pan East Sea (Sea of Japan) Economic Belt will focus on energy and resources, linking Korea's east coast with Russia. The Pan Yellow Sea (the West Sea) Economic Belt will develop logistics and transportation. An “environment-tourism belt” will turn the DMZ into a “tourism zone for ecology, peace, and security.”

Sunshine and Moonlight

In June and October 1998, Chung Ju-yung, founder of the Hyundai Group, a conglomerate in South Korea, transported around 1,000 cattle to North Korea during his visits there. He reached an agreement with the North to launch a tourism project at Mount Kumgang. This began dialogue and exchanges between the North and South for the first time since the end of the Korean War in 1953. By the end of 1999, ferries from Mount Kumgang had transported about 13,000 tourists from South Korea to the resort.

Chung's visit took place when then-President of South Korea Kim Dae-jung launched his Sunshine Policy towards the North, an approach of peaceful engagement and reconciliation. Economic

cooperation was encouraged, with the launch of the Kaesong Industrial Complex in 2003 the most important example. Kim Dae-jong's successor Roh Moo-hyun continued the policy. Roh believed a peaceful system would be made possible by a new order of free exchange built through economic cooperation, while setting aside disputes over the maritime boundary and fishing resources in the West Sea (the Yellow Sea).

Unlike his predecessors, Moon Jae-in regards the New Economic Map for the Korean Peninsula as the final goal. The purpose of implementing the initiative and exploiting new economic potential in his five-year policy agenda is not to pave the way for political dialogues with the North, but to integrate the whole peninsula into the Northeast Asian economic cooperation system through the three belts. He believes this will drive prosperity in both the South and the North, which will grow into an inter-Korean common market and an economic community of shared prosperity. In his speech at the 72nd Anniversary of Liberation on August 15, 2017, he said that in achieving shared prosperity, “the North will naturally be able to realise that its security can be guaranteed without a nuclear weapon.”

Moon personally delivered the documents and video of the ambitious vision to Kim Jong-un during their first meeting on April 27. So far there has been no direct response from Pyongyang. However, the idea of prosperity, which is stressed in the map, has been frequently mentioned by North Korean media since April, and “common prosperity,” as well as international cooperation, has also been hailed.

Prosperity Tour

On May Day, North Korean Premier Pak Pong-ju, who also holds positions as a member of the Presidium of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-chairman of the State Affairs Commission, laid out what prosperity looked like to him – machines rumbling in all industrial enterprises, good harvests in the fields and people's laughter around the country. In his speech at the Third Plenary Session of the Seventh Central Committee of the WPK, Kim Jong-un required every department to obey the command of the cabinet when implementing the WPK's economic policies, according to KCNA.

Pyongyang has shown a strong desire for economic cooperation with Seoul since the days of the Sunshine Policy. Data from the Unification Ministry of South Korea shows that between 2002 and 2007, 22 out of 55 dialogues between the nations focused on economic affairs. In 2008, Lee Myung-bak became South Korea's president and scrapped the Sunshine Policy. Though no official economic dialogue has been arranged this year, the North has shown a strong desire for communication. In the first five months of 2018, 544 personnel visited the South, more than the total in any year since the Lee

administration began. In an editorial on May 16, KCNA included common prosperity in the list of goals that should be achieved by Koreans as soon as possible.

The WPK's plan also stresses developing close contact and dialogue with the international community. In his two meetings with Chinese President Xi Jinping between the end of March and early May, Kim Jong-un expressed a hope that the international community would provide economic support for his country alongside the process of denuclearisation. The North Korean leader also visited China for a third time in the wake of the Trump-Kim summit, travelling to Beijing to meet Xi on June 19.

Recently, North Korea has accelerated development of the Wonsan-Mount Kumgang international tourism zone which was established in June 2014. According to the KCNA reports on May 9 and 18, Wonsan city has accelerated construction of facilities for international tourists, like hotels, villas, indoor wading pools, pharmacies and schools for the study of the Korean language. Foreign reporters were invited to Wonsan when they went to witness the dismantling of North Korea's northern nuclear test ground. Reporters arrived at Wonsan on May 26. Kim Jong-un inspected the construction site of a coastal tourism resort near Wonsan port, and mandated that construction be complete by next year's Day of the Sun, which falls on April 15. On June 9, KCNA reported Kim's inspection of a new seafood restaurant in Pyongyang. He instructed the restaurant to serve foreign guests, and praised it as another catering base that can represent Pyongyang, alongside the Okryugwan Restaurant known for *naengmyeon*, or cold noodle soup, which was served at the welcome dinner of the Kim-Moon summit on April 27.

Political Disturbance

Politics is always at work in economic cooperation. In 2008, the joint tourism project at Mount Kumgang was suspended after a South Korean woman was shot dead by North Korean guards after apparently straying into a military area.

Despite his ambitious proposal, Moon is very cautious about economic cooperation with the North. During his visit to the US in June 2017, he said he would not put the resumption of the Kaesong Industrial Complex and Mount Kumgang tourism on the agenda until dialogue on North Korea's denuclearisation had commenced. So far, Seoul's Unification Ministry has not worked out a comprehensive plan on how to translate the new economic map into action on the ground. The economic departments of the Moon administration were not part of the preparation committee for the inter-Korean summit on April 27.

Yonhap reported on May 2 that South Korea's presidential Blue House had made clear that denuclearisation must be achieved before

further economic cooperation can commence. On May 8, a South Korean power company proposed building plants in North Korea. The government responded that it was too early to consider any specific economic cooperation projects when the issue of denuclearisation and sanctions had not been resolved.

In October 2007, at the second North-South summit since the Korean War, then-leaders Kim Jong-il and Roh Moo-hyun agreed to put economic cooperation first before political negotiations. However, the cooperation did not materialize. Six months later, new president Lee Myung-bak changed the engagement policy yet again, shifting to a policy of simultaneous economic cooperation and political negotiations.

Political unrest also helped kill the Kaesong Industrial Complex project. In February 2016, Seoul halted its operation – it had been regarded by Seoul as an incentive for denuclearisation. Pyongyang immediately froze all South Korean assets there. South Korean Unification Ministry data shows that bilateral trade with the North fell off a cliff, dropping from US\$2.71 billion in 2015 to US\$333 million in 2016.

It was a bitter lesson for the South Korean companies involved, and many have expressed concerns about Moon's idea of a new economic map for the peninsula. In a statement to Moon in October 2017, South Korean companies with factories in Kaesong said they supported the president's new economic map, but they still had concerns leftover from the earlier scrapping of the project.

Land and Air Links

At his meeting with Moon Jae-in, Kim Jong-un praised the PyeongChang high-speed train service, saying it impressed those who had been to the Olympic Winter Games there in February. Moon suggested inter-Korean high-speed trains were possible. Freight trains had shuttled across the North-South border more than 400 times from December 2007, but stopped in December 2008 when relations deteriorated.

KCNA said the North and South had agreed at a high-level meeting at Panmunjom on June 1 on the time and venue of talks to construct a railway and roads connecting the eastern and western coasts of the Peninsula. No details were given. South Korean Deputy Prime Minister and Minister of Strategy and Finance Kim Dong-yeon disclosed in a TV interview on May 9 that the Ministry of Land, Infrastructure and Transport was discussing renovating the South Korean part of the railway between Seoul and Wonsan. He said the Unification Ministry predicted the project would commence in the first half of the year.

The same day, Moon held a bilateral meeting with Chinese Premier Li Keqiang in Japan during the Japan-South Korea-China Trilateral

Summit. Moon and Li agreed to consider a railway connecting Seoul with China. They suggested China and South Korea should research this first. The two Koreas agreed in their June 1 high-level meeting that the two sides should exchange views about the plan.

North Korea has not released any plan for the railway. But it has facilitated potential cooperation with the South. On June 7, the Organisation for Cooperation of Railways, which was set up in 1957 and is based in Poland, held a Ministerial Conference in Bishkek, capital of Kyrgyzstan. The 28 members, including China and North Korea, unanimously approved South Korea's application. The nation's previous attempts to join were all blocked by the North.

North Korea also proposed a transport plan that needs the nod of its southern neighbour. On May 8, South Korean Foreign Ministry spokesperson Noh Kyu-duk told a press conference that the North has submitted a proposal to the International Civil Aviation Organisation to open a flight route from Pyongyang via Incheon in South Korea to a third country. He said the Ministry of Land, Infrastructure and Transport was reviewing the case. On June 6, Air China resumed regular flights between Beijing and Pyongyang, which had apparently been suspended for 200 days due to a lack of demand.

The Moon administration has been preparing for international cooperation for some time. In August 2017 he launched the Presidential Committee on Northern Economic Cooperation. Blue House spokesperson Park Soo-hyun said the task of the committee was to promote inter-Korean economic cooperation and realise the new economic map for the Peninsula. On September 7, 2017 at the Eastern Economic Forum in Vladivostok, Russia, Moon explained his vision for economic cooperation involving the Korean Peninsula, the Far East of Russia and Eurasia. The Blue House announced Moon would discuss the idea with Russian President Vladimir Putin during his three-day visit to Russia on June 21. The long-term plan is for South Korea to facilitate cooperation for North Korea with China's Belt and Road Initiative and the US's Asia-Pacific strategy.

Limited Speed?

It won't be easy to put the new economic map into action, in terms of either inter-Korean or international cooperation.

Kim Dong-yeon said on May 9 that international financial institutions, including the World Bank, the International Monetary Fund, the Asian Development Bank and the European Bank for Reconstruction and Development have all called on the South Korean government to express its willingness to participate in North Korea's reform and opening-up.

However, Kim Dong-yeon said that North Korea has to first gain membership of international organisations from which Pyongyang would seek development funds. Candidates are required to first join

the IMF, which requires a three-year review of their economic data.

The two Koreas are yet to commence bilateral economic negotiations. According to South Korea's Unification Ministry, no official talks have taken place between the two sides in the past three years. No private sector economic cooperation project has yet been approved by South Korea. No applications for social and cultural exchanges have been submitted since 2016.

Less than 30,000 tons of cargo a year were transported between North and South Korea in 2016 and 2017 – the lowest since 2013 when road transport resumed, and one-twentieth of the peak. While both nations have launched tourism projects in the DMZ, no negotiations have taken place. Besides, the Blue House has repeatedly stated that economic cooperation will not restart immediately. All this means even if the cross-border railway were already in operation, there would be little cargo to be loaded on to trains. The Seoul-Sinuiju railway once served as the main link between the North and South, but it was devastated by the Korean War. The two Koreas have attempted since early 2000 to repair and put it into operation, but its fortunes have turned on the ups and downs of political relations.

Furthermore, the two Koreas disagree on the conditions of international cooperation. During his visit to Washington in June 2017, Moon noted that restarting the Kaesong Industrial Park and the Mount Kumgang tourism project need to take place within the framework of international cooperation and consultation with the US in advance. North Korea has insisted that common prosperity must be based on the principle of national independence.

Moon's new economic map could also exacerbate ideological divisions. In August 2017, he expressed his expectation that economic cooperation would facilitate the growth of a capitalist economy in North Korea that would make a difference to people's ideas and even the country. He said that North Koreans who work at Kaesong would understand the rationale of earning their remuneration through work.

Indeed, Kim Dae-jung promoted a similar idea of reform and opening-up in North Korea, but the North resisted. It was in the last year of the tenure of Kim Dae-jung's successor Roh Moo-hyun in 2007 that Roh realised how strongly the rhetoric of reform and opening-up was opposed by the North. The decision to concentrate on economic growth at the April 20 WPK meeting was hence widely interpreted by international analysts as the North moving toward reform and opening-up. However, North Korea's official media, including KCNA and *Rodong Sinmun*, the WPK's flagship paper, published commentaries saying capitalism is the road to doom and decay while socialism is the future of humankind.

It is finally time for Koreans to talk about prosperity. Will the divisions on the path hinder their shared aspirations for cooperation and prosperity? It is a historic test for both Koreas. ★



Trump-Kim Summit

SUMMING UP THE SUMMIT

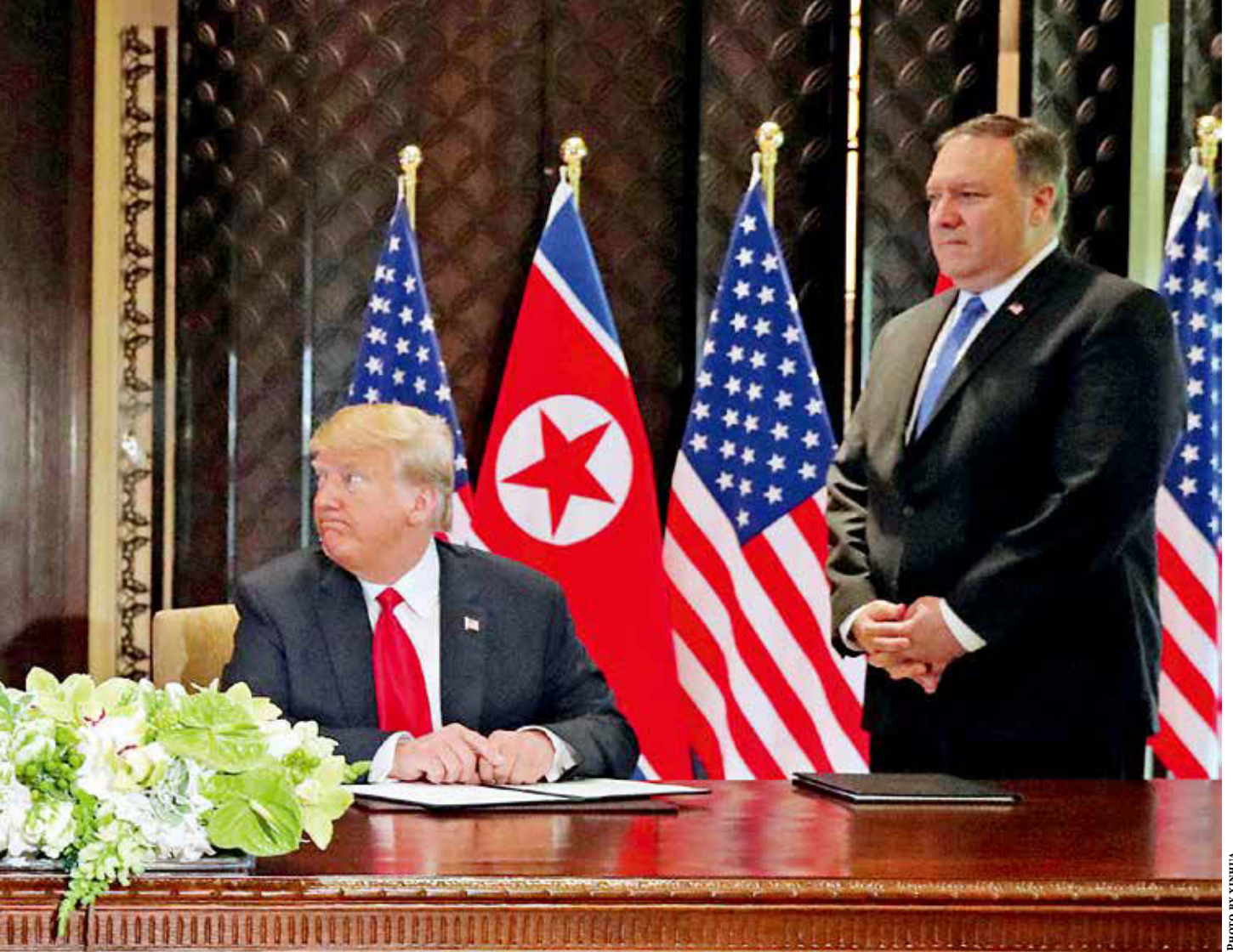
For all the hype over the meeting between the heads of state of the US and North Korea, what was actually achieved? Was the statement just dealing in generalisations, or was it a substantive step on the road to denuclearisation? *ChinaReport* asks foreign affairs expert Wang Fan

By Xu Tian

The Trump-Kim summit will be followed by technical negotiations over denuclearisation, a process that will involve skilled negotiators. US President Donald Trump is likely to face domestic pressure if the negotiations fail to reach any

substantive results. If solid progress were made in the negotiations, the two leaders may schedule a second meeting, which will likely take place in the US.

For insight into how the summit was made possible and how to



evaluate its outcome, *ChinaReport* sat down for an exclusive interview with Wang Fan, vice president of China Foreign Affairs University in Beijing.

ChinaReport: How do you evaluate the outcome of the summit, the Trump-Kim joint statement in particular?

Wang Fan: Leaders of the two countries have not met in this way since the Korean War (1950-53), so it's already a huge success for them to be able to sit down together. It's a good beginning and an important step towards the denuclearisation of the Korean Peninsula.

However, I don't think the summit surprised us in any way. Some were saying that the summit was going to fail. But given the long process of preparation and communication, normal exchanges between the two leaders are perfectly predictable.

The joint statement only stresses consensus on some macro issues and general principles. Further negotiations will be needed to actu-

ally solve the core problem. I think the outcome of the summit was unsurprising and what we expected.

Both sides were looking to reach a joint statement like this and achieve a win-win. In terms of technical details, as Trump himself mentioned, Secretary of State Mike Pompeo will lead a team for further discussion with North Korea. I hope the two sides won't delay the process due to disagreements over technical details.

CR: The joint statement mentioned full denuclearisation. But mention of CVID (complete, verifiable, irreversible denuclearisation) is nowhere to be seen. Nor does it mention North Korea's previous proposal to a phased approach to giving up its nuclear program. What's your opinion?

WF: I believe this is exactly where the two sides disagree with each other. That's why we don't see any mention of it in the statement. The US has been insistent on CVID, and lawmakers have given Trump a

lot of pressure on this. There must be further discussions and efforts over technical details to achieve it.

CR: The joint statement did not announce an official end to the Korean War. But Trump said this would happen soon. In what way do you think the announcement will be made?

WF: The Korean Armistice Agreement was signed by China, North Korea and the US. As a mark of respect to history, maybe China should be present this time. Yet it's still very hard to predict in what way the announcement will be made.

CR: Trump said he would likely invite North Korean leader Kim Jong-un to visit the US. Under what circumstances do you think they will meet?

WF: I don't think the two will meet any time soon to discuss denuclearisation, because negotiations on a technical level should be left to professional negotiators. Trump will likely face great pressures inside the country if such negotiations fail to achieve a substantive result. If solid progress were made in the negotiations, the two leaders may put a second meeting on the agenda, which will likely take place in the US.

As hostility against North Korea has strong roots in the US, many are keeping an eye on how the situation is going to evolve.

CR: Why did the joint statement mention returning the remains of prisoners of war to the US?

WF: The transfer of POW remains is a humanitarian practice done by many countries. The move was meant to be symbolic of the two countries burying the hatchet. This might be one of the few things that the two sides managed to agree upon. It did add to the diplomatic splendor.

CR: Why do you think they chose to meet in Singapore?

WF: It was apparently a compromise. For the US, Singapore as both its ally and an international city is not a bad choice. Kim had certainly wanted some place other than Singapore, given that it was a risky eight-hour flight to get there. But since Singapore is still Asia, and North Korea has an embassy there, it wasn't a bad choice either for Kim.

CR: Trump had tweeted that the summit was unable to take place but soon confirmed that it would happen as planned. What are the reasons behind these abrupt changes?

WF: I believe the two sides misjudged each other. The joint military drill between the US and South Korea was a strong blow for North Korea. After finding that Kim was very likely going to cancel the meeting, Trump struck first to seize the initiative. It was very much a face-saving move. One day later, Kim had an emergency



Wang Fan

meeting with South Korean President Moon Jae-in, which made sure the summit was carried out as planned.

South Korea has played an indispensable part as a go-between in the process. According to South Korean scholars, when Moon visited the US, he continually pressed the US to understand North Korea's extreme sensitivity to security issues and its caution against a US change of attitude, hoping that the US would stay coherent in its messages. Moon also passed to the US Kim's proactive attitude about the summit.

Due to limited contact, the US and North Korea have long lacked mutual trust, even when exchanges had grown in preparation for the summit.

CR: On which issues do the US and North Korea find it most difficult to reach agreement?

WF: The core issue is of course denuclearisation. The US requires irreversible denuclearisation from North Korea, while North Korea requires irreversible security guarantees from the US. North Korea has already stopped its nuclear program. Currently it's impractical to require North Korea to denuclearize once and for all. It has to be done in phases. In terms of how to divide the process and what the US should do accordingly in each phase, the two sides have to explore much further.

The two sides have come across a procedural paradox in terms of a security guarantee. North Korea requires a guarantee of security from the US before it gives up its nuclear program. The US, on the contrary, insists denuclearisation comes before a security guarantee. The US thinks carrying out security negotiations before denuclearisation means recognizing North Korea as a nuclear power.

Another important issue surrounding the North Korea crisis is economic aid. North Korea needs economic aid from the international community to grow its economy, and it will need it for the denuclearisation process. The Trump administration is unlikely to bear the cost alone. Therefore, the cost should be shared among stakeholders, including the US, China and Russia. It then needs complex talks for

these countries to split the costs.

CR: Why does North Korea insist on denuclearising in stages?

WF: It's a decision based on historical lessons. In the past, North Korea had agreed to give up its nuclear program in return for US energy. But that plan didn't work out, with both thinking that the other side didn't keep its promises. I think it's reasonable to solve the nuclear issue in stages. But that needs mutual trust in the first place.

CR: The US wants irreversible denuclearisation. North Korea wants an irreversible security guarantee from the US. Do you think the two sides have reached a certain degree of consensus over this?

WF: No, I don't think so. For all those years, the US had talked with North Korea about anything but the security issue, which the latter was most concerned about. A strong motivation for North Korea to develop nuclear weapons was to protect itself.

A solution to this problem would, in the first place, require joint efforts from countries that were involved in the signing of The Korean Armistice Agreement. The complexities surrounding the security issue are such that one single country can hardly offer a full guarantee, and it's still uncertain whether North Korea would trust any such offer. I don't think North Korea would trust any unilateral security promise. Uncertainties in the Korean Peninsula have had much to do with the fact that there is a traditional alliance system in the region. It's unreasonable to base any one country's security on the insecurity of other countries. The critical problem is how to change this system.

I believe it's necessary to build a multilateral security scheme in the region. Such a scheme should coexist with the US alliance system in the near term rather than completely replacing it. In the long run, North Korea's security can hardly be guaranteed without a multilateral scheme.

This is not a problem that the Trump-Kim summit could solve. It needs participation from more countries such as China. Based on the original Six-Party Talks [stalled talks between North Korea, China, South Korea, Russia, the US and Japan] the six stakeholders should have honest exchanges and commit to maintaining collective security. Such a commitment should allow all six parties to supervise and restrain each other. North Korea will only be able to stay safe when the security of the whole of Northeast Asia is guaranteed.

In the future, as a member of the Six-Party Talks, North Korea should be given guarantees over the security of its political regime and sovereignty. In the meantime, it also ought to perform its responsibilities, such as denuclearisation and maintaining regional security.

CR: Trump told the press after the summit that he would neither withdraw US troops nor stop economic sanctions. So how can the US show North Korea its sincerity and provide it with security guarantees?

WF: I saw reports that said the US would give North Korea a security plan different from any one discussed before. We cannot know what the plan is. Without lifting sanctions and withdrawing troops, the US may be considering signing a mutual non-aggression pact with North Korea.

Even if such a pact were in place, the US should still take note of North Korea's extreme aspirations for and sensitivity to its national sovereignty.

North Korea developed nuclear weapons to protect its sovereignty in the first place, so that will be foremost in its calculations when considering whether to give up its nuclear program.

The US, however, is hardly a role model in showing respect to other countries and concern for their core interests. That's why I believe a non-aggression pact alone won't be able to solve the problem. Only a multilateral security scheme will do. Otherwise North Korea will still feel unfairly treated if the US requests more should any small conflicts occur later.

The meaning of the summit is truly for the two countries to abandon mutual hostility and see each other as two equal sovereign states.

CR: With his unique political style, will Trump be able to truly solve the nuclear crisis?

WF: We have already seen that Trump is set in his own ways. He's able to push forward his own agenda, be it stick or carrot, under whatever pressures. Yet I believe that he still lacks full understanding of the complexity of the North Korean nuclear issue.

It's going to be a long process to solve the crisis, but Trump is a man of little patience, and he's always chopping and changing. Therefore it's still too early to say whether Trump's special style would allow him to solve the problem in the short term.

All we can say is that Trump will be able to push forward the process at a certain point. But the final solution would need painstaking negotiations that must involve skilled diplomats from different parties.

CR: What kind of roles will China, Russia and Japan play in the implementation of the final agreement?

WF: China and Russia, both with indispensable roles to play in the nuclear issue, have been closely watching it as well as pushing forward solutions.

The core issue after the summit will be a security guarantee, which would need participation from all involved parties. North Korea's denuclearisation process would also need their supervision.

I believe the whole progress should be transparent from now on, allowing no secret agreements to be reached between any two parties. All parties should get involved with a sense of responsibility and they should commit to negotiations, talks and reconciliation to maintain security in Northeast Asia. ★

HIV Therapy

Blocking the Virus

Chinese scientists have successfully developed a new universal antibody drug that it is hoped could prevent people from contracting HIV, as well as treat the virus

By Xu Xing

Professor Chen Zhiwei, Director of the AIDS Institute and Professor of the Department of Microbiology at the University of Hong Kong (HKU), declared at a press conference on April 26 that through joint efforts with Chinese mainland medical and research institutions, his research team had created a universal antibody drug for HIV-1 prevention and immunotherapy. The findings from the HKU study were recently published in the April issue of the peer-reviewed *Journal of Clinical Investigation*.

The drug, named BiLA-SG, in tests on mice has been described as a functional cure. It can kill two birds with one stone as it can “first kill the virus and second, if it was already flourishing, prevent it from entering more cells,” Chen said. The tests found the drug was effective against 124 strains of HIV. Chen stressed the scientific discovery had yielded “one of the most potent and effective antibody drugs.”

Versatile Virus

It has been 37 years since US scientists released a report on the discovery of the first case of AIDS. Globally, HIV/AIDS has resulted in an estimated 40 million deaths while 36.9 million people are still living with the virus.

One reason behind the difficulty in combatting the HIV/AIDS pandemic is because the virus is tremendously diverse. Scientists often find that within the body of a single infected person, many different mutated versions of the virus exist. The virus can change quickly, and so it quickly evolves resistance when an infected person takes a single drug.

“HIV mutates fast, so finding a proper drug to contain all these diverse viruses means the targeting position of the specific drug is conservative and effective,” Professor Zhang Linqi, director of the

Comprehensive AIDS Research Centre and Collaborative Innovation Centre for Diagnosis and Treatment of Infectious Diseases, at Tsinghua University, told *ChinaReport*.

In reality, the HIV virus mutates with an annual speed of one percent, while the difference between different subtypes of the virus can be up to 30 percent. New subtypes can stay undetected in the human body for a very long time. Scientists call these long-term cells “memory cells” and their purpose is to live within the host as long as they can. It is believed that HIV and the human body have formed a kind of system to coexist, and despite a certain level of resistance, the body’s system cannot eradicate these genetically divergent HIV-1 subtypes.

Now thanks to the new research, scientists have found a relatively stable feature among the various mutated forms of the virus: the main way HIV-1 gets into body cells.

Manageable Disease

During the past three decades, scientists have made progress on containing the virus. In 1995, David Ho and his colleagues at the Rockefeller-affiliated Aaron Diamond AIDS Research Centre in New York City discovered that treating patients with a combination of three or more antiretroviral drugs could keep the virus in check.

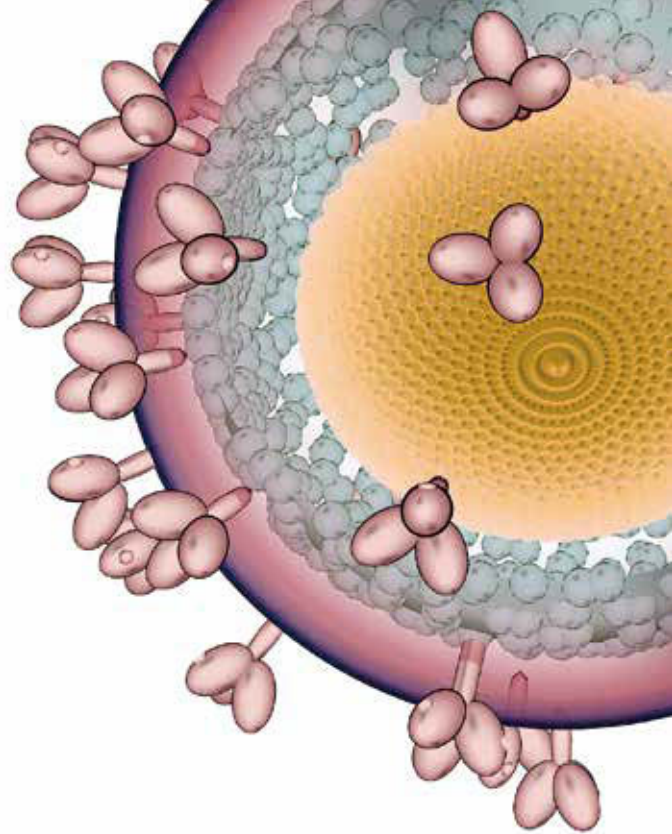
Today, HIV/AIDS is a manageable chronic disease thanks to this cocktail of combination antiretroviral therapy. The mortality and rate of incidence of AIDS have reduced by 70 percent since then.

In 2013, US researchers from Johns Hopkins, the University of Mississippi and the University of Massachusetts claimed to have found a “functional cure” in an HIV-infected infant. The findings were once hailed as having the potential to develop methods to eliminate HIV infection in children. But the effect did not last and the child was later found to have HIV two years after she stopped medication.

So far, there is only one individual worldwide – American Timothy Ray Brown, commonly known as the “Berlin patient” – that doctors regard as having been cured of HIV/AIDS. Brown received a bone marrow transplant from a donor naturally immune to HIV for treatment for leukemia, and was later found to be free of the virus. But this success could not be replicated in follow-up studies and research.

Scientists did learn from their previous failures. “If we could use gene editing methods and donor stem cells to shut off the susceptibility of patients’ body cells to the HIV virus, these cells will be forever immune to HIV infection, and patients would be functionally cured,” Zhang Linqi said.

While the method sounds very promising, considering the infancy of gene editing technology, the development and prospects of this method remain uncertain.



Further Tests

The new success of Professor Chen Zhiwei and his team is an attempt at blocking the entrance of HIV into human cells through adoption of antibody drugs. Theoretically, the method is viable, but to turn it into a practical application, more challenges lie ahead. “We are doing further modifications... to make sure the drug concentration can be maintained for a much longer time,” Chen said at the press conference. He also added that as long as the drug concentration is maintained at an effective level, the team expected it to provide 100-percent protection against infection.

The research team has so far only tested the drug on mice but is now looking to experiment on larger animals such as monkeys before conducting clinical trials on humans. Even if the drug progresses to human trials, there are still many questions, such as if the antibody can survive in the human body and for how long.

Among HIV carriers across the world, 0.01 percent can live a long time without the disease progressing into full-blown AIDS. Zhang said these carriers are very important research targets. Now neutralised antibodies have been separated from these carriers as a potential universal antibody drug for virus prevention.

During a recent conference on the AIDS Functional Cure held in Beijing in late April, Chen said that there is a team in Boston that is also conducting similar tests of a neutralizing antibody drug on monkeys. There is a certain crossover with Chen’s research. “If the research results published by this team indicate it has the same mechanism as our team’s results, this neutralizing antibody will definitely be a promising solution to cure the HIV virus,” Chen said, adding that his team is also working on an HIV vaccine, so that in the foreseeable future, there could be an end to this disease. ★



Rural Funeral Reform

Grave Understanding

To help persuade rural dwellers to give up the tradition of burying the deceased in tombs that take up valuable land in favour of cremation, officials are enlisting the help of trusted local feng shui practitioners

By Yang Zhijie and Xie Ying

Funeral feng shui requires not only a good location, but also careful placing of the deceased's coffin

At 74, Zhong Xilin has been dubbed the “governor of the underground” in Dayu County, Jiangxi Province. An experienced local geomancer who helps people find a the best place to build a new home, as well as a good spot for their eternal resting place, Zhong claims to have a good relationship between humans and the natural environment through his studies of feng shui. Now widely known in the West as well, feng shui (meaning wind and water) advocates that humans and nature are part of each other, and a tomb or a house with good feng shui will bless the family and bring good fortune.

Zhong's reputation is high among the local villagers, and he has been getting even more customers since the local government invited feng shui practitioners to help them persuade people to stop interring their loved ones, and to instead choose cremation for funerals.

Swayed by ancient Chinese traditions which hold that the soul of the deceased would not rest in peace unless they are buried, most rural Chinese continue to inter deceased family members in tombs pre-chosen by a local geomancer. But given the huge size of the population, too much valuable arable or other rural land is being used for tomb sites. The Chinese government has been trying to promote compulsory cremation for some years.

Rural dwellers regard their ancestors' tombs as sacred and inviolable – digging up one's ancestor's tomb is regarded as a deadly sin. So the government's push for cremation was subject to violent opposition, so violent that many local governments were pressured to loosen or even suspend the reform to avoid extreme hostility.

But as land is becoming an increasingly scarce resource – China has around one-fifth of the world's population, but only around seven percent of the world's arable land – and it also faces the problem of contaminated and polluted land, many voices claim that it is

intolerable that the dead are taking resources that should be used for the living.

In 2016, nine Chinese departments jointly issued new guidelines on funeral reform, which required local authorities to encourage people to move towards more environmentally friendly funerals, such as cremation, burial at sea and eco-funerals, where people are buried in a woodland.

In March 2018, 16 departments issued another document on funerals, which requires local governments above county level to set up crematories and increase the rate of environmentally friendly funerals to over 50 percent.

Many local governments set about implementing the reforms in a more sweeping manner, but Jiangxi, which has higher levels of burials than elsewhere, decided to aid the push by employing local feng shui practitioners in the program. Local officials hoped that their high prestige among the villagers would help them ease people's natural resistance against the reform.

Tomb Relocation

Zhong is now involved in assisting the local government to persuade villagers to move their family tombs to the public cemetery, a major part of the reform, and helping those who agreed to choose a good place for the new grave.

“In the past two months, 270 households have asked me for help. At my busiest, I had to shuttle between different hills and mountains on the same day. There are 380 more still waiting for a consultation with me,” he told *ChinaReport*. High ground is considered auspicious in feng shui.

Jiangxi's funeral reform started two years ago, but it did not come into full swing until this March and April, when villages were covered by slogans and posters exhorting the reform. Some villagers said that they saw government vehicles driving around the villages every day, and Huang Feng, one of

the villagers, confirmed that he has received notification from the local government asking him to sign an agreement to relocate his family's tomb.

To impress the villagers, the government also aired a self-made, 25-minute video named *Feng Shui*, in which an elderly couple invited a geomancer to find a place for their future tomb, only to be opposed by their son who was Party secretary of the village. The son told his parents that feng shui could not help bless their descendents, but it might destroy their lives by over-exploiting natural resources. The video ended with the couple giving up the idea of building the tomb and the geomancer shifting to work for the village Party committee.

But back in the real world, villagers were not buying it. Xu Zicai, director of the civil affairs bureau of Dayu County, told *ChinaReport* that it would be almost impossible for the villagers to give up the practice of burying their dead, since it is a practice that has been handed down for generations. Few would be willing to relocate their ancestors' tombs, as this would be a violation of the traditional Confucian value of filial piety, in which you should always obey and respect your parents and ancestors.

Ignoring Tradition?

In November 2012, the local government of Zhoukou, Henan Province, came under fierce public criticism after it forced villagers to destroy or relocate their family tombs – reportedly a total of three million in all. The government said that more farmland was needed, and ordered local Party members to take the lead. In just a few months, Zhoukou had destroyed or moved some two million tombs, winning loud applause from local officials' superiors.

However, the local government's iron hand highly provoked the villagers, and the sense of injustice spread all over the country when one of the villagers was reportedly killed by a

falling tombstone while it was being dug out.

Many netizens and media outlets criticised local authorities for being indifferent to people's affection for their families and for violating villagers' human rights. Cao Baoyin, a local writer, even wrote a public letter to the People's Congress of Henan Province, appealing to them to reply to 13 questions he posed, including whether or not the land made vacant would be truly used for farming, whether there was any corruption in the construction of the public cemetery and how the local government would use the money earned from selling the vacant land.

In 2013, after China's Ministry of Civil Affairs issued a document that officially banned compulsory tomb destruction or relocation, many villagers simply rebuilt their family tombs. Media reports said that soon after the ban, half of the destroyed or relocated tombs in Zhoukou were put back, putting the local government in a bigger dilemma.

A similar embarrassment happened in Jiangxi. The city of Shangrao has recently come under fire for its total ban on burials – some officials went so far as to destroy villagers' coffins in the middle of the ceremony. Such draconian measures sparked violent protests and were criticised by local media for “pursuing quick achievement at the cost of hurting people's hearts.”

Using respected local feng shui experts has been a good way to help both ease the minds of villagers and give the perception that the new policies were milder, said observers. Xu Zicai, Dayu's civil affairs director, revealed that in 2017 alone, they called 136 geomancers to attend a work conference on funeral reform.

“I attended that conference last year,” Zhong Xilin said. “The officials asked us to

help them find a good place for the public cemetery and to cooperate with them in the relocation of tombs – no matter what the cemetery's feng shui is actually like, we're not allowed to tell the villagers that it is a bad place.”

Zhong does not care about telling such a “lie,” if there is one. He claimed that he personally supports the reform, which he believes is good for environmental protection. More importantly, he has got good business out of it, as people rely on him to pinpoint an auspicious time and place for the tomb relocation. Undoubtedly, they also believe that even in the public cemetery, different grave sites have different feng shui which could also influence a family's fate.

Feudal or Scientific?

Zhong is not the only beneficiary of the reform. All the interviewed geomancers told *ChinaReport* that they saw an obvious growth in their recent business. Officials in a village administered by Qinglong Township, Dayu County, even invited Ye Mingxin, locally honoured as a master of geomancy who had moved to Guangdong Province to expand his business, to return and help out with the tomb relocations. Although there are already four or five geomancers in the village, officials worried they could not meet demand.

It seemed a bit ironic as geomancers were defined as a form of “feudalism” during the Cultural Revolution (1966-76) and the practice was shut down, although it quickly revived after the end of the political campaign. Since then, feng shui remains in a grey zone – the government neither supports it nor bans it, while its demand among the people keeps rising, especially as people get wealthier and wish to pass down their good fortune through feng shui. There are ru-



An elaborate grave is being renovated for better feng shui, Fuqing, Fujian Province

mours that even government officials secretly invite geomancers to check out their private flat or public buildings.

Along with the rising demand, the long-lasting argument about whether geomancy is purely feudal or has any scientific basis has become increasingly fierce and public.

Supporters believe that geomancy is at least partly scientific or explainable by science, since it values nature and geography. If you take the desire for good fortune aspect away, geomancy can help analyze the local geographical environment which is good for the safety of any building. These ideas have made veteran geomancers more convincing and venerable. It is reported, for example,



that in the Jiangxi village of Sanliao, population 5,000, there are 400 feng shui practitioners, and it has become the main money-making enterprise in the village.

One geomancer named Guan Fenghua showed *ChinaReport* a group photo of 200 geomancers who were attending a world geomancy culture meeting held in Ganzhou, Jiangxi Province, several years ago. “It proves that feng shui does prevail in Jiangxi. Until last spring, it was a local custom to invite a geomancer to choose a tomb for village elders and hold an elaborate funeral after they die,” Guan told *ChinaReport*. “But now the local government has banned these elaborate funerals and we have no choice but to

cooperate with them,” he added.

According to Guan, the local government does not actually support feng shui, but they can do their business under another guise, for example, in the name of “helping the villagers.” “The [funeral] reform does not conflict with our business, because the villagers still need us to tell them a good time for the tomb relocation and to preside over funerals... The difference only lies in that we have to put the government’s work as our top priority, for example, when the time we’ve chosen is not proper for the government or the public cemetery’s feng shui is actually not so good,” he added.

One villager in Shanxi Province, Yang

Xiuli, agreed that it was wise for Dayu’s officials to include geomancers in their reform program. “Our village hasn’t launched the reform yet, but I can imagine the obstacles they’ll meet, since our village still buries all of its dead,” she said. “But things will be totally different if geomancers stand on the side of the government, since people, at least those in our village, have blind faith in geomancers. They fully trust them.”

Fan Ling, deputy head of Qinglong Town in Dayu County agreed. “Since geomancy is an old, prevailing tradition, and it can never be abandoned overnight, we have to use geomancers to promote the reforms gradually. In addition, because the villagers all trust the geomancers, they won’t just blame the government if something bad happens during the tomb relocation process,” he said.

“Given that geomancy and burying the dead is related to filial piety which Confucianism advocates, it could be deemed as respecting traditional culture for the government to invite geomancers to consult on the funeral reform. It is kind of passing down traditional morality,” said Zeng Xiongsheng, a native of Jiangxi and a researcher of the history of natural science at the Chinese Academy of Sciences.

Zeng said that although it was not the government’s original intention to work with geomancers, it is much better than triggering villagers’ hostility. “As ordinary people are generally ignorant of feng shui, geomancers have full say on this issue. The officials can use geomancers’ power among the villagers to push the reform while having their cake and eating it,” he said.

“As the reform is hugely hindered by the difficulty in changing people’s minds, geomancers’ involvement could be an expedient way to help it along,” he added. ★



A Tibetan word, yarsagumba is rendered in Putonghua as “*dong chong xia cao*,” meaning “winter worm, summer grass.” This fusion of worm and plant occurs when the larva of a soil-dwelling species of ghost moth is infected by a parasitic fungus in the late autumn. The fungus ultimately kills the caterpillar host, gradually takes over the body of the caterpillar, and sprouts during the summer.

Caterpillar Fungus Harvesting

Fungus Fever

Harvesting caterpillar fungus has become the main source of income for many former Tibetan nomads in Qinghai Province, bringing prosperity and uncertainty in equal measure

By Wang Yan

In late May, when this reporter arrived in Zado County, Qinghai Province, the urban area was deserted. The town’s main street, usually crammed with pedestrians and vehicles, was a ghost town except for a couple of patrolling policemen and a few white-capped businessmen. “All the people here, mostly local Tibetans, have gone to the alpine mountains to dig yarsagumba,” a middle-aged man in a white hat surnamed Zhao said with a grimace. Yarsagumba, a unique fusion of a parasitic fungus and its caterpillar host, is a prized ingredient in Chinese medicine.

“We are here every day waiting for them to come back, ready to buy their stuff,” Zhao said, before explaining that anyone in a white hat such as his was a trader or middleman looking to buy the precious ingredient.

Amid this magic realism, urban life on the plateau was completely suspended, shops and restaurants have shuttered, schools have closed and even some government offices have shut down. A visitor to Zado today would not believe the empty town is home to more than 40,000 residents. Indeed, each year, at the beginning of summer, when the snow melts and the grass sprouts on the Qinghai-Tibet plateau, ethnic Tibetans from all walks of life begin their seasonal journey in search of the valuable fungus in high-altitude pastures.

They set up their camps and scour the alpine ranges inch by inch during the day, returning to their camps in the evening. This cycle runs for almost two months.

Tibetan Gold Rush

On May 22, around lunchtime on a remote mountain slope 50 kilometres south in Sulu, workers carry iron hoes, crawl slowly on their hands and knees, and meticulously scan the ground. Tsering Tsomo, 24,



PHOTO BY WANG YAN

Drolma Yangzom, 33, searches for yarsagumba during the late afternoon on May 26. A good winter snowfall will result in a better harvest

said that she and her husband Tashi Doldin had already collected around 30 yarsagumba that day, which would fetch roughly 1,200 yuan (US\$188) on the market. “Every morning, we set off at around 7am and go back to our home tent at the foot of the mountain at around 7 to 8pm,” said Tsering. “The work is tedious, even hazardous and unpredictable, since the quantity and quality of the harvest depends on the weather.”

On a nearby mountain slope, Awa, a young Tibetan man in his 20s, says that on each of the past few days, he had found roughly 50 or 60, totalling some 2,000 yuan (US\$310) in income per day. Considering the per capita annual income in Qinghai Province in 2017 was 19,001 yuan (US\$2,970), harvesting yarsagumba is so lucrative for local people that they can't afford to miss the chance.

According to both traditional Chinese medicine and Tibetan medicine pharmacopeia, yarsagumba has been prescribed for centuries for various conditions, including strengthening the function of the lung and kidneys, reviving energy, stopping hemorrhages and decreasing phlegm.

It is endemic to the Himalayas and the Qinghai-Tibet Plateau,

distributed on alpine grasslands above 3,000 metres in China, India, Nepal and Bhutan. Since the 1990s the competition for this medicinal fungus has intensified – it has gained the nickname “Himalayan Viagra” and been promoted as a natural aphrodisiac, a tonic with anti-aging effects and even an anti-tumour agent. It has become one of the most expensive biological medicines in the world with a current local market price of up to 300,000 yuan (US\$46,900) per kilogram for caterpillar fungus of the highest quality. When sold on the end market to Chinese consumers, the price is far higher than gold.

“In the late 1990s and early 2000s, the price for one fungus was four to five yuan [US\$0.62-0.78]. Within two decades the price increased by more than 10 times,” said He Yunfeng, who migrated from elsewhere in Qinghai Province and has spent the last 19 years in Zaduo during the caterpillar fungus rush.

Changing Livelihoods

Inside China, Qinghai Province and Tibet Autonomous Region are the two major regions where yarsagumba can be found. Zaduo County in Yushu Prefecture, as the source region of two major rivers



PHOTO BY WANG YAN

At a major roadblock in Sulu, police officer Luozi Buqiong checks the permits of incoming people on May 24th

– the Lancang-Mekong and the Yangtze – is famous for the quality and quantity of its yarsagumba. In recent years, Zaduo has been at the centre of a fungus “gold rush,” making it one of the fastest growing economies in Qinghai Province. In 2017 alone, total production of yarsagumba there amounted to 10 tons, accounting for almost 10 percent of total national production. This brought approximately a per capita annual income of 20,000 yuan (US\$3,120) to the local population.

“Since I was nine, I followed my parents on this pastureland to dig for yarsagumba, when huge numbers of people from other places were allowed to come,” said Tsering Tsomo. “Now I’m married, and yarsagumba is the only source of income for me and my husband because we have settled in the town. We no longer have any yaks on the grassland.”

Today, most young and middle-aged Tibetans here are like Tsering, and rely almost exclusively on income generated by yarsagumba.

Pang Jimin, a local culture expert in Zaduo, told *ChinaReport* that yarsagumba harvesting was once a supplementary income for locals, with livestock husbandry the pillar industry. “Collecting these organisms accounted for about 20 to 30 percent of household income for rural Tibetans in the 1990s,” Pang said. “Due to the booming market and high prices, since the early 2000s it has become the dominant or even only income source for people in Zaduo and elsewhere on the grassland.”



Young people can cross several mountains in a single day looking for yarsagumba

Li Shuangye from Zaduo Animal Husbandry Bureau told *ChinaReport* that total livestock numbers in Zaduo have steadily decreased since the yarsagumba boom.

Statistics provided by Li indicate that by the end of 2017, the total number of livestock in the county including yaks, sheep and goats was less than 410,000, down from more than one million in the late 1990s. “We don’t face an overgrazing problem, on the contrary, to reinforce livestock as our county’s major industry we have tried to



PHOTO BY WANG YAN



PHOTO BY WANG YAN

Traders buy yarsagumba in Zaduo County on a rest day when people are not allowed to harvest the fungus.

killed,” a local collector in Sulu told *ChinaReport*.

Sulu boasts more than half of the total yarsagumba resource in Zaduo, and historically it has become a hotspot for collectors. Local sources suggest conflicts escalated in 2005 when people from the neighbouring county of Nangchen pushed through barricades set up by herders in Sulu. The conflict involved thousands of people and resulted in one death.

Ever since, stronger regulations were enforced and the military was even deployed. “Without regulation and systematic management, local herders will charge permit fees to allow outsiders to enter, posing threats and security risks to the 70,000 people of Zaduo County,” Tsedan Druk, Party secretary of Zaduo, told *ChinaReport*. “So we started to prohibit people from outside Zaduo from coming in and digging yarsagumba during the harvest season, but we allow Zaduo locals who live in areas without yarsagumba to move freely to areas that have it.”

To regulate against overharvesting, the Zaduo government has established strict official seasons for yarsagumba harvesting from May 15 until the end of June. In Sulu, collectors from other parts of Zaduo County are allowed in from May 15 onward, and must leave on June 30 without delay. This year, according to Sulu township head Ga Song, more than 6,000 people from outside Sulu arrived for the harvest season – more than twice the local population of 2,753. To compensate for local people’s lost resources, all collectors from outside

encourage our people to maintain their tradition of herding,” Li said.

Effective Management

As the resource has brought profit to Tibetans, the growing dependence of the locals on it has sparked violent confrontations between rival collectors. In particular, an influx of outsiders during the harvest period has provoked deadly conflicts. “There were fights every year in the early 2000s and occasionally people were wounded or even



Dingbu Jiangcai (first left) and his family set off in late afternoon to search for the fungus just after it had stopped snowing on May 26



La Jia, 63, comes with his family to Sulu during the harvest season from Moyun, about 100 kilometres from Sulu. He paid 1,200 yuan (US\$187) for a permit to enter Sulu



At 9pm, Drolma Yangzom, wife of Dingbu Jiangcai, counts the daily yarsagumba harvest. Four family members gathered over 240 yarsagumba that day



Ge Jia, 22, stands in front of his family's house on a rest day. The condition of the region's grassland has significantly deteriorated in recent years

Sulu must pay entry fees to get a collection permit. Zado County fixes the fee for each collection permit at 1,200 yuan (US\$187), while children and the elderly are exempt from paying the fee if they meet certain criteria.

“The total revenue of over seven million yuan (US\$1.1m) generated from the entry permits will be later distributed among village members,” Tashi Ningma, Party Secretary of Sulu told *ChinaReport*. “Typically an adult collector can easily recoup the fee after a single

day's digging. It is clear that for the sake of maintaining internal stability and improving the lives of people in Zado, Sulu locals are making huge sacrifices.”

Inside Sulu, four major roadblocks and 10 checkpoints on roads and mountain passes control the movement of people from Nangchen County and Tibet. Officials from the county government are sent from their offices to these checkpoints. “Local officials are required to man the checkpoints 24 hours a day, seven days a week, and we are on

high alert during the harvest season to stop people illegally entering,” said Lobsong Sangding, chief of Sulu Police Station. “No major conflicts have occurred in recent years despite a number of illegal entries through mountain passes from neighbouring Nangchen County.” Lobsong added that with effective control of outside collectors, and self-policing by local people, non-locals without entry permits can be quickly and easily discovered before they are persuaded to leave.

For better sustainable management of the resources, the local government stops locals from digging yarsagumba on the 10th, 15th and 30th day of each Tibetan month. Instead they should collect rubbish, do their household chores, go to the county centre to restock their supplies, or just rest. “Traditionally, these dates are sacred according to Tibetan Buddhist doctrines, and if people continue to work it will be unlucky. All people obey this rule strictly,” Ge Jia, 22, told *ChinaReport* at his home in Sulu on a rest day in late May.

Declining Harvest

Although dependence on yarsagumba collection by local Tibetans has increased because of the lucrative income, the quantity of the yarsagumba harvest on the Qinghai-Tibet Plateau has decreased significantly, locals said.

He Yunfeng, a collector, told *ChinaReport*. “Though the price rocketed during previous decades, the quantity and quality has dwindled. When I first arrived in Zaduo I was 17, and I could dig a total of 5,000 pieces during the summer season. Last year I could barely find 2,000.”

Dingbu Jiangcai, whose family lives in Bajin Valley in Sulu, recalled that 20 years ago an adult could find 100 to 200 yarsagumba a day, but nowadays 60 to 70 was an impressive haul. At his campsite on May 25, Dingbu told *ChinaReport* that the quantity and market price for each year is uncertain. “Changing weather has had a significant impact on the yarsagumba crop. Too much or too little rain or snow can both result in a low harvest.”

Scientific studies have found the Qinghai-Tibet Plateau is extremely sensitive to global warming, and this warming trend is projected to intensify in the future. Chinese scientists have also found the major distribution area of yarsagumba has moved up to 4,400 to 4,700 metres in elevation, an increase of 200 to 500 metres in the past 30 years. On current trends, this could see the viable range of the fungus reduced by up to 18.5 percent by the year 2050.

Climate change effects, including less snow in winter, an earlier snowmelt in spring and overall warming, are perceived to be major causes of the decline in abundance by most Tibetan caterpillar fungus collectors this reporter interviewed. In addition, destruction of grassland by pikas (small furry mammals) has resulted in severe desertification, further devastating the crop.

In Ni Ga’s view, a senior official in Zaduo, the yarsagumba is both a blessing and a curse for Tibetans. “Generally speaking, I think it has brought more negative impacts than benefits. Depending solely on yarsagumba has made people lazy. With money earned easily, people have squandered their wealth and even gambled it away; it has



PHOTO BY DINGBU JIANGCAI

Located inside Sanjiangyuan National Park, apart from yarsagumba, Zaduo also boasts rich wildlife resources. Local authorities are making efforts to develop eco-tourism to provide an alternative livelihood to locals

provoked fights and conflicts among Tibetans. If someday this resource dries up, I fear the people of Zaduo might starve to death, now that so many have completely abandoned their traditional nomadic life,” cautioned Ni.

“The impact on local culture is profound, since people have given up herding, and unfortunately this one-way change cannot be reversed,” said Xu Ming, a researcher with the Chinese Academy of Sciences.

An expert on yarsagumba and climate change, Professor Xu Ming nonetheless added that the resource has contributed to stability in the plateau’s ecological system.

“Due to yarsagumba, local nomads have mostly settled in urban areas, resulting in a reduction of livestock on the grassland, which happened to solve the overgrazing problem that haunted the plateau in the 1980s,” Xu told *ChinaReport* in early June. “Considering the species itself is an important biodiversity resource, I strongly advocate securing the quantity and market price of yarsagumba for the sake of the ecosystem.” This is, according to Xu, also a reason for his team to conduct intensive studies and research to protect and boost the caterpillar fungus industry.

“Existing research is not yet sufficient to prove whether yarsagumba has a high medicinal value, and I think now we still need to defend this fairy tale,” Xu added. Indeed debate on whether yarsagumba is a medicine at all heated up online recently.

For the moment, life will continue in the same way so long as there is a market and a crop. By late afternoon on May 26, a night and a whole morning of snow had fallen. But that didn’t stop Dingbu Jiangcai and his family from gearing up again and heading towards the grassland to continue their harvest. ★



Xia Boyu at the Everest Base Camp in Nepal before his fifth attempt to climb Mount Qomolangma, May 2018

Amputee Climber

PEAK AMBITIONS

Despite losing his lower limbs to frostbite on his first attempt at summiting the world's highest mountain, 69-year-old double amputee Xia Boyu has finally achieved his dream in the face of frostbite, avalanches, earthquakes and bureaucracy

By Zhou Tian

Xia Boyu, 69, sat cross-legged on his hospital bed in Beijing, his fingers and face bound with gauze, as baskets of flowers piled up next to his leg prostheses. As far-fetched as it may sound, and decades after his first attempt, the climber had finally achieved his life's dream of making it to the summit of the world's tallest mountain, Mount Qomolangma, known as Everest in the West.

Xia had been basking in the media spotlight ever since he'd been admitted to hospital. He delighted in sharing his mountain-climbing exploits with journalists from China and abroad, unlikely though they were. In 1975, on his first expedition to the roof of the world, the 26-year-old lost both his feet to frostbite. More than four decades later on May 14, 2018, and a double amputee, Xia finally made the summit of Mount Qomolangma. He was the first Chinese double amputee to achieve the feat.

"I wasn't so excited then because I knew the day would come," he told *ChinaReport*. Xia said he had already decided what pose he would strike at the summit, planning to point up at the sky while holding the Chinese flag. But when he reached the peak, other climbers were eager to snap photos with him, then suddenly bad weather hit and the climbers were forced into a hasty descent. Xia's only regret is that he did not have time for an individual photo.

Even this descent was not injury-free. His glasses were covered by ice, and he had to take his gloves off to clear them. But although it only took seconds, it was already too late. Ice and snow were inside his gloves, and his hands were affected by frostbite. As soon as he arrived back in Beijing, he was admitted to hospital for treatment.

"I never imagined I'd reach the peak this year. Nobody would dare think it," he said. He'd tried several times since his first ill-fated trip. Before every attempt, he'd promised his family it would be the last. He would tell his wife about his insurance policy, and remind her to pay the bills on time.

Growing up in Northwest China's Qinghai Province, Xia first dreamed of becoming a football player. He graduated from a sports school and became a regular worker. "At that time, you were proud of being a worker. But I was still a great fan of sports," Xia said.

In 1974, China's national mountaineering team came to his factory to select climbers and he was chosen. It was then that the first seeds of ambition were planted to climb the world's tallest mountain, measuring 8,848 metres above sea level. It was to become a lifelong pursuit. Just one year later, Xia went on his first trip to the Himalayan peak, on the border between Nepal and the Tibet Autonomous Region, part of a team of 100 climbers.

The expedition was hit by disaster after a snowstorm struck at a height of 8,600 metres. Marooned for several days on the mountain, some of the team died of exhaustion, oxygen deficit and shortage of food. They eventually made the decision to descend. A climber lost his sleeping bag and Xia offered his to him. Xia later found that he could not take off his shoes and after he made it down the mountain, his feet turned pink and then black. When he arrived back in Beijing, he was told both his feet would have to be amputated.

Grueling Fight

His doctors told Xia that if he were to use prostheses, they would need to take part of his leg as well, usually two-thirds of the way from the knee. But he refused at first. He still wanted to play football, so he asked doctors to only amputate his feet. But then he started to think he could still be a climber.

“I think my physique, resistance to the cold and adaptation are perfectly suited to mountain climbing. It is an adventure of excitement and challenges,” he said. “You encounter ice crevasses and extreme weather,” he said, pointing out that despite the dangers, there is a lot of protective equipment. He was also fascinated by the primal contact with nature.

In 1975, a German medical expert examined Xia. He insisted that Xia could lead a normal life, even climb again with prostheses. Many people had doubts at that time, but Xia had faith.

There began more grueling rounds of treatment and operations to make his legs ready to fit the prostheses. It required pain-killing injections in his spine, which would debilitate him for days afterward. Back then, Xia had to exercise every day; he asked the doctor not to give him painkillers. “I thought pain was better than being unable to move. It was really painful and now that I look back, I should have taken the painkillers.”

Eight years after he lost his feet, his son Xia Dengping was born. Xia Dengping has lost count of how many operations his dad has had to endure. He told our reporter that after 1975, his father insisted on training and his wounds would often bleed. Xia Boyu cycled to work each day and his prostheses often fell off his bike.

Unfair Deal

Xia confessed that he used to complain about the unfair hand life had dealt him, but eventually he accepted his fate as a double amputee. But worse was to come – in 1993 he was diagnosed with lymphatic cancer.

He was staying in a hospital ward of six patients where groans and sighs of despair resonated. Reluctant to stay there, he discharged himself, cycling back every day for treatment. But the treatment worked, somewhat miraculously, and Xia has remained healthy to this day.

The amputation in 1975 and the diagnosis of cancer in 1993 were the worst periods of Xia’s life, but he rarely talks about them.

“They are really lengthy processes,” he told our reporter. In compar-

ison with his suffering, he is eager to talk about his career in mountain climbing.

Avalanches and Earthquakes

In 2014, Xia Boyu went to Nepal to embark on his second trek to the world’s highest peak. Journeying up the mountain turned out to be extremely difficult for Xia on his artificial legs. It was hard for him to feel the ground and he had to put most of his weight on his arms, which exhausted him more than other climbers. But then a fatal avalanche hit the notorious Khumbu Icefall while local Sherpas were preparing the route for paying clients. Sixteen Sherpas were killed, and the Nepal government banned climbing for the rest of the season.

The following year Xia returned for his third attempt. This time, base camp was hit by the deadly magnitude 7.8 earthquake that devastated Nepal. Xia was lucky to survive; 21 climbers died and dozens were injured. Many were stranded on the mountain for days. Xia was undeterred. “If I’m alive, I’ll continue my journey,” he said.

In 2016, he reached a height of 8,785 metres, less than 100 metres short of the peak. A storm, however, forced them to turn back, which was the most difficult decision he’d ever had to make. “If it weren’t for the safety of my five young guides, I would have rushed to the top, even if it cost me my life,” he said.

Meanwhile, the Nepal government banned people with disabilities from attempting the mountain in order to reduce accidents. In 2017 alone, more than 600 people made it to the top and at least seven died. The ban was later overruled by Nepal’s top court over discrimination against the disabled after advocacy from human rights groups. Xia became the first double amputee to be given a permit to climb Mount Qomolangma after the ban was revoked.

To toughen himself up for what would ultimately become his last, successful attempt, in 2017 Xia trekked through the Tengger Desert, the fourth-largest desert in China, which is largely in the Inner Mongolia Autonomous Region. He went to the Gobi Desert in western China and learned cliff-climbing, simply to prepare for his fifth summit attempt.

Xia made detailed training schedules with more exercises. He got up at 4am every morning to hike the Fragrant Hills in western Beijing after his strength training. Meanwhile, he was diagnosed with blood clots and doctors told him he should not attempt the mountain again. “You can’t believe everything a doctor says,” Xia said.

Once again, he proved them wrong.

Xia likes to take notes on his trips to record what he sees and feels. He plans to publish his account of his story – after he gets out of hospital again.

His son Xia Dengping says that mountain climbing has a completely different meaning to his father. “I don’t think my father likes mountain climbing,” he said.

“There is a mountain in his heart which has become a personal challenge and the only goal he wants to conquer.” ★



A land auction in Nanjing,
Jiangsu Province, April 2016

Paying the Price?

China has moved to cool the overheated property market amid speculation from developers and buyers alike, as well as rising concern over debt ratios. Big developers will likely stay the course, but the collapse of smaller players could have ramifications for the wider economy

By Zhao Yiwei and Li Jia

China's real estate market heated up again in the first five months of the year, despite policies that put strict restrictions on both developers and buyers from the end of 2016. Investment in the sector grew faster than total fixed asset investment in the country. Several listed developers saw double-digit rises in sales revenue and floor space sold. Developers are hungry for more land.

The boom has triggered a step-up in policies to cool down the heat. Between the end of April and May 9, 12 cities where prices rose sharply were publicly warned by China's Ministry of Housing and Urban-Rural Development to put a halt to speculative investment on housing. Ten days later, the ministry issued a statement with a task list for local governments, which included making housing development plans, adjusting land use for different types of housing, controlling debts of developers and buyers as well as

cracking down on irregularities in marketing gimmicks.

In contrast with the escalation of both the market and regulatory policies, sources of domestic and overseas capital are all but frozen. The high debt ratio of developers has become an issue of wide concern, as the real estate sector involves huge amounts of capital and land and thus has direct impact on the financial stability of the national economy. Regulations are likely to continue to limit financing tools. The future property market might not be as rosy as it looks now, particularly for smaller players.

Tight Financing

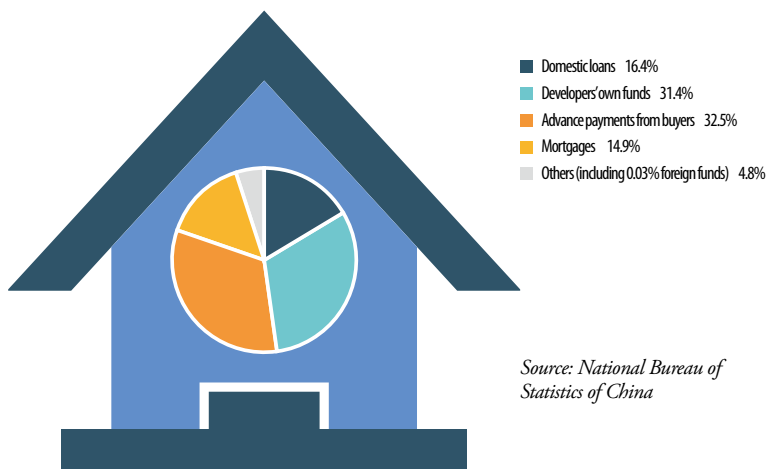
The actual paid investment on developers' accounts rose 5.1 percent in the first five months of the year, the lowest since early 2016, largely due to a decline in domestic loans and household mortgages, found data from China's National Bureau of Statistics.

"As reducing the debt ratio to prevent financial risks is the priority of the national economic policy agenda, lines of credit to the real estate market have tightened. Some developers were used to borrowing new loans to pay back old ones. This is no longer possible," Gu Yunchang, deputy director of the expert panel on housing policies at the housing ministry, told *ChinaReport*.

In January, the former China Banking Regulatory Commission, which is now part of the new China Banking and Insurance Regulatory Commission (CBIRC), launched a sweeping crackdown on irregularities in the banking sector. The practice of disguising bank credits, either on or off the balance sheets, to ineligible developers and households was put on the blacklist.

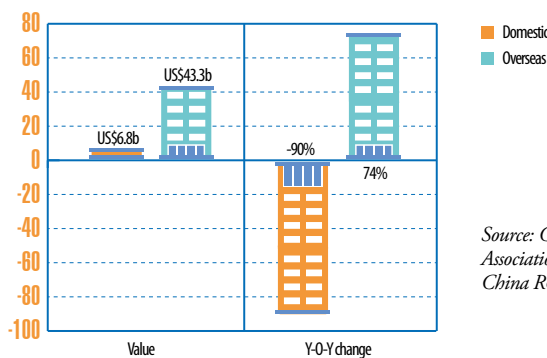
Big developers then shifted to overseas markets for financing. The National Development and Reform Commission (NDRC), China's main economic planning body,

US\$969 billion investment by Chinese real estate developers by source, January-May 2018



Source: National Bureau of Statistics of China

Bonds issued by the top 108 Chinese developers in 2017



Source: China Real Estate Association and the E-House China Re&D Institute

recorded bond issuance registrations by several major developers, such as Vanke, Sunac China, Hua Yuan Real Estate Group, Jinke Property Group and Beijing Capital Land. Gu said the interest rates for overseas financing typically stood about six percent in the past and while it has risen to more than eight percent now, it is still much lower than the 15 to 20 percent in the domestic market.

In a new policy which is still under consideration, real estate enterprises will not be allowed to borrow on the overseas market, noted Wang Chunying, spokesperson for China's State Administration of Foreign Exchange (SAFE) at a press conference in Beijing on April 19.

On May 11, the NDRC and China's Ministry of Finance issued a decree which requires Chinese enterprises and local governments to spend money raised overseas on innovation, green projects, emerging sectors with strategic importance, high-end equipment manufacturing, the Belt and Road Initiative and international production cooperation.

Meanwhile, it is taking longer than ever for developers to receive payment from buyers. Gu said that in cities where restrictions on purchasing and selling, as well as on prices and mortgages have been adopted, banks are reviewing mortgage applications more carefully and to stricter standards. Developers must therefore wait longer before

mortgages are approved.

As credit and mortgages are the two biggest capital sources for developers, the situation makes it difficult for developers to maintain enough cash flow for their operations.

Debt Ratio Concern

Indeed, the debt ratio of developers has attracted a lot of attention from analysts since the central government made clear that "housing is for living, not for speculating" at the end of 2016. According to Wind, a Chinese financial data and software service provider, by the end of the first quarter of 2018, 136 developers listed on China's A-share market (stocks listed in the Chinese mainland and denominated in Chinese yuan) had exceeded US\$ one trillion and their debt-to-asset ratio had reached 79 percent, the highest since 2005. They face very high pressure to repay debts.

Statistics from Shenwan Hongyuan Securities in Shanghai show that nearly US\$200 billion in bonds issued by developers are set to mature in 2018, and many more will mature in the next two years.

"Most developers saw their debt ratio increase in 2017 because their spending on land acquisitions rose by 50 percent over that of 2016, and their investment grew by 10 percent," Gu said. He added that the tightened housing policy has resulted in shrinking borrowing and revenues, which has pushed developers' debt ratios further up.

Given this, alarm bells have been ringing around the market. At the end of April, the Hong Kong-listed developer Glorious Property, which focuses on China's coastal areas, announced that by the end of 2017, it had accrued debt defaults in the hundreds of millions of US dollars. Several other developers, including Tianjin Realty Development, China Fortune Land Development and Lushang Property, have been required to answer questions about their debts which had been raised by the Shanghai Stock Exchange in April and May.

These developers claimed in their responses that they have no problems in their financial arrangements. Speculation that even Vanke, one of China's largest developers, was heavily indebted shocked the market. The company

CHINA BY NUMBERS

said in its statement for the first quarter of 2018 that the ratio of interest-bearing debts to total assets stood at no more than 16 percent, and it had strong cash assets at hand. Securities analysts came out in support of Vanke, saying that the speculation was a misunderstanding of accounting standards. However, all this has shown how sensitive the market is towards the default risks of real estate developers.

Analysts are not so worried about big developers. But they see medium and small developers as much more disadvantaged in coping with the tightened financing policies, the longer revenue collection time and increasing amounts of debt repayment. The gap between large and small players in the real estate market is even bigger than before. The China Real Estate Association in Beijing and the E-House China R&D Institute in Shanghai released their annual top 100 list for 2017 in Shenzhen on May 25. The survey covers 124 developers listed on China's Shanghai and Shenzhen stock exchanges, 81 in Hong Kong and two on overseas stock markets. The top 15 developers held more than half the total assets of all listed developers. The number was 18 in 2016, showing "growing concentration of the market," the report said.

The same landscape can be seen in the broader picture. The top 500 list disclosed by the two institutions in March in Beijing showed that a number of smaller developers on the list reported decreases in sales revenue in 2017. The real estate market is entering an era "in which the strong will get stronger," it concluded.

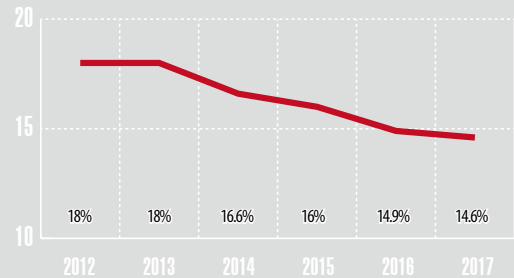
It is hard to say how the collapse of many smaller developers, if that happens, would hit the market and the whole economy. But it seems that no other sector has attracted so much attention, no matter if it is in a period of boom or bust. When the market is strong, there is criticism against looming bubbles, the increasing cost of living and that it is squeezing capital out of manufacturing. In a downturn, concerns prevail over whether it would drag overall economic growth down and trigger financial disorder. Financial stability is at stake in either scenario. ★

7.2%

Year-on-year rise in the cost of logistics in China for the first four months of 2018, down from 9.8 percent growth in the same period of 2017

Source: Ministry of Commerce of China / China Federation of Logistics and Purchasing

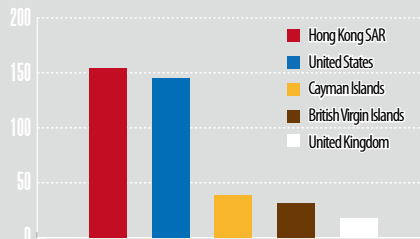
Ratio of logistics cost to GDP of China



US\$497.7 billion

Investment in securities (not including foreign exchange reserves) on the overseas market by companies from the Chinese mainland at the end of 2017, including US\$303.5 billion in equities and US\$194.2 billion in bonds

Top five destinations for overseas portfolio investment from the Chinese mainland



Source: State Administration of Foreign Exchange of China

US\$65.7 billion

Imports of consumer products in China in 2017 (3.6 percent of China's total imports for 2017)

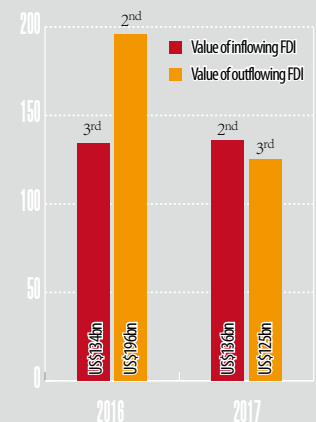


Source: Ministry of Finance of China / General Administration of Customs of China

2nd

China's global rank in receiving foreign direct investment in 2017, with record inflowing FDI. China's outflowing FDI declined for the first time since 2003

China's FDI by rank and value



Source: United Nations Conference on Trade and Investment

US\$2.57 trillion

Outstanding local government debt in China by the end of May 2018, within the US\$3.25 trillion cap for the year

Source: Ministry of Finance of China

Chi Zijian

Spirits of the Northeast

The prolific, prize-winning contemporary writer Chi Zijian tells *ChinaReport* about her new work, her literary odyssey and her deep and unique connection with nature in China's northeast

By Kui Yanzhang

“We’ll talk later. Let me finish the opening match first. A fortune-telling cat said Saudi Arabia would win. Let’s see if that is the case.” The 54-year-old writer Chi Zijian responds to our interview request with childlike enthusiasm. A fervent football addict, nothing can distract her from the ongoing World Cup.

A prolific and industrious contemporary writer, Chi has published more than 50 works in three decades, including *Peak among the Mountains*, *Puppet Manchukuo*, *Sunshine Behind the Clouds*, *Last Quarter of the Moon*, *Snow and Raven* and the short story collection *Tales from an Arctic Village*. In 2008, *Last Quarter of the Moon* won China’s most prestigious literary award – the Mao Dun Literature Prize. It has been translated into English, Italian, Spanish, Dutch, Japanese and more. She published her latest novel, *The Bravery of Migratory Birds*, in May this year.

Chi was born in Mohe Arctic Village, a tiny settlement on northeast China’s Siberian border with a population of around 1,000 people. Chi grew up in a land covered with primeval forest and thick snow. Her writing is marked by its depictions of the lives of those who live close to nature in north-

eastern China, weathering harsh conditions which embody the “fire and ice” extremes of human nature.

To Leave or Stay

This connection with nature is what makes Chi stand out in the Chinese literary sphere. Famed science fiction writer A Lai, of Tibetan descent from Sichuan Province, says: “I like Chi’s novels, largely because there is nature in her works, a rarity among Chinese novels.”

Her latest, *The Bravery of Migratory Birds*, focuses on how human relationships are coloured by the relationships between people and nature.

The protagonist, Blackface Zhang, is a kind man who works at the Jinweng River Natural Reserve. While fighting a wildfire, Zhang, who has an intellectual disability, is saved by a white stork, and the experience causes him to form a close bond with birds.

Zhang later falls in love with De Xiu, a young nun who lives near the station, and the story tells how the pair breaks the shackles of religion and embraces love.

The novel also portrays another love story – between a pair of white storks. The male





Chi Zijian

bird, injured by a poacher, is unable to migrate to warmer climes when winter comes. Zhang opts to take care of the bird. The female bird, after sending their little chicks south, returns north for her partner, but the pair meets a tragic end in a fierce snowstorm while attempting to migrate.

Zhang and De Xiu bury the birds after finding them lying together on the snow. Nevertheless, the story ends ambiguously: the couple gets lost in the snowstorm and cannot find their way back. Whether they will return home safely and be happy together or meet a tragic end is unclear.

“If I’d written the novel 30 years ago, I would have given them a happy wedding. Life experience has shown me that fate is unpredictable,” Chi told *ChinaReport*.

Apart from poignant love stories, Chi depicts the adverse influence of power on people in the city, something particularly acute in the northeastern Chinese experience. One character in the story, Ironteeth Zhou, head of the Natural Reserve station, bribes his superiors with rare birds shot by poachers, and officials treat the station as their personal resort.

“Following the reform and opening-up policy [in the late 1970s], northeast China fell behind the southern provinces in economic development. Many people there don’t have a strong will to integrate with the market, but cling to power instead,” she told *ChinaReport*.

Migratory birds symbolize the people of northeastern China, who are well known for “seasonal migration.” Many fly to the South (often to Hainan Province) to pass the winter and travel back home in summer.

The novel portrays these kinds of “migratory-bird people” – such as Ironteeth Zhang – as corrupt vested interests. The ubiquitous power-money deal enables the fortunate to accumulate wealth and buy houses in the



Chi Zijian gives a lecture at Huazhong University of Science and Technology in Wuhan, China, November 9, 2016

PHOTO BY VCG

South to enjoy warm winters. But the poor have no choice but to stay in the northeast and shiver through the bitter winter. Being a migratory bird or one which stays put has become a primary indicator of social status.

Plots, Food

The writer leads a simple and disciplined life: she gets up at 7am and goes to bed at 11pm; cooking is her second passion next to writing, and she loves idly loitering in food markets. Two things occupy her mind before she goes to bed: what food to cook tomorrow, and the plot of the story she's currently working on.

She has a certain detachment from daily news and social networking. She never uses social media apps – opting instead to communicate with an old flip phone. Even so, she uses it little – just for calling and sending text messages.

“It is through practise and experience that

writers understand the times and gauge the world, not through glancing over information,” Chi said.

Chi was born on the evening of the Lantern Festival – the 15th day of the first month of the lunar calendar – in 1964 as villagers were celebrating by decorating their doorways with glowing red lanterns, creating a spectacle in the snowy light. Her family gave her the nickname “Lantern.”

Her father was head of the local primary school and a man of knowledge and accomplishment. He was skilled in playing violin and accordion as well as in calligraphy. He loved reading Classic literature, especially the poetry of Cao Zhi, a great poet of the Three Kingdoms period (220-280) and the younger son of the famous warlord Cao Cao. Chi was named Zijian after Cao Zhi's literary name.

Although she was the daughter of a literature lover, Chi had little chance to read while

growing up during the Cultural Revolution (1966-76), during which many books were banned. Fearing they would endanger the family, her father wrapped up all his novels in sacks and burned them deep in the forest.

There is snow at Mohe for much of the year. Chi's earliest contact with the literary tradition was in the form of spoken word fairy tales and folklore told by village elders around the campfire. There was the story of the maid in a picture who came to life to cook for a poor young boy; and the lonely old man who dug a magic melon out of a field which had an infant boy sleeping inside.

Chi began her literary career in 1983, at that time a junior at the Normal School of the Greater Khingan Mountains, a teaching college, when she began publishing short stories in literary magazines.

In 1986, Chi published the short story collection *Tales from an Arctic Village*, an early work which brought much attention. The book took inspiration from her childhood when she was entrusted to the care of her maternal grandmother. Some of the stylistic characteristics of Chi's later works took shape in this novel, such as the meticulous descriptions of scenery and nature, and the tranquil, sentimental voice.

Support and encouragement from her family drove her early writing. After *Tales from an Arctic Village* was published, Chi's cousin read it to her grandmother. Listening attentively, her grandmother continually raised an eyebrow and mumbled, “This part is real,” or she frowned and said, “This part is fabricated.”

By the late 1980s, Chi was teaching Chinese literature. Her particular fondness for the writer Yu Dafu – who was active in the 1930s and 40s – led her to create a seminar on the writer, despite his works getting little treatment in Chinese literature textbooks.

“The biggest similarity between me as a teacher and me as a writer is that I don't like

to go by the book,” she said.

Ill-fated Gift

In late 1991 Chi visited Japan for a cultural exchange, and an elderly Japanese person asked if she came from “Manchuria.” It was a reference to part of northeast China ruled by the Japanese between 1931 and 1945. Chi felt insulted by the jarring word. “Considering that period of humiliation has ended, why does it leave such a deep stigma on the older generations of both Chinese and Japan?” she asked.

Manchuria was a puppet state of Japan in Northeast China and the Inner Mongolia Autonomous Region from 1932 until 1945. It is associated with intense shame for some Chinese people.

Back in Harbin, the capital of Heilongjiang, Chi spent a great deal of energy collecting historical materials on Manchuria and sorting through notes on folk customs and how people adapted to life under Japanese occupation. These formed the basis of her 2000 novel *Puppet Manchukuo*.

It took seven years of research to write the book. “I knew it was a hard bone to bite. I feared writing it may harm my health.”

Chi was married in 1998 at the age of 34. She says it was the happiness and stability of the marriage that gave her the confidence to begin writing *Puppet Manchukuo*.

She spent two years writing the book and sent an advance copy to her husband as a gift, with the dedication: “This is the most satisfying work of mine so far. It belongs to me and you.”

Chi’s happy marriage was sadly ill-fated. Four years after she got married, her husband Huang Shijun died in a car crash.

The pain returns each time as she sees the advance copy of *Puppet Manchukuo* on their shelves. “It tears my heart apart every time I think of the cruel fact that I spent two whole years of my four-year marriage writing that

book. If I had known that my happiness would be short-lived, I would have spent more time with him,” Chi said.

Her husband’s death was a huge blow that marked a sharp turn in her works. Known previously for her pastoral, sentimental works, the tragedy imbued her stories with a sense of desolation.

Chi’s 2005 novel *All the Nights in the World* is closest to her personal pain. The main protagonist loses her husband but is shaken from the prison of grief after witnessing a tragic mine disaster in the village of Wutang.

“Most contemporary Chinese literary works take a critical, sharp, and even cruel approach to reality, which we all know can help arouse attention and interest. Chi Zijian is rare in that she’s always viewed people, things and the world in a tender, soft-hearted way,” contemporary writer Su Tong once commented.

In 2005, Chi published *The Last Quarter of the Moon*, which won the Mao Dun prize in 2008. Narrated by a nameless elder woman of the Evenki tribe, the epic story centres on her nomadic clan in northern China and the tragic decline of their culture over the political upheavals of the 20th century.

While researching the book, Chi stayed in a modern day Evenki encampment for several days, drinking their reindeer milk tea, listening to their songs and stories and witnessing their shamanistic connection with nature.

Chi felt a connection with the culture of shamanism in her own hometown.

“As a child entering the mountains to fetch firewood, more than once I discovered an odd-shaped head on a thick tree trunk. Father told me that was the image of the mountain spirit Bainacha, carved by the Oroqen [another nomadic clan],” Chi told the *Financial Times* in 2013.

While lecturing at Hong Kong University of Science and Technology, Chi was chal-



Cover of *The Bravery of Migratory Birds*

lenged by a student, who argued that the myths in her works seemed foolish in the era of science.

She responded, “All myths cannot withstand dissection by the scalpel of science. Then again, if we only saw the world as a material one, would we not just be proteins?”

Chi published *Tales from an Arctic Village* more than 32 years ago, and the Northeast has undergone tremendous change since then. The writer told our reporter that since she is not a historian, she has no intention of chronologically outlining each of those drastic changes.

As a novelist, she is more keen on observing the gradations of life and society in small details: the ancient trees that grew densely in her hometown have gradually disappeared; the village elders who told mythical stories by the fire have gone to the next world, and nowadays it is television screens that depict mythical dramas. ★



Left: Hubo Village before the giant dam project



The village, which was home to thousands of residents, lies in ruins after an overnight demolition

DROWNED WORLD



Hubo Village sat at the foot of Mount Qixing on the bank of the Meixi River for a thousand years. Now it sleeps deep underwater.

The ancient village located in Xinchang County, Zhejiang Province has been wiped off the map alongside 27 neighbouring towns by the construction of a giant dam project that displaced more than 10,000 residents.

The relocation began in 2014 and lasted a year. The buildings in the village were demolished by the time the waters poured in. Farms, homes, graves, a temple, an ancestral hall, a memorial archway, a 500-metre ancient street, dozens of well-preserved houses and 16 giant camphor trees were all lost.

Life continues. Villagers, who watched their hometown subsumed by the water, try to adapt to new lives in unfamiliar places. The last moments of the village have been documented through the lens of local-resident-turned-photographer Wang Xiaohong in her collection, "My Hometown Drowned By Water."

Gao, 75, stares down at the reservoir that has devoured her hometown





1. Hu Haiqin, 81, sits by her old wedding bed in her empty bedroom as the relocation continues around her

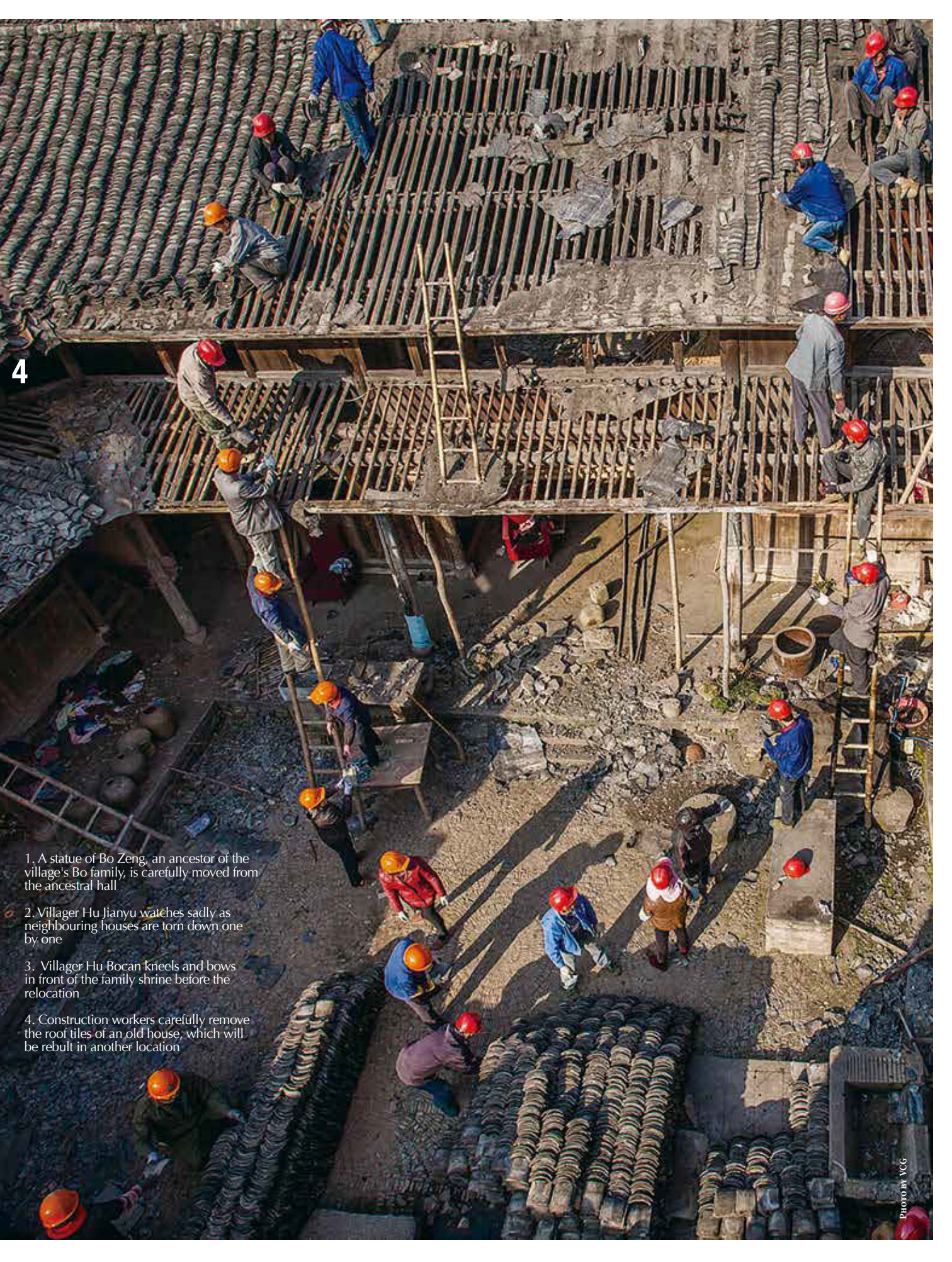
2. Hu Yezhang has worked in this barbershop on the old street since Deng Xiaoping was in power

3. Villagers play poker in front of statues in a temple

4. A family lights candles at dinnertime after a power outage caused by the demolition







- 1. A statue of Bo Zeng, an ancestor of the village's Bo family, is carefully moved from the ancestral hall
- 2. Villager Hu Jianyu watches sadly as neighbouring houses are torn down one by one
- 3. Villager Hu Bocan kneels and bows in front of the family shrine before the relocation
- 4. Construction workers carefully remove the roof tiles of an old house, which will be rebuilt in another location

Qufu

Philosophical Distractions

If you're seeking a detox from the big city, a stay in the hometown of Confucius makes a wise choice

By Mina Yan

If Qufu is known for one thing, it's that it was home to the great Chinese philosopher Confucius. Qufu, located in the southwestern region of Shandong Province, gave rise to the greatest teacher in the history of China.

Confucius, or Kongzi, lived from 551-479BC and has imprinted his philosophy into the minds of politicians, emperors and regular Joes (or Zhous). So what made his beliefs so special? Confucianism was developed with the emphasis on family and social harmony rather than special values like Buddhism and Taoism. Its core values were created to educate people into becoming the better version of themselves, something achievable and tangible.

During his lifetime, Confucius served as a politician, philosopher and most importantly, teacher to the political elites and royal family of China. His popularity led to the rise of more than just scholarly wisdom. Today, the city thrives around everything Confucius.

I have to be honest, before I actually went to Qufu, I wasn't sure what to expect. But

I left pleasantly surprised and mentally detoxed.

So, what's there to see when visiting Qufu? Everything you'd ever want or need to know about Confucius. There are three Confucius sites there – the Temple of Confucius, the Confucius Mansions and the Cemetery of Confucius. Collectively these three make up a UNESCO World Heritage Site known as the Three Confucius Sites or San Kong. Local tour guides will always try to sell you on all three locations as a package.

Built two years after the death of Confucius, the temple was created on the site of his former residence. Talk about respecting your teacher. At the time of construction, the Temple of Confucius was the only building to contain elements that were reserved for the emperor. This is one of the reasons that makes the Temple of Confucius historically interesting. To protect the temple, a wall modeled after the Imperial Palace was built around the entire compound. Inside, the temple is built with red walls and yellow bricks; elements reserved only for the emperor's residence – a

gift from the royal family representing trust and respect for Confucius and the Kong family.

The south gate of the Temple of Confucius is called Lingxing Gate, taking its name from the Great Bear constellation. It was believed that Confucius was a star from heaven sent to bring guidance. Believe what you will, but during a time when the wrong architectural design choice can get your whole family executed, bestowing a name that suggests you're an equal to the Emperor was unheard of.

Started by Emperor Gao during the Han Dynasty in 205BC, years after the death of Confucius, emperors would still visit the Temple of Confucius with offerings to the teacher of their ancestors after successful battles, believing that without the wisdom of Confucius, they would not have been able to outwit their enemy.

Immediately outside the Temple of Confucius is the Confucius Mansion, his former residence. Originally, his residence was located where the temple now stands, but it was relocated to make room for the temple

GETTING THERE

Take a high-speed train. It's relatively fast from any major city in northern or eastern China, and the train station in Qufu is small enough that there's not much of a crowd when you arrive. Be sure to book your car to your hotel in advance. Finding taxis can be a challenge. The nicer hotels aren't located in the city so if you're staying in one, strap yourself in for a bit of a drive. But don't worry, unlike in China's major cities, there's not that much traffic and the drive is a scenic one of local farm life. A couple of days is enough to see the sights.

WHAT TO AVOID

When it comes to tour guides, stick to professional companies. Just like in any other city in China, don't hire local guides on the street. They tend to be more expensive and will try to take you to shops and restaurants where they get a commission on your purchases.

PHOTO BY VCG



PHOTO BY VCG

during the Ming Dynasty (1368-1644). Before you get shocked by how 152 buildings with 480 rooms were relocated, the original mansion that was moved was much smaller than the one today.

Very similar to the royal family but without the fear of being overthrown, the Kong family was a large and close family. While Confucius might be a part of ancient history, his descendants continued to play roles in China's modern history, and the Confucius Mansion served as the actual home of his descendants until 1937. Every generation, one of his descendants would be given the title of Duke of Yansheng, which meant they were given the task of upholding the family ceremonies, and this carried on for 77 generations. If you were a son of the Kong family the teenage "you can't tell me what to do" tantrums were out of the question. But don't feel too bad. Being a scion of Confucius meant that you were basically guaranteed a high-ranking job. In more modern Chinese history, the Duke of Yansheng held government positions, most commonly in education.



The final of three of the San Kong is the Cemetery of Confucius. Visit on a rainy day and it quickly becomes one of the eeriest places you'll ever visit. Locals still visit the cemetery to pay respects to Confucius. While we were there, the local guide told us that particularly before China's notoriously hard university entrance exams, the cemetery is packed with people praying to Confucius for that little bit of an extra boost for their kids.

The cemetery is essentially a forest. Sitting on 183 acres of land, it's the final resting place of 4,003 of Confucius' descendants, former students and nobles. Tombstones of different shapes and sizes and animal statues are everywhere. It's essentially a forest of tombstones. During off-peak seasons, the cemetery is quite tranquil. Would I recommend taking

a stroll there like it's your neighbourhood park? Not really. I couldn't help but think about how it's one of the worst places to be in the event of a zombie attack. Try outrunning generations of the wisest minds in China. Good luck.

In Qufu, the Kong family lived like kings. During his lifetime, royals and nobles from around China would beg Confucius to study with him. They'd bring gifts and send servants to his home as a sign of respect. His home became a melting pot of Chinese influences from art to cuisine. This gave life to a culinary culture and philosophy that's uniquely Qufu.

And when it's time to take a break, you'll find restaurants promoting the age-old concepts of healthy eating that Confucius promoted, focusing on ingredients that are fresh, in season and healthy cooking methods.

Local restaurants also cook up savoury northern Chinese dishes while combining them with the delicate flavours of southern dim sum. In a way, the first fusion Chinese dishes came out of the ancient sage's kitchen. ★

Song of the White Fox

By Njål Homeyer

“I will take you to an audition at the ‘secret place,’ and you will become China’s new superstar,” the White Fox said. She phoned a man called Big Wu and it was done – I got the audition that would change my life, or at least that’s what she told me.

A few days earlier, on my daily stroll between the canteen and my dorm, this young woman had floated up to me. She hadn’t revealed her real name, and just said “I’m a White Fox, you’re dreaming” because apparently that was her spirit animal. She was 25, had been married, divorced and was now CEO of a huge company, according to her at least. She wore a disturbingly thick layer of white makeup and had big dark circles under her eyes, which made me think that if ghosts could get addicted to heavy drugs, this is what they would look like. Initially, she had hired me as a teacher at her English school, but when she heard that I liked singing – even though it was just a modest hobby – she immediately organised an audition. All the teaching plans for the day were cancelled, because now we were going to write history.

Of course, a fair handful of red flags popped up. Nevertheless, I feared neither the living nor the dead, and had nothing to lose, so I went along to the audition.

Night fell, and we arrived at the “secret place.” I was puzzled. It was just a public park, there were even other people meandering around under the lamp-lit trees. Out of curiosity I pulled out my phone to check our location. “No, it’s SECRET!” the White Fox hissed and almost hit the phone out of my hand. I secretly checked it anyways, when I “had to” use the public toilet.

It turned out the actual secret place was a cabin situated right next to the main path, with flashy Christmas lights attached to every square centimetre. This was the place where all the heads of Zhejiang Province came every Saturday to sing karaoke, she said. Today was a Saturday, however, strangely enough no one was here except for an old man in the bar and a young guy singing. The latter was bending

It turned out the actual secret place was a cabin situated right next to the main path, with flashy Christmas lights attached to every square centimetre. This was the place where all the heads of Zhejiang Province came every Saturday to sing karaoke, she said



ILLUSTRATION BY LIU XIAOCHAO

and stretching his vocal cords to the utmost limit to make an impressive performance out of Celine Dion’s “My Heart Will Go On.” He evidently failed at winning the White Fox’s heart, who seized the microphone and proceeded to sing with such force and interesting artistic touches that I expected all the glasses in the bar would soon end up in the hospital for broken things, together with the Celine Dion-guy’s vocal cords.

At this very moment Big Wu entered. He

was tall, with just three long hairs stretching over his bald head and a belly that had tried out every hole in his belt. Tonight, this man was going to be China’s answer to Simon Cowell.

I looked through the song list, 99 percent of the tunes were Chinese folk songs I had never heard of. I was left with “Hero” by Enrique Iglesias, a song I had not listened to in years. I pressed “play” and grabbed the microphone. It was four minutes of heart-breaking lyrics and penetrating stares from my referee in a vocal performance I would rate 3/10.

Big Wu and the White Fox left the building. They discussed my ability to not break any bar glasses with my voice, before the White Fox came in again. “You passed, you will become China’s new superstar!” We celebrated with a drink before getting to the serious business, the road forward; first and foremost, my singing training. I was worried. It was the White Fox who was going to be my instructor, but I didn’t complain. As we drank to our future duets on Chinese national TV, Big Wu came in with a bucket of fish he had caught in the canal.

We left the secret place to go to a restaurant that apparently had a habit of preparing freshly fished canal creatures for its customers; Big Wu going ahead on his e-bike, the White Fox and me by foot. She told me in all confidence that Big Wu wasn’t too fond of me. His late wife had apparently looked a lot like the White Fox, which made him have rather intimate feelings for my soon-to-be singing instructor – despite the 40-year age gap. Me hanging out with her made him jealous beyond imagination.

Safely back home again that evening, stomach filled with Chinese canal delicacies, I really did feel like I had been dreaming. The image of me as a big superstar was of course quite tempting, however, I was quite content with a life free of spirit animals, jealous Chinese Simon Cowells, broken glass and canal fish. I looked up the White Fox on WeChat and pressed “delete.” ★

Moving Pains

By Joshua Dummer

A low groan followed by a flurry of expletives sent me darting into the bedroom from the kitchen. “We have to move house,” my wife said, her head in her hands.

She had just got off the phone with our landlord, who told her he was breaking our contract six months early because he wanted to move into our house.

This is the second time in a row this happened to us, although it wasn't so bad this time. Our last landlord told us we had to be out in a matter of days because their house smelled like paint and it was giving his father headaches. This time we didn't have a close deadline at least.

Over the next two weeks we must have seen at least 20 houses in total, guided by a variety of agents desperate to part us with our cash and seemingly indifferent to the fact that human beings have finite lives and, philosophically speaking, we can't afford to waste our time following men in cheap suits up 12 flights of stairs to look at shabby houses.

The first 10 or so were the run-of-the-mill awful Beijing flats – tiny bathrooms last thoroughly washed in preparation for the [2008] Olympics, kitchens spread across two non-adjacent rooms, north-facing windows which look out at a brick wall and furniture so hard it can watch videos of disabled dogs learning to walk again without choking up.

But when the first set of houses was inspected and rejected, weird places started to show up as the agents got desperate.

There was a 13th floor shoe-box flat I was taken to that had a dozen migrant workers sleeping in it at lunchtime, which the agent assured me was a steal at only 5,500 yuan (US\$854) a month.

There was the place which was being rebuilt and only had three walls, the outside wall at that time replaced with a gaping hole. “It'll be ready in a week,” the agent lied, “if you want this place you better decide today because it'll be gone otherwise.”

There was the cavernous flat with great solid-wood furniture that had a real “dungeon”

There was the place which was being rebuilt and only had three walls, the outside wall at that time replaced with a gaping hole. “It'll be ready in a week,” the agent lied, “if you want this place you better decide today because it'll be gone otherwise”



ILLUSTRATION BY LIU XIAOCHAO

vibe after half a dozen IT goblins had moved in. They seemed to have turned the toilet into some kind of cigarette-butt aquarium and had seemingly decided that the best way to feed their shaved cat was to spread its food over as much of the floor as possible.

Then there was the place that was in a good location, spacious, had great views of a nearby temple and was well within our budget.

However the old tenant was lying in wait

to ambush the agent and warn us. She said the water of the house had given her diarrhea and eye infections on a regular basis, that the temple rang ear-splitting bells at 4am daily and the walls gave off a strange stench she couldn't dispel no matter what she did. While we looked at the place, she yelled in Chinese-via-the-American-Midwest at the agent about how she wasn't going to pay any of the rent she owed.

My wife assumed that she was a spoiled American unwilling to tough the gritty reality of life in Beijing, but we ended up giving up on that place after she said that the landlord was cheap and tried to fix any problem himself. His fix for the kitchen sink blocking on every single use was to recommend using a plunger on it every time.

Eventually we found a place not far from our original location that we could accept. We were willing to overlook its weird layout, lack of natural light and pricy rent due to its good location, recent refurbishment and lack of any smells that made both of us queasy. However the day we planned to sign the contract, the day before we had been told we could move in, the landlord nixed the deal because his wife told him not to rent the place out. Apparently he hadn't shared his plan with her, preferring instead to mess with strangers first and talk to her later.

For once, at least, this crushing disappointment seemed to embarrass that particular realtor – the others all seemed immune to such feelings – and he swore to find us a suitable replacement immediately. Which, against all of my expectations, he did. He actually did it. He did it so quickly that I couldn't help wonder why the whole process had taken as long as it did in the first place.

He found us a really decent place with hideous pink walls in the same building we were being kicked out of. When we moved in, we even discovered that the last tenants had left behind at least 10 Russian ice creams in the freezers. It almost made the whole ordeal worth it. ★

Harbin Homestyle

By Mina Yan

Most who live in China know that when it comes to dining, there are do's and don'ts. Don't stick your chopsticks straight up in a rice bowl as you could be accused of taunting the dead – this resembles a funeral offering. Don't ask for an iced tea chaser for a 1,000 yuan (US\$153.8) bottle of Moutai. That's common sense: you wouldn't mix a 30-year-old Macallan whiskey with soda.

And do make an effort to pay the check, even if your host is ultimately quicker on the draw. Chinese people often make a show of fighting for the privilege of treating their guests and friends. But my recent visit to Harbin, the heart of Dongbei (or Northeastern China), introduced me to a group that has turned paying into a high-stakes strategy game.

But first, the food. Harbin cuisine enjoys a strong Russian influence. That's partly due to rail infrastructure: at the turn of the 20th Century large groups of Russians came to the city with the Chinese Eastern Railway – and many settled. A sister city of Moscow, Harbin's Russian architecture can be seen in buildings like the Qilun Department Store, Modern Hotel, Harbin Central Street, and

the smaller Saint Sophia Cathedral.

Things are bigger in Harbin. Locals love their big hearty portions and savory flavours. When you dine in a Dongbei restaurant, you're bound to get humungous portions – most likely more than you could ever finish. The city's claims to culinary fame include Qilun Red Sausages, Modern brand ice cream, Dalieba bread (baked with beer yeast), and *guobaorou* (which closely resembles sweet and sour pork).

Every restaurant and household makes *guobaorou* with its signature flare, and it's a must-order dish. Tender slices of cornstarch-coated pork are fried to crispy perfection and arrive at the table sizzling hot and covered in a layer of sweet and sour sauce, along with a few shreds of ginger and scallions. If you thought sweet and sour was inauthentic, think again. Many believe Harbin's *guobaorou* heavily influenced American-Chinese cuisine. You're welcome, world.



Fighting to pay the check may be a Chinese norm, but in Harbin they take it to the next level. It's common to pay for the entire meal before the group even finishes ordering. How do they know the price if they

haven't ordered? They don't! They just hand over a wad of cash that's typically double what the meal might cost – better safe than sorry. Restaurant cashiers are collaborators in this bizarre Dongbei custom: armed with deposit slips, they help customers pretend they are just asking a question, then clutch the cash with the speed and stealth of an expert pick-pocket.

The people of Harbin are loud, outspoken and down to earth. They're eager to make new friends and more eager still to share the proud culture and history of their city. Dining there is less about fancy plating and more about feeling welcomed. When you dine with locals in Harbin, you're part of the family. ★

real chinese

laopiao

Elderly Drifters

“We came to a strange city, to help raise our grandchildren / We gave all our love to the family and hid our desire to return home / Lonely and tired, we are not understood / How we long to tell you that we are more than just free nannies.” So goes a new viral song dedicated to China's *laopiao* – elderly people who have migrated to cities to care for their grandchildren while their own children work.

A combination of “*lao*” meaning “old” and “*piao*” meaning “float,” *laopiao* borrows from the term “*beipiao*,” which describes young people who have migrated to Beijing to

pursue their dreams. *Piao* connotes that, without a permanent residence permit in the capital, they lead a lonely life away from family, like duckweeds floating on water.

A growing number of young people have settled outside their hometowns and need their parents' help to perform childcare duties while they work full-time. Although elderly people generally don't need to worry about financial security like *beipiao* do, they suffer from homesickness and miss their friends and routines.

The suffering is not generally understood by the children of *laopiao*. Many see it as

their parents' job to take care of their grandchildren. Worse, amid the intergenerational conflict over how best to raise and educate children, many complain about and even quarrel with their parents, regardless of their large contribution and sacrifice. The song is thought to have resonated because many *laopiao* feel unappreciated, and have grown tired of caring for babies that aren't their own in unfamiliar cities. Experts have suggested the government and corporations offer more welfare and benefits to working parents to ease the burden.

lǎo piāo



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