WORLD: NORTH KOREAN NUCLEAR PUZZLE P.32 **NATION: SKY CARGO SERVICE P.36** BUNGREVIE VOL.60 NO.18 MAY 4, 2017 站京周凝 WWW.BJREVIEW.COM COMING A LONG WAY **Belt and Road Initiative aids progress** ISSN 1000-9140 邮发代号2-922・国内统一刊号: CN11-1576/G2

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EDITOR'S DESK

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Think Globally, **Act Locally**

Four years since the Silk Road Economic Belt and 21st-Century Maritime Silk Road Initiative, also known as the Belt and Road Initiative, was put forward, various regions in China have leveraged their advantages to support its implementation. As its initiator, China has exemplified how this vision will be turned into reality.

Northwest China was on the ancient Silk Road routes. The region is a key area of the Silk Road Economic Belt, as it is a hub of transportation, logistics and trade as well as a center for industrial and cultural exchanges with Central, South and West Asia. Xinjiang's geographical location makes it an important window for opening up to the west, Provincial capitals Xi'an and Lanzhou, of Shaanxi and Gansu respectively, are centers of higher education and technology in west China. All these areas are committed to implementing the Belt and Road Initiative and seizing opportunities to boost local development.

Coastal areas are the key areas for the 21st-Century Maritime Silk Road. China has dedicated itself to developing the Pearl River Delta, the Yangtze River Delta, the Western Taiwan Straits Economic Zone and the Bohai Sea Rim Economic Region. More specifically, these areas have improved their competitive edge globally by embracing greater openness and beefing up technological innovation.

In the southwest, Guangxi Zhuang Autonomous Region has accelerated the opening up of the Beibu Gulf Economic Zone. Yunnan Province has stepped up construction of transportation links connecting to neighboring countries and pushed forward the Greater Mekong Subregion Economic Cooperation Program, becoming a bridge connecting China with South and Southeast Asia. Tibet has fostered cross-border trade and tourist and cultural cooperation with countries such as Nepal. Southwest China is turning into an international corridor facing ASEAN countries.

Northeast China focuses on improving railway links with Russia and facilitating landsea transportation with the Russian Far East. It is moving ahead with the Beijing-Moscow high-speed transport corridor and building itself into a platform opening up to the north.

Inland areas are cashing in on the initiative by joining the China-Europe freight train program, building international inland ports, carrying out cross-border e-commerce and engaging in industrial cooperation with the countries involved

The Belt and Road Initiative aims to align China's development with globalization. The convening of the Belt and Road Forum for International Cooperation, the highest-level international conference to be hosted by China on the initiative, in Beijing from May 14 to 15 is a testament to the country's eagerness to put more efforts into it. As the initiative delivers benefits for other countries along the routes, their participation will inject vitality into its unfolding.

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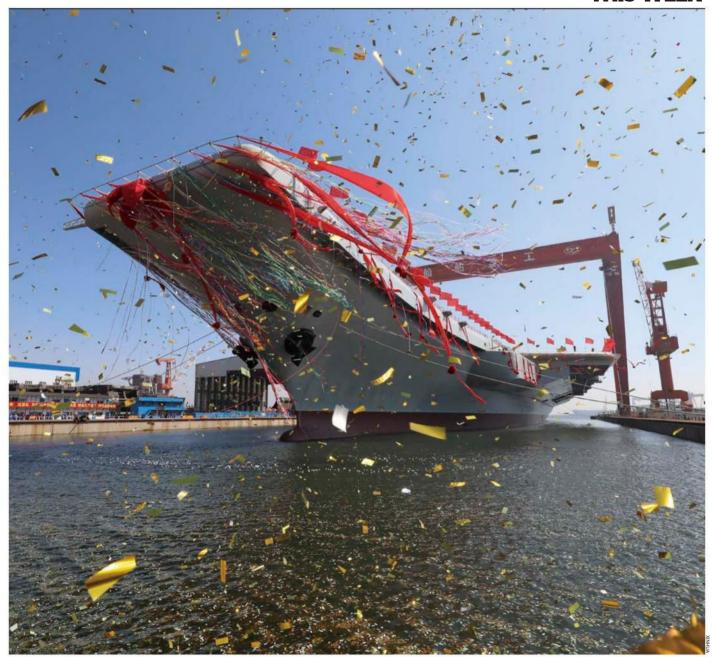
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THIS WEEK



SETTING SAIL

China's second aircraft carrier, also the first developed and built indigenously, is launched at a Dalian shipyard in northeast China's Liaoning Province on April 26.

The carrier began to be built in November 2013. In the next stage of its development, it will undergo outfitting, when engineers and workers will complete installation of its power plant, interior equipment and systems as well as weapons.

Up to now, the Chinese navy has operated a sole aircraft carrier, the *Liaoning*, a Soviet-era vessel which received an extensive refit before going into service in September 2012.

THIS WEEK SOCIETY



Deep-Sea Mission

Scientists obtain sediments from the bottom of the sea onboard the *Xiangyanghong 09* research ship on April 25. They embarked on a deep-sea mission in the South China Sea that day, the beginning of the second stage of China's 38th oceanic expedition.

Illegal Fundraising

The crackdown on illegal fundraising will be tightened to protect people and fend off systemic risks, the Office of the Inter-Agency Anti-Illegal Fundraising Taskforce said on April 25.

There were over 5,100 illegal fundraising cases in 2016, involving 251.1 billion yuan (\$36.5 billion). The number of cases went down 14.48 percent and the amount involved decreased 0.11 percent year on year.

It is the first time both figures have declined, showing illegal fundraising, which had been rising in the past years, has been contained, Yang Yuzhu, head of the office, said.

However, Yang added that the overall situation is still complicated and severe, highlighted by an increase in organized crime, online fraud and cross-regional crime.

China will strengthen supervi-

sion of intermediaries in private financing, enhance crackdowns on fraudulent advertisements and improve the legal system to guard against illegal financing, Yang said.

Key fields including online lending, private wealth management, rural cooperatives and private equity will be under greater regulatory scrutiny.

Internet finance has grown fast in China as investors seek higher returns than on bank deposits while small businesses find it easier to secure funds through online brokers. But risks have piled up too as regulations cannot keep up with the sector's development.

Among the high-profile fraud cases in 2016, Ezubao, an online peer-to-peer lending platform, cheated people out of nearly 60 billion yuan (\$8.7 billion) through fake investment projects. Police opened

investigations into the case in the first quarter of 2016.

Re-hiring Workers

China plans to assist 500,000 workers made redundant during capacity cuts in the steel and coal sectors in

Employers re-employing laid-off staff in other posts will get subsidies, and the government will offer free retraining, Lu Aihong, spokesperson for the Ministry of Human Resources and Social Security, said on April 25.

In 2016, the Central Government spent over 30 billion yuan (\$4.35 billion) on providing assistance to 726,000 employees affected by the downsizing of the two heavy industries.

The work has to continue as another 50 million tons of steel

production capacity and at least 150 million tons of coal capacity will be cut in 2017.

According to preliminary forecasts, the coal and steel sectors will see combined layoffs of around 1.8 million.

Serial Killing Case

A 53-year-old man has been prosecuted for charges including robbery, rape, murder and dismembering bodies, the procuratorate in northwest Gansu Province confirmed on April 25.

The man from Gansu, surnamed Gao, is accused of killing 10 women and an 8-year-old girl between 1988 and 2002, the procuratorate in Baiyin City said.

Local media reports said many of the victims were dressed in red, and some parts of their bodies were missing. It led to the media dubbing the killer the Chinese "Jack the Ripper."

Baiyin police stumbled upon Gao after one of his relatives committed a crime and underwent DNA tests in 2015. Gao was arrested on August 26, 2016.

The procuratorate did not give a date for the trial.

Good Air Days

Minister of Environmental Protection Chen Jining said on April 23 that Chinese cities reported more "good air" days in 2016.

In 2016, the 338 cities monitored by the ministry enjoyed good air quality on 78.8 percent days, up 2.1 percentage points from 2015, Chen said at a bimonthly session of the National People's Congress Standing Committee.

Those cities reported heavy or even worse air pollution on 2.6 percent of days, down 0.6 percentage points.

China received 33,000 tip-offs on environmental violations, levied fines worth 440 million yuan (\$64 million) in 8,500 cases, and detained 720 people in more than 800 cases.

Chen called for beefed-up

efforts to fight air, water and soil pollution and implement action plans in such fields.

The State Council, China's cabinet, approved the establishment of 18 national nature reserves in 2016 and carried out remote monitoring of human activities in 446 national nature reserves.

Chen also stressed tightening nuclear and radiation safety supervision.

China has kept the radiation environment under control through careful operation of its 35 running nuclear power units and 19 research reactors for civil use. An additional 21 nuclear power units are under construction.

Bikes in Tibet

The bike-sharing fever has spread to southwest China's Tibet Autonomous Region, with 500 shared two-wheelers appearing on the plateau on April 20.

The fleets of bright yellow Ofo bikes have been placed in 22 spots in Xigaze, the region's second largest city, Lu Shuang, the company's regional manager, said.

"We hope shared bikes become low-carbon, cheap transport for locals and tourists alike in Tibet," Lu said, adding that the company's next stop would be Lhasa, capital of Tibet.

The bike-sharing business, which took off in big Chinese cities in 2016, allows riders to hire bikes for as little as 1 yuan (\$15 cents) per hour via a mobile app and drop them off anywhere for the next user.

The bikes on the busy streets of Xigaze have attracted curious users. "It's quite cheap, and really suitable for a short ride," Cering, who had rented a bike with his friends for fun, said.

Backed by two-digit economic growth for over 20 years, car sales in Tibet have been booming. The underpopulated region now has 300,000 vehicles, with half of them in Lhasa.

However, the four-wheelers have led to traffic congestion and parking problems in downtown Lhasa.

Better Healthcare

Over 2 million impoverished patients were treated in China in 2016, Wang Pei'an, Vice Minister of the National Health and Family Planning Commission, said on April 21.

Wang made the remarks at a press briefing, speaking of the national program that began in June 2016 and focused on poverty alleviation via improved healthcare.

According to Wang, medical security for impoverished people was enhanced in 2016, with 67.6 percent of them subsidized for their hospital expenses.

Also in 2016, patients in 74 percent of impoverished counties were able to receive treatment before paying, thanks to the program.

A database on their illnesses has been set up to prioritize the treatment of major illnesses, and 90,000 impoverished people have been treated for such illnesses since February.

Illness is a major cause of pov-



Going by the Book

The scene in the National Library of China in Beijing on April 23, World Book Day.

erty among China's rural population, with over 44 percent of the impoverished suffering from illnesses at the end of 2015.

Panda Breeding

Researchers in southwest China's Sichuan Province have seen initial success in their experiment to encourage captive pandas to mate with wild ones in order to increase genetic diversity of the captive stock.

Female captive giant panda Cao Cao successfully mated with a wild male panda in the Wolong National Nature Reserve, according to the China Conservation and Research Center for the Giant Panda, on April 21.

Cao Cao was released in the wild with a positioning system and a recording device fixed around her neck. She was recaptured on March 27.

The recording showed that she had mated with a wild male panda.

Zhang Hemin, deputy head of the center, said inbreeding among captive bred pandas was reducing their fitness. The experiment aims to bring in genes from the wild pandas to make the captive ones healthier.

More captive pandas will be released in the wild for such experiments.



Maiden Venture

Jia Jia, an interactive robot resembling a young Chinese woman in a traditional outfit, conducts a man-machine dialogue with Kevin Kelly, founding executive editor of *Wired* magazine, from the University of Science and Technology of China (USTC) in Hefei, capital of Anhui Province, on April 24. Jia Jia, capable of speaking and moving her lips and body, was unveiled in 2016 by a USTC robot research and development team after three years' research.

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THIS WEEK ECONOMY

Auto-Making Plan

China is aiming to become an automaking powerhouse in a decade, boosting the development of newenergy vehicles (NEVs) and relaxing restrictions on foreign ownership.

The strategy is to achieve breakthroughs in key technologies and increase the share of Chinese brands in the international auto market by 2025, according to an auto industry development plan released on April 25 by three government departments including the Ministry of Industry and Information Technology.

By 2020, China will see NEV output and sales hit 2 million units annually, according to the plan.

That number is about four times the current level. China sold 507,000 NEVs last year, the most in the world for a second year and up 53 percent from 2015, according to the China Association of Automobile Manufacturers (CAAM).

Restrictions on foreign ownership in the country's automobile joint ventures (JVs) will be relaxed "in an orderly manner." China, the world's largest auto market, caps foreign stakes in JVs in the domestic auto industry at 50 percent.

The annual auto output is planned to reach around 30 million by 2020 and 35 million units by 2025.

Auto sales in China hit a record high of 28.03 million units in 2016, up 13.7 percent year on year, according to CAAM.

WB-AllB Cooperation

The World Bank and the Asian Infrastructure Investment Bank (AIIB) have signed a memorandum of understanding (MOU) to strengthen cooperation.

Under the MOU, signed on April 23, both sides will cooperate on development financing, staff exchanges, and analytical and sector work

"It paves the way for the two institutions to further enhance coordination at the regional and country levels," the World Bank said in a statement.

The two institutions had already signed a co-financing framework agreement in April 2016. Since then, they have co-financed five projects: supporting power generation in Pakistan, a natural gas pipeline in Azerbaijan, and slum upgrading, dam safety and regional infrastructure development in Indonesia.

They are discussing more projects to be co-financed in 2017 and 2018.

Top multilateral development banks (MDBs) have recently agreed to deepen collaboration to encourage private investment in infrastructure to support sustainable and inclusive economic growth throughout the world.

The MDBs will leverage their resources by joining forces to

co-finance projects and also help generate interest among private investors in public-private partnerships and the development of infrastructure.

IPR Protection

Chinese firms have been facing an increasing number of intellectual property rights (IPR) infringement cases, a customs official said on April

Zou Zhiwu, Vice Minister of the General Administration of Customs (GAC), said customs seized 7.58 million items suspected of infringing the IPR of Chinese companies in 2016, up 13.2 percent from the previous year.

Last year, GAC took measures in 12 IPR protection cases in which there were foreign infringements on the rights of Chinese companies, up from four cases in 2015.

GAC will continue its focus on IPR infringement and fake products attempting to cross the border to maintain trade order, Zou said.

Chinese companies are becoming more aware of IPR protection and had filed 27,873 IPR cases with GAC by the end of last year.

During the campaign 43,300 shipments of goods suspected of IPR infringement were seized.

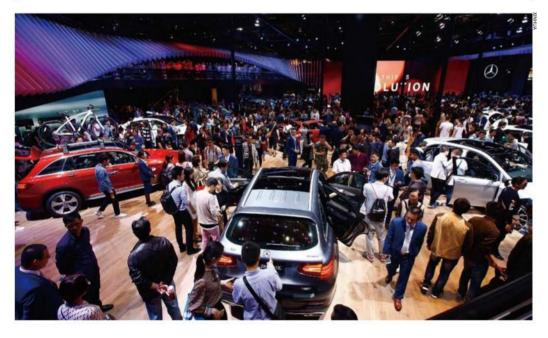
Investment Hotbed

Central China is becoming an ideal destination for foreign investment, according to the Ministry of Commerce.

Unlike coastal areas, central China has many unique advantages in attracting foreign investment and saw foreign direct investment growth similar to the national average in the first quarter, Vice Minister Wang Shouwen said at a press conference on April 25.

Central China comprises six provinces: Anhui, Henan, Hubei, Hunan, Jiangxi and Shanxi.

Chinese exporters can send their products via China Railway Express to Central Asia and Europe, while



Vehicle Gala

The Seventh Shanghai International Automobile Industry Exhibition on April 22. More than 1,000 exhibitors from 18 countries and regions attended the event from April 21 to 28, where 113 models of car made their global debut.



Learning First-Hand

A foreign tourist tries to fry tea leaves by hand, a traditional processing method of the Yi ethnic group, in Keli Village in Ning'er Hani and Yi Autonomous County, Yunnan Province, on April 23.

The village has become a hot tourist destination after the government invested heavily in preserving and renovating local sites of historical and cultural interest.

products made in central China can exploit markets in both the east and west of the country.

To encourage foreign investment in central China, the central authorities decided in March to allow 43 sectors in the region to enjoy preferential policies, such as reduced taxation, when receiving foreign investment.

For the first time since Expo Central China began in 2006, a high-level meeting will be held during this year's event to gather ideas and suggestions from foreign companies to improve the investment environment. Expo Central China 2017 will take place in Hefei, capital of Anhui, from May 17 to May 19.

China-Iran Deal

China and Iran signed the first commercial contract to redesign Iran's Arak heavy water reactor, in Vienna, Austria, on April 23.

The commercial contract is seen as an important step toward modification of the reactor.

Under the Joint Comprehensive

Plan of Action (JCPOA), Iran agreed to redesign the reactor to minimize its plutonium production and avoid production of weapons-grade plutonium.

The redesigning is a core aspect of the JCPOA on Iran's nuclear program.

The JCPOA agreement was reached in Vienna in July 2015 between Iran and the P5+1 group, namely Britain, China, France, Russia, the United States and Germanu.

The P5+1 countries have created a working group, led by China and the United States, to work with Iran to redesign the reactor.

Iranian Ambassador to the International Atomic Energy Agency, Reza Najafi, said the signing of the contract is important and Iran has very good cooperation with China.

Open Data

Leading Chinese on-demand ridesharing platform Didi Chuxing decided on April 24 to open its transport information platform to regulators to aid urban transport management. Didi boasts over 20 million daily orders, resulting in the accumulation of a large amount of transport data. Authorized transport regulators can log on to Didi's transport information platform to check real-time transport conditions such as congestion and act accordingly.

Only local transport regulators in Shenzhen in Guangdong Province, Jinan in Shandong Province and Wuhan in Hubei Province have been authorized to access the information.

Didi also released a transport analysis report of major Chinese cities based on its large data set.

According to the report, northern cities suffer worse congestion than their southern counterparts during peak hours. In some areas in Beijing, it can take over 40 minutes to travel 9 km during the morning peak commuting hours.

Rail Partnership

The railway authorities of China, Belarus, Germany, Kazakhstan, Mongolia, Poland and Russia have signed an agreement to deepen cooperation on China-Europe freight rail services, according to China Railway Corp.

The agreement serves the Silk Road Economic Belt and 21st-Century Maritime Silk Road Initiative, known as the Belt and Road Initiative, will also expand the market share of rail freight between Asia and Europe, and will drive economic development and trade cooperation for countries along the routes.

The seven countries will jointly push for better railway infrastructure for a safe, smooth, fast, convenient and competitive rail route, according to the agreement.

Information technology will boost train speed and unification of the various national services. Information-sharing platforms will be built to ensure transport safety.

The rail services will be expanded to more areas. A joint work team and expert team will be formed to solve problems.

The China-Europe freight train service, launched in 2011, has grown rapidly, becoming an important part of the Belt and Road Initiative.

Over 3,550 freight trains have run so far, with services reaching 27 Chinese cities and 28 cities in 11 countries in Europe.



Getting a Fair Deal

Buyers select kitchenware at the China Import and Export Fair, or the Canton Fair, in Guangzhou, capital of Guangdong Province, on April 23. The second phase of the 121st Canton Fair opened that day, with the participation of 7,297 businesses.

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THIS WEEK WORLD





Citizens gather after a magnitude 7.1 earthquake off the coast in Viña del Mar of Valparaíso on April 24



JAPAN

U.S. representative for North Korea policy Joseph Yun, Japanese representative Kenji Kanasugi and Kim Hong Kyun of South Korea (left to right) pose for a photo before sharing their latest analyses on North Korea's next possible nuclear or missile test







ARMENIA

President Serzh Sargsyan pays tribute at the Genocide Memorial during a ceremony marking the 102nd anniversary of the Armenian Genocide, in Yerevan, on April 24

THIS WEEK



UNITED STATES

Participants pose for a group photo after the G20 finance ministers and central bank governors meeting in Washington, D.C. on April 21. Participants reached a broad consensus on free trade and open markets









SWITZERLAND

Knights burn a snowman on April 24 in Zurich to signify the end of winter



FRANCE

Emmanuel Macron and Marine Le Pen greet their supporters after winning the first round of the presidential election on April 23. They are set for the presidential runoff on May 7

THIS WEEK PEOPLE & POINTS

HEROIC CANAL BUILDER COMMENDED

Huang Dafa, former Secretary of the Communist Party of China (CPC) Committee of Caowangba Village in Zunyi, southwest China's Guizhou Province, was honored as a "contemporary role model" by the Publicity Department of the CPC Central Committee on April 25 for his perseverance in building a 9,400-meter-long water channel through steep mountains to help fellow villagers get out of poverty.

Caowangba sits on a cliff more than 30 km from the closest town. Villagers had severe water shortages, as they depended upon a single well for water.

Huang, now 81, led more than 200 villagers to dig a canal using only hand tools and explosives over a span of more than three decades.

By 1995, a 7,200-meter-long channel, which also has an auxiliary channel stretching 2,200 meters through three villages, was completed. The project has not only solved local people's drinking water problem, but also increased the village's annual rice output from 30,000 kg to nearly half a million kg.



Blocking Foreign Garbage Xinhua Daily Telegraph April 20

In mid-April, China adopted a plan to ban foreign garbage from entering the country. While proper use of solid waste may relieve China's resource shortages, foreign rubbish can only bring bad results.

According to the 2016 edition of the annual report on China's prevention and treatment of solid waste pollution, China's 246 big and medium-sized cities produced 185 million tons of household garbage in 2015. While the rubbish keeps rising, garbage classification is still at a trial

stage. The influx of smuggled foreign garbage inevitably compounds the difficult situation. The import of solid garbage is forbidden, but over the past three decades, a huge amount of such rubbish has been smuggled into China.

Some of the garbage comes from morgues or rubbish recycling stations. The continuous influx is harmful to people's health and the environment. Although China has regulations to block foreign rubbish, there is still a long way to go as foreign garbage smuggling has already developed into an industrial chain with finely coordinated networks. The profits generated by processing garbage smuggled into China can be dozens of times greater than the costs. There must be specific measures to deal with smuggled rubbish and penalize smugglers.

Embracing Al China Newsweek April 24

The rapid development of artificial intelligence (AI) is increasingly impacting social life and commercial models in China and throughout the world

Domestically, apart from iFlytek, whose Al programs cover sectors like education, government services, automobiles and medical care, Al breakthroughs have been achieved mainly by the three Internet giants Baidu, Alibaba and Tencent. For instance, an Al Go program called Jue Yi, also known as Fine Art. developed by Tencent's Al Lab beat Crazy Stone from France and DeepZenGo from Japan in the 10th Computer Go UEC Cup in Tokyo in March. AliCloud has developed its online-to-offline takeout food platform, which helps to efficiently match consumers' demand for takeouts and restaurants' service.

In China, Al is also widely used in the real economy. According to estimates by McKinsey, automation based on Al can contribute 0.8 to 1.4 percentage point growth to the Chinese economy annually. At a time when China's demographic dividends are disappearing, Al technology will help to boost the efficiency of conventional industries.

The shortage of talent is a major obstacle in China's Al technology development.

"As long as the job market and inflation remain steady and incomes keep improving, it does not matter if the growth is a touch higher or lower."

Ning Jizhe, Vice Minister of the National Development and Reform Commission, in an interview with Xinhua News Agency on April 26 "The data overwhelmingly suggests that Chinese investment in the U.S. is complementary to the current administration's focus on creating and protecting American jobs."

Stephen Orlins, President of the National Committee on U.S.-China Relations, writing in a recent report published by the organization and the Rhodium Group, a New York-based economic research firm, that says Chinese direct investment in the U.S. tripled in 2016 with Chinese companies hiring over 140,000 Americans



Fewer than 30 universities have AI labs and production of talent falls far behind the demand. Besides, China's AI scientists center on computer vision and voice recognition, leaving other AI research areas short of talent. However, it's expected that in the upcoming decade AI will be more widely applied in various aspects of people's life, and the era of AI Plus will finally come.

Regulating UAV Flying People's Daily April 24

In recent years, more and more unmanned aerial vehicles (UAVs) have begun to pop up in the supposedly clear zones surrounding airports. UAV users choose to fly their drones in such locations for the wide open space without high buildings or other obstacles in the way. Their behavior poses threat to aviation safety and even national security.

Statistics show that currently, around 20,000 UAVs are flying illegally. While four UAV-related accidents were reported in 2015, the number soared to 23 in 2016, and so far this year, 10 accidents have occurred in the southwest region alone. For aviation authorities, these incidents are a big headache, and call for strengthening UAV supervision. Relevant punishments are rising.

As early as 2009, the Civil Aviation Administration of China issued regulations concerning UAVs. These regulations, however, are not widely known. UAV users are often confused as to whether pilot licenses are needed, what procedures are necessary, and which departments handle these procedures. Also, many UAVs are made of plastic and fiberglass and are difficult to detect by radar.

As a result, most people who are determined to fly UAVs do so illegally. To stop them, we need more feasible and practical measures on UAV use. For example, so-called electronic fencing could be incorporated into UAV software, so they cannot fly in restricted airspace, and UAV approval procedures need to be streamlined. Explicitly informing users of their rights and obligations can also make a great difference.

◆ YOUNGEST CHINA LPGA TOUR WINNER

Amateur golf player **Liu Wenbo** made history on April 22, when she won the Zhangjiagang Shuangshan Challenge to become the youngest winner on the China LPGA Tour.

The Beijing teenager accomplished the feat in a dramatic fashion by beating Thailand's Kanyalak Preedasuttijit on the first hole of a sudden-death play-off at Shuangshan Golf Course.

"[It was] an unexpected win. My goal was to win [sometime] this year, but I didn't think it would happen so fast. I'm really happy now," she said.

Liu—aged 16 years, two months and 11 days on the day of her victory—became the fourth amateur to win on the China LPGA Tour. She bettered the previous record for the youngest winner set by Wang Ziyi, who won the 2014 Xiamen Challenge at the age of 16 years, five months and two days.

"The partnership will provide financial support to projects that address urban environmental challenges and will encourage taking action such as biking to reduce our carbon emissions."

Stéphane Dujarric, spokesperson for UN Secretary General António Guterres, at a daily news briefing on April 25 in response to the UN Development Program's partnership with Chinese bike-sharing platform Ofo "In the western part of the country, more projects focus on infrastructure such as traffic networks, land rehabilitation and water conservancy, while in eastern parts, the demand is for public facilities such as landscaping in urban areas."

Zhao Zaozao, a researcher on financing strategy with the Chinese Academy of Social Sciences, commenting on the thriving public-private partnership market in China on April 24

BELT & ROAD SPECIAL

FORGING NEW LINKS

The Belt and Road Initiative supplies a growing international market By Yuan Yuan

n April 6 a Hewlett-Packard (HP) laptop, fresh off the assembly line, was loaded onto a freight train in Chongqing, a municipality in southwest China. It was put into a container holding 4,000 other laptops which was placed on the train with another 11 containers filled with more portable computers.

The 41-carriage train also carried auto parts, mechanical products, clothes and more. Along a 14-day journey, it traveled through Kazakhstan, Russia, Belarus and Poland before reaching its destination—Duisburg, a German city.

From laptops to cars

The rail line, named Yuxinou (a fusion of Chongqing Municipality, Xinjiang Uygur Autonomous Region and Europe in Chinese), was launched in 2011. It spans 11,179 km and first served as a special train for information technology (IT) products.

Chongqing, a mountainous city on the banks of the Yangtze River, has become a logistics hub by connecting the Yangtze River Economic Belt to Europe.

"Before 2014, most of the stuff we delivered through this rail line was IT products," Huang Bo, Project Manager of Chongqingbased Yuxinou International Logistics Channel, told *Beijing Review*.

Before 2010, there were almost no IT companies in Chongqing. But in 2010, three major IT companies—HP, Acer, and Asus—decided to establish their manufacturing bases in the municipality. As a result, the demand to ship their products out increased quickly.

On March 19, 2011, the first train for the Yuxinou line set off from Chongqing, carrying laptops and other IT products, and arrived in Germany 14 days later.

"This was a major breakthrough for logistics and IT businesses in Chongqing," Huang said. "It was the first ever China-Europe freight train in China."

Now there are seven to eight cargo trains departing from Chongqing through the Yuxinou line each week. "Except Tuesday, we run the train every day," Huang said. "In 2016, we had 420 trains departing and returning, and this year, we expect the number to be 500. It is now the busiest cargo freight route between China and Europe."

The new pathway led to the consolidation of the IT manufacturing industry in Chongqing, which has become the world's major base for laptop production. Every one out of three laptops produced in the world now comes from Chongqing.

The railway line also brings imports from Europe. In July 2014, Chongqing was approved by the Central Government to import cars by rail, making it one of the first inland ports in China to do so. Since then, more than 3,000 cars from Europe have arrived in Chongqing. BMW, Volvo, Mercedes-Benz and Audi have all established operation platforms at the railway station.

But compared to the more than 1 million cars that China imports each year, this number seems quite small.

"It is a matter of mindset as we are used to importing cars either by boat, which takes a long time, or by air, which cost a lot," Li Jie, a manager from Pang Da Automobile Trade Co. Ltd., told *Beijing Review*. "Importing by rail has proven to be a good choice for cars."

Last year, Pang Da imported 215 cars through this rail line, including cars from the aftermarket tuning company Brabus. "Brabus' factory is just 27 km away from the departing station in Duisburg," said Li. "So it is a perfect connection. One carriage can hold two Brabus cars."

On January 4, 14 Brabus cars arrived in Chongqing, and the next batch will arrive by the end of May.

Till now, Pang Da has imported more than 300 Brabus cars to Chongqing. Importing by rail, Li revealed, is about \$100 cheaper than by sea per car averagely.



Cross-border e-commerce

After passing customs as well as inspection and quarantine, tinned milk powder imported from Europe is sent to individual buyers directly from the station in Chongqing.

"It is much more convenient to get access to European goods now with this rail line," Huang said. "The cargo trains aren't just bringing stuff in and out—they've spurred business connections between Chongqing and Europe."

For trading companies, the new transport link is an attractive alternative to maritime routes going through eastern and southern coastal ports.



A cargo train to Warsaw, Poland, departs from Xi'an, northwest China's Shaanxi Province, on August 18, 2016

"Our business used to target BRICS countries, but the Silk Road Economic Belt and 21st-Century Maritime Silk Road Initiative, or the Belt and Road Initiative, made us switch our focus to countries in Central Asia," Zhu Fuxing, Vice President of Osell, a cross-border e-commerce platform based in Chongqing, told *Beijing Review*.

Now Osell has set up more than 20 warehouses in foreign countries and employed more than 200 people from those countries.

"We are helping small companies in China to introduce their products to Central Asian countries," Zhu said. "Small electronic home appliances made in China are popular in some countries including Kazakhstan."

In September 2015, the Chongqing International Exhibition & Trading Center (CIETC) was established. It has more than 60 pavilions from different countries exhibiting and promoting their goods.

Each item is tagged with a QR code. By scanning the code, customers can purchase the item online.

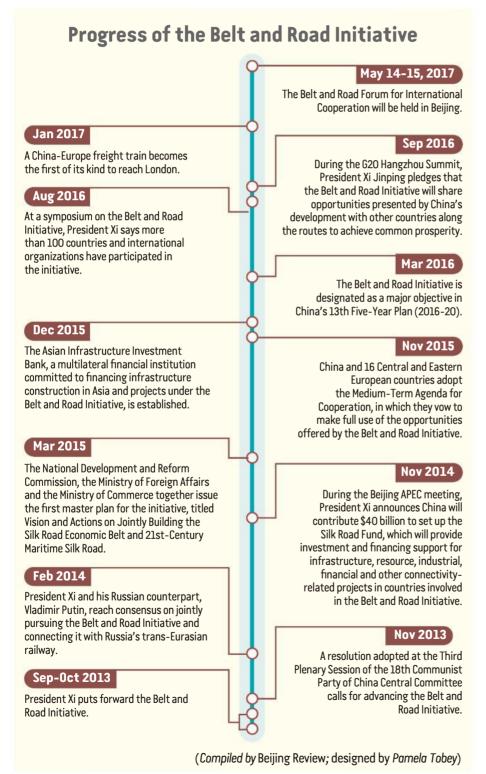
The same phenomenon has also occurred in Xi'an, capital city of northwest China's Shaanxi Province through which the Yuxinou rail line passes. So far, four China-Europe rail lines have been launched in the

city famous for its terracotta warriors.

"Xi'an's location is important," Bai Qinbin, an official from the Xi'an International Trade and Logistics Park, told *Beijing Review*. "It is close to many places in central and west China and these rail lines have brought convenience to a number of companies."

In 2013, the first China-Asia freight train left Xi'an for Almaty in Kazakhstan. Since then, freight train services have been launched between Xi'an and various Asian and European cities, including Warsaw in Poland and Hamburg in Germany.

As of April 1, with a cargo train departing from Xi'an to Budapest in Hungary, a total of ▶▶



317 freight trains have left the city, carrying 470,400 tons of cargo, according to Bai.

Bai said that Xi'an's railway is also cooperating with coastal ports in Shanghai, Qingdao, Ningbo and Tianjin to develop combined maritime-rail freight routes. With these combined transport services, goods can be sent to countries which cannot be connected to China by rail, such as Canada and the United States.

Ulife, a chain of supermarkets providing both online and offline sales, has opened seven stores in Xi'an as a beneficiary of the rail line, supplying goods directly from Europe.

"Except for online purchasing, residents in Xi'an will get more fresh stuff imported from Europe at stores near their homes as we plan to open more Ulife branches in local communities," Bai said.

As of April 17, 27 cities in China had opened 51 China-Europe lines, forming connections with 28 cities in 11 countries in Europe.

Wine and coffee

Nicola Sangiovanni, a businessman from Italy, moved into Chongqing right after the CIETC was established.

"People always connect good wine to countries like France and Australia, but we have very good wine in Italy too and I want to introduce Italian wine to China through Chongqing," Sangiovanni told *Beijing Review*.

The Belt and Road Initiative was a business opportunity for Sangiovanni, who set up his first base in Chongqing due to what he called its "fast growing economy."

"For the first year in Chongqing, we imported only 18,000 bottles of wine from Italy, but in the past two months alone, we imported 20,000 bottles. It is a large increase and I am very positive about the market potential," Sangiovanni said.

Now the wine is sent by boat to Shanghai first, and then to Chongqing. He is considering using the Yuxinou rail line for further business. "It is a lot faster by train and we will definitely switch some import volume to this [method] in the future," he said.

If Sangiovanni's plan to open up China to Italian wine sounds challenging, the Chongqing Energy Investment Group (CEIG)'s scheme of changing Chongqing into China's largest coffee trade center is no walk in the park either.



Containers ready for shipment in the Chongqing Logistic Park

Following a partnership of the CEIG and Yunnan Dehong Prefecture Hongtian Industries Co. Ltd. in June 2016, the Chongqing Coffee Exchange (CCE) was founded, and the two companies aimed to reach trade volumes of 2 billion yuan (\$289 million) by that year.

Less than three months after that, the CCE released a report that online transactions had exceeded 170 million yuan (\$25 million) and offline trade had hit \$246 million. Despite the fact that Chongqing doesn't produce a single coffee bean, it is now expected to have a substantial presence in the world of coffee and to change trade routes for the commodity.

Now, after nine months, the exchange's total offline trade volume has reached 5.268 billion yuan (\$774 million), making it the largest coffee trading platform in the country.

Coffee producers from Yunnan Province have contributed a lot to this number. As the largest coffee producer in China, Yunnan is seeking better ways to meet the coffee demand.

"Chongqing's comprehensive logistics network was the main reason why Yunnan coffee producers choose to work with the city," Xiong Xiangren, Director of Yunnan Coffee Association, told *Beijing Review*.

Thanks to expanding rail links between China and Southeast Asian countries, Chongqing has plans to gather over 1 million metric tons of coffee from other Asian nations within three years—especially from Viet Nam and Indonesia, which are among the top coffee producers in the world—and transport them to Europe.

lan Chiang, CEO of Mann Creative Co. Ltd., which runs a number of cafe franchises in China, has started to buy coffee from the CCE since the end of 2016.

"We used to buy coffee beans directly from farms overseas," Chiang told *Beijing Review*. "After we tested the quality of the coffee from the CCE, we decided to include it as our main source."

Mann has so far purchased several million yuan worth of coffee from the CCE. "Now customers in cafes in Beijing and Shanghai can have a taste of the coffee we bought from the CCE," Chiang said. ■

Copyedited by Bryan Michael Galvan Comments to yuanyuan@bjreview.com

Ψ) Belt and Road Priorities



Policy coordination



Facilities connectivity



Unimpeded trade



Financial integration



People-to-people bond

(Source: Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st-Century Maritime Silk Road; designed by Pamela Tobey)

BELT & ROAD SPECIAL

THE HEALING TOUCH

Chinese medical companies share health benefits with the Belt and Road community By Lu Yan

ang Zhao works in Beijing but her work helps people in faraway places. She develops intraocular lenses, to be implanted in the eyes of patients undergoing surgery for cataract or myopia, at Eyebright Medical Technology (Beijing) Co. Eyebright specializes in making ophthalmic products.

One of her favorite stories goes back to November 2016, when a team of seven Chinese medical workers went to Sri Lanka to restore cataract patients' vision. During the one-month trip, they did more than 500 cataract surgeries and three vitrectomies, a procedure to remove vitreous gel from the eye, caused by retinal detachment. After the surgeries, most of the patients, who could barely see before, had clear vision.

"When I heard the news, I was overwhelmed," Wang told *Beijing Review*. "I couldn't believe that what I do can make such a difference."

Cooperation along the way

This is one example of Chinese medical companies reaching out to those in need in other countries with their healing touch. Since Chinese President Xi Jinping proposed the Silk Road Economic Belt and the 21st-Century Maritime Silk Road Initiative, also known as the Belt and Road Initiative, in 2013, a number of measures have been taken to bring high-end medical technology to countries along the route of the initiative.

In October 2015, the National Health and Family Planning Commission implemented a plan to promote health and medical exchanges and cooperation between China and some of these countries.

Based on the plan, the government is promoting high-level exchanges and cooperation agreements. High-caliber medical professionals are being trained to go out and treat people in Belt and Road countries, while pharmaceutical companies are encouraged to benefit patients beyond China.

"Under the framework of the Belt and Road Initiative, Chinese companies like ours can share what we have already achieved in science and technology and healthcare with other parts of the world. It's for a good cause," Wang said.

The 36-year-old has become the owner of nearly 20 patent technologies since she started working at Eyebright six years ago. As a graduate of Harbin Institute of Technology,

one of the most prestigious science and engineering universities in China, she had many employment choices. While most of her classmates chose stable government jobs or well-paid positions at foreign companies. Wang decided to opt for a small. private company with only six staff, including the cleaning



Wang Zhao

The reason for her bold decision was what the chairman, Xie Jiangbing, told her during the job interview, "The product you make here will be implanted into tens of thousands of patients' eyes in the future and bring them sight. This is where your value can be realized."

His words made a dream come alive in her heart and changed her life.

Today, the small start-up has grown into an innovative pioneer with more than 160 employees, including over 50 scientific research experts. Xie's words have been fulfilled. When Eyebright was established in 2010, the main business focus was on the domestic market. But with maturity, especially since the Belt and Road Initiative was put forward, it is reaching out to other countries.

Now an increasing number of products Wang and her research and development team make are competing with similar products from the United States and European countries.

Raising China's medical profile

"Many Chinese medical products, like the ones we make, have the same quality as Western products but the prices are lower," said Guo Xuan, Eyebright's Corporate Development Director. The Belt and Road Initiative, Guo added, offers an opportunity to give full play to the technological and price advantages of Chinese

medical products. More importantly, those who couldn't afford them or didn't have access to them in the past now do.

The charitable program in Sri Lanka was an impressive trial. Zhang Shunhua, an ophthalmologist at Peking Union Medical College Hospital who participated in it, remembered the first week when they had arrived on the island. The locals were reluctant to come to them for treatment, preferring to wait and watch. However, when the first surgeries were successful, the news traveled fast, attracting more patients. Once the patients had undergone treatment, they praised both the skilled doctors and the lenses.

All the intraocular lenses used in the surgeries were made in China. In the past, many surgeries conducted during the government's foreign assistance programs used products made in Europe and the United States.

Although she hasn't worked directly with foreign hospitals or seen patients receiving treatment, Wang feels excited to hear the success stories about surgeries conducted using Eyebright's products. "I hope the reputation of Chinese medical products spreads," she said. "For Chinese scientists like me, it is an honorable task."

Like Eyebright, Accu-Tech Co. is a hitech medical enterprise located in the Zhongguancun Science Park in Beijing, a technology hub. Founded in 2003, it supplies



Doctors from Pakistan, Viet Nam, Bangladesh, Uzbekistan, Serbia, Argentina, Mexico and Mongolia at the Beijing Friendship Hospital, where they received training, in July 2016

minimally invasive medical equipment to domestic and foreign hospitals. From 2010, the company began to expand its business to other countries. Its holmium laser, used to treat gallstones and kidney stones, is known in 35 countries, mainly in Asia and Europe.

In the past, to remove these stones, patients had to go under the knife and spend several days in hospital after surgery. But with the minimally invasive technology, doctors can operate through a natural body orifice and the patient can go home after surgery.

While the technology was invented long ago, Chinese companies like Accu-Tech are trying to make the equipment more affordable. China's relatively cheap labor and materials are the main reason for the price edge.

Besides making medical hardware, Accu-Tech also provides a platform for Chinese and foreign medical workers' academic communication. Especially under the Belt and Road Initiative, the company has organized many programs. Doctors from countries along the routes, such as Uzbekistan, Pakistan, Viet Nam and Romania, have been invited to China and given free medical training in advanced technologies in Chinese hospitals.

Some Chinese hospitals have established cooperative relations with Accu-Tech and sent doctors to Belt and Road countries, where they have either taught local doctors or treated patients.

The company also cooperates with leading companies in other countries to learn from them and introduce new and advanced materials. "Our key emphasis is to overcome technological challenges and upgrade our products," Huang Hao from Accu-Tech's overseas sales team added. "It is quality that matters most."

Dispelling stereotypes

However, Chinese companies have to grapple with a challenge. Hu Dehua, head of Accu-Tech's overseas sales, said some people still have a stereotyped notion of China as a country

producing cheap and inferior products instead of being a reliable scientifically and technologically innovative country. "For example, public hospitals in Pakistan usually prefer medical facilities from the United States, though those developed by Chinese companies have the same quality and lower prices," Hu said. "Despite that, we still occupy a considerable market share in those countries."

But as the Belt and Road Initiative expands, the stereotype is gradually being dispelled and more countries are becoming aware of the quality of Chinese medical equipment, she said.

Talking about the implementation of the initiative in the health and medical care sector, Hu hoped that through government-togovernment cooperation, more channels of exchange will open up at local or company levels. "It's an all-win situation for patients, companies and governments," she said. ■

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BELT & ROAD SPECIAL

POWER TO THE PEOPLE

Hydropower changes lives in Equatorial Guinea By Cui Xiaoqin

efore the Djiploho Hydropower Station (DHS) was built, Djiploho was a secluded forest village in Equatorial Guinea. The change has shone a spotlight on the Wele River, now quite literally the center of power.

Liu Bao, chief supervisor of the DHS project, said the power plant satisfies more than 90 percent of the country's electricity demand and has promoted industrial and agricultural growth. Liu is general manager of Sinohydro Bureau Six Co. Ltd., a hydropower engineering company based in Shenyang, northeast China's Liaoning Province.

"Who could have imagined that in the desolate primary forest a group of Chinese friends with a love for Equatorial Guinea are constructing such a grand project?" asked Teodoro Obiang Nguerna Mbasogo, President of Equatorial Guinea, at the cornerstone-laying ceremony of the power plant in December 2008.

In 2014, the Ministry of Mines, Industry and Energy of Equatorial Guinea signed the certificate of transfer to take over the project. In the process, Equatorial Guinea became one of the first African countries to benefit from the Silk Road Economic Belt and the 21st-Century Maritime Silk Road Initiative by having its infrastructure built.

Djiploho, also known as Oyala, is now being built to serve as the new capital of Equatorial Guinea

Largest hydropower station

Liu still remembers the first time he visited Djiploho in June 2007 with his colleagues to investigate local conditions for building the power plant. They were fully equipped, wearing shirts with long sleeves, tight pants and boots and carrying machetes, axes, spades and saws. The rattans in the area weaved such a thick net that they couldn't see the sky above them. Shrubs and weeds made it impossible to walk without using machetes to clear a path.

After an investigation of multiple rivers in the Central-West African country, the team found that Equatorial Guinea is rich not only in oil, but also in water resources.

Compared with oil which may become exhausted as a result of excessive exploitation, water has the potential for long-term harnessing and can be used as a clean renewable energy source. "To build hydropower plants by making full use of water resources not only satisfies Equatorial Guinea's demand for electricity but also for exporting electricity to other West African countries," Liu told *ChinAfrica*, a monthly publication of *Beijing Review*, adding that he was fortunate to have met with President Mbasogo, who included his hydropower generation ideas in the country's 2020 economic development plan.

Liu's team paid special attention to environmental protection during the construction of



The Djiploho Hydropower Station in Equatorial Guinea

the power plant.

"We placed great emphasis on environmental protection during our construction and our environmental impact assessment report was passed by local authorities," said Liu. During construction as few trees as possible were cut and all the waste water was treated before being discharged. Garbage classification was also practiced.

The strict environmental protection measures were welcomed by the local government and the local community. DHS is the largest hydropower station in Equatorial Guinea, ending the country's reliance on oil for power generation, heralding the dawn of green energy.

Social change

The power plant has brought a series of unexpected changes. Although the infrastructure construction of Equatorial Guinea started late, the government is committed to improving education and has established

"We focused on promoting localized management of the hydropower project and hired local people to take part in the construction."

—Liu Bao, General Manager of the Sinohydro Bureau Six Co. Ltd.



a number of schools nationwide. However, limited access to electricity hampered students' learning progress.

Aware of its social responsibility, since 2007 Liu's company has donated more than \$2 million to build several primary schools and a technical school. It has also donated school materials on a regular basis, and thus developed a good relationship with villagers in the area.

However, it is the hydropower plant and the extension of the electric network of the port city of Bata that completely changed local people's lives. The Bata grid project enabled electricity generated by DHS to be transmitted to urban and rural areas, which has helped transform the way of teaching in schools.

Children are now able to have access to light, watch films and local TV programs. They learned about Chinese kungfu, martial art master Bruce Lee and China's Three Gorges Dam through films.

Another area of improvement is in the agricultural sector.

"Agriculture is underdeveloped in Equatorial



Liu Bao (center) introduces the Djiploho Hydropower Station to Equatorial Guinea officials

Guinea because the country mainly consists of mountainous areas which are unsuitable for the growth of crops," Liu said.

In order to promote local economic growth, the company invited Chinese agricultural experts to help Equatorial Guinea plan its husbandry development with the help of the Chinese Embassy. A production chain of meat, eggs and milk was formed by developing the dairy and poultry industries. Liu also suggested producing canned food and industrial starch by taking advantage of the abundant pineapples and cassavas in the country.

Technological training

To reduce the reliance of locals on foreign expertise, Liu has been a big advocate of technology transfer and strengthening technological training. Given that there was no training school for electric technology in Equatorial Guinea, Liu applied for \$1.3 million from the Power Construction Corp. of China (POWERCHINA), the parent company of Sinohydro Bureau Six, to build the country's first training school for electricity technology.

In addition he has looked ahead and established a joint training program between China and Equatorial Guinea for hydropower plant operation and management. Under the program, POWERCHINA donated more than \$1.5 million to fund 53 young people from Equatorial Guinea to have two to five years' training in hydropower plant management in universities and training centers in China. In May 2013, the first batch of 35 students graduated and began working.

"We focused on promoting localized management of the hydropower project and hired local people to take part in the construction," said Liu. By participating in the construction, local employees mastered technical skills such as equipment operation, electrical engineering, welding, drilling, concrete pouring, and steel bar making and installation. The project created jobs for locals and improved their lives.

With his interest in youth development, since 2009 Liu has been busy recruiting local university students to participate in project management and construction in every summer vacation. In addition to salaries, students who excel are assisted with their tuition fees.

For his dedication, Liu has received the country's highest civilian honor and has become a celebrated figure.

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BELT & ROAD SPECIAL

A GROWING FAMILY

New development lender in Asia assists with regional infrastructure connectivity By Liu Ying



he Asian Infrastructure Investment Bank (AIIB) announced on April 6 that it had admitted 13 new members, bringing its total approved membership to 70. The new AIIB members come from Asia, Africa, Europe and the Americas. They include five regional members—Afghanistan, Armenia, Fiji, Hong Kong of China and Timor-Leste—and eight non-regional members—Belgium, Canada, Ethiopia, Hungary, Ireland, Peru, Sudan and Venezuela. Widely recognized for its professional, international and standard operations, the AIIB is attracting members from more and more countries.

The AIIB has been improving its organizational structure since its inauguration in January

2016. Focused on financing infrastructure construction across Asia, the multilateral development financial institution has brought something new to the international financial environment and raised expectations.

Greater needs

The global financial crisis which broke out in 2008 has brought prolonged economic stagnation to many parts of the world, and the recovery of the world economy has been slow. Subsequently, the international political landscape has become increasingly complicated as a result of rising protectionism and populism.

The United States adopted a monetary policy of quantitative easing (QE) to stimulate the economy after the crisis and then quit QE after its economy resumed growth. However, such measures intensified fluctuations in the value of the U.S. dollar, and other countries, both developed and developing, are at a loss over what measures to take, increasing disequilibrium and potential risks in the world economy.

Against the backdrop of isolationism, terrorism and protectionism gaining ground once more across the world, Asian economies are more reliant on infrastructure construction as a major growth driver. But they are also suffering great deficiency of funds. The Asian Development Bank (ADB) estimated that Asia needs to invest \$730 billion each year from 2010 to 2020 in infrastructure to maintain the present level of economic growth. However, as the major provider of funds for Asian countries in infrastructure construction, the ADB offered only \$21 billion of loans in 2013. It is obvious that existing financial institutions in Asia cannot meet the financing demand of the continent.

In the post-financial crisis era, boosting investment in infrastructure is of great significance to stimulating world economic growth. According to the World Bank, 1 percent of growth in the accumulated investment in infrastructure will translate into an equal increase in a country's GDP. Currently, developed economies such as the United States and the United Kingdom pin high hopes on infrastructure investment-driven growth. For developing countries and regions along the China-proposed Silk Road Economic Belt and 21st-Century Maritime Silk Road, improving infrastructure will not only accelerate economic growth, but also improve local people's livelihoods.

A meeting of G20 finance ministers and central bank governors in 2014 set a target to lift the group's collective GDP by more than 2 percent above the trajectory implied by current policies over the following five years. To realize the objective, G20 members must enhance coordination of their macroeconomic policies and strengthen control of economic risks. More importantly, they agreed that investment expansion, especially by emerging economies, is essential to fuel economic growth in all member states

Infrastructure in the Asia-Pacific region is still underdeveloped, leaving huge potential for investment. The AIIB will help coordinate financing for regional infrastructure construction.

Nepali Prime Minister Pushpa Kamal Dahal (left) and Asian Infrastructure Investment Bank President Jin Liqun (center) attend the Nepal Investment Summit 2017 in Kathmandu, Nepal, on March 2



The entire Asia-Pacific region seems not short of funds because regional countries, especially those in East Asia, have high savings rates and foreign exchange reserves. For instance, China has \$3 trillion of foreign exchange reserves, and its outbound investment is likely to hit \$120 billion this year. It has become the second largest outbound investor in the world and is turning into a net capital exporter. A major concern, though, has been the lack of financing for infrastructure projects.

The AIIB's role

The AIIB is primarily a development finance institution. Development finance refers to investment and financing activities based on special credit support and serving national strategic industries and sectors. It doesn't pursue high financial returns and focuses on maintaining financial sustainability in the medium and long terms.

Integrating policy-based finance with market operations, development finance can both make up for market failure and provide public goods. It combines advantages of policy-based finance and commercial financial services and is helpful for maintaining financial stability and enhancing international competitiveness.

The concept of development finance coincides with the AllB's purpose, which is to foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors. It also aims to promote regional cooperation and partnership to address development challenges through collaboration with other multilateral and bilateral development institutions.

To implement this purpose, the AIIB's Articles of Agreement identifies the bank's foremost function as promoting investment of public and private capital in Asia for development purposes, in particular for the development of infrastructure and other productive sectors. The bank will utilize the resources at its disposal for financing projects and programs which will contribute most effectively to harmonious economic growth of the region as a whole and which pay special attention to the needs of less developed regional members. It will encourage private investment in projects, enterprises and activities contributing to economic development in the region, in particular in infrastructure and other productive sectors, and supplement such investment when private capital is not available on reasonable terms and conditions.

Economic growth booster

The AIIB was set up just as Asian countries began to have increasing demand for investment



Laurel Ostfield, spokesperson for the Asian Infrastructure Investment Bank (AllB), speaks to the media in Beijing on March 23 after the AllB announced its Board of Governors had approved 13 new members, bringing its total membership to 70

in infrastructure. It will help make up for the huge deficiency of funds for infrastructure and improve infrastructure connectivity, hence accelerating economic integration and boosting economic growth in the region and the world.

In 2016, the AIIB granted loans of \$1.73 billion to support nine projects in seven developing countries in Asia, helping mobilize \$12.5 billion of private and public capital. As quasipublic goods, infrastructure can help mobilize more private capital through public-private partnership and other approaches to provide more infrastructure for Asia and the world.

The bank has innovated mechanisms for a multilateral development financial institution. In improving corporate governance, the AIIB has decided that its board of directors will function on a non-resident basis.

The AllB was established in a spirit of openness and inclusiveness, and it is better able to protect the interests of developing countries. It welcomes all new members equally, regardless of their size, development level and location. The bank currently has 17 new membership applications to approve.

The AIIB aims to promote infrastruc-

ture construction with the concept of environmentally friendly growth. It not only helps developing countries improve their urban facilities and transportation, but also strengthens their capacity and efficiency in energy supplies. Through green growth, it focuses on upgrading industrial structures of developing countries, advancing their industrialization and urbanization process, elevating their status in global industrial, supply and value chains, and ultimately improving the well-being of their people.

More partners, of course, mean more expectations and more responsibilities. As its membership grows, the AIIB must assume more responsibilities and will face greater challenges and heavier pressure. It should not only work closely with other international financial institutions, but also strengthen communication with non-profit organizations in sharing its ideas and values, facilitating world economic recovery through boosting infrastructure construction.

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BELT & ROAD SPECIAL

SILK ROAD IN CYBERSPACE

How Alibaba seeks to expand the Belt and Road Initiative online By Wang Jun

he ancient Silk Road was explored by traders and merchants seeking to connect China to the world. Thanks to the Internet and mobile phone technology, today's Silk Road can be found in your pocket.

The Internet is bringing new opportunities to the China-proposed Silk Road Economic Belt and 21st-Century Maritime Silk Road, collectively known as the Belt and Road Initiative, that can break barriers in time and space, languages, cultures and traditions. A number of e-commerce firms have jumped at the opportunity to expand their business. Cross-border e-commerce platforms such as the Alibaba Group's AliExpress online shopping service benefit from the Belt and Road Initiative and serve to expand the scope of the modern Silk Road.

Growing popularity

"AliExpress is almost on everybody's lips in Israel," said Shen Difan, the online platform's general manager. Shen recalled a business trip to Israel in 2015 where, though the company did not have a single employee there at the time, he frequently met with users of its services.

Besides Israel, AliExpress has also become one of the most well-known e-commerce platforms in other countries, despite not being well known in China.

Established in April 2010, AliExpress targets global consumers whereas its counterpart, Taobao.com, mostly serves a domestic market. AliExpress now reaches consumers from 220 countries and regions around the world. It is also China's only business-to-consumer platform that covers all countries and regions along the Belt and Road routes.

On April 10 Alibaba revealed that AliExpress' number of overseas buyers had reached 100 million and that in the past 12 months, the number of active buyers had hit 60 million

"It is a milestone for us to have 100 million buyers, because it indicates that this business is becoming mature, but it is only a small target," Shen told *China Economic Weekly*. "The future decade will witness the overall globalization of China and Alibaba. By

2025 Alibaba aims to serve 2 billion consumers worldwide, and at least 1 billion will come from overseas markets."

Shen said AliExpress has worked to improve its users' shopping experiences by developing its logistics and payment services. He also claimed that the service made important contributions to increasing the recognition of Made-in-China products among foreign consumers.

"We have found during the development of our business that many of our major clients are in countries along the Belt and Road routes," Hu Yanhui, Vendor Operations Director of AliExpress, told *China Economic Weekly*. According to Hu, light and consumer goods industries are not well developed in these countries, so quality Chinese products that are reasonably priced are in demand.

"Figures from leading market research firms show that Made-in-China products have overtaken U.S.-made ones to become the most purchased category on the Internet, followed by commodities made in the United Kingdom, Germany and Japan," Hu said.

Shen said governments in many countries where AliExpress is present have formulated preferential policies to facilitate investment and e-commerce-related logistics.

Through the online Silk Road, cross-border flows of capital, people, information and materials have become easier. According to figures from China's Ministry of Commerce, the trade volume of the country's cross-border e-commerce sector totaled 6.5 trillion yuan (\$943.4 billion) in 2016. In the next few years e-commerce is estimated to contribute 20 percent of China's total trade volume, with an annual growth rate of more than 30 percent.

A change maker

In many countries along the Belt and Road routes, business infrastructure is outdated.



Jack Ma, Chairman of the Alibaba Group and special advisor to the UN Conference on Trade and Development on youth entrepreneurship and small business, speaks at a high-level e-commerce conference in Geneva, Switzerland, on April 25



An employee helps a customer place an online order at an AliExpress experience store in Moscow, Russia, on November 10, 2016

logistics costs are high, and credit rating and payment systems are not well established. Therefore existing e-commerce formats developed in Europe and the United States are hard to emulate in these countries.

This was the situation China was in many years ago. But in the past decade, the rapid growth of e-commerce has stimulated the transformation of logistics and payment services.

"In 2004 when China's e-commerce and online shopping scene had just begun, I bought a box of Pu'er tea produced in Yunnan Province on Taobao, but received the parcel after a month," Shen recalled. "If that happened today, I definitely would have complained about it, but at that time I was

quite excited because I could actually receive something I had bought online. Before e-commerce platforms were set up in China, I had never bought anything from a retailer located more than 10 km from my home."

In Shen's opinion, Alibaba's successful practices in China can also work in other markets.

In Russia, for example, it usually takes about 60 days for a parcel to be delivered to customers.

But now AliExpress and Alibaba's logistics arm Cainiao Network have reached an agreement of cooperation with the Russian Post and other local mail companies. AliExpress has also launched a new route for direct flights from Hong Kong to Moscow. These

AliExpress now reaches consumers from 220 countries and regions around the world. It is also China's only business-to-consumer platform that covers all countries and regions along the Belt and Road routes

efforts have reduced delivery time to a minimum of four days.

AliExpress accounts for 50 percent of Russia's total number of logistics orders. In Moscow and St. Petersburg, some parcels can be sent out via local warehouses of Cainiao and delivered to customers the next day.

Fang Chao, the international business chief of Cainiao, said during Alibaba's annual November 11 shopping extravaganza, Cainiao plans to deliver parcels via chartered flights, as it did in 2016.

More services

Now online shopping has become routine for most Chinese Internet users. Taobao and its sister shopping site Tmall.com together have contributed 15 percent to

China's total retail sales of consumer goods. Encouragingly, the growth in the number of buyers using AliExpress is faster than that of Taobao's a decade ago. "I know our past, so I can forecast our future." Shen said.

Growth of the number of orders on AliExpress has also stimulated improvement in postal and banking services in some countries where it has a presence, and Alibaba's cloud computing and big data services also help improve their efficiency.

In addition, Cainiao has built warehouses in many countries and is able to make timely forecasts on possible purchasing demand to satisfy the demand of a growing user base. For example, as a result of Cainiao's use of warehouses in Spain, a customer in Madrid can receive a phone sold by a retailer in China within five hours.

As for post-sales services, Shen admitted that returning goods acquired from such cross-border e-commerce platforms is still a difficulty. Now AliExpress provides easy service for returning goods, which enables buyers to do so through their local post offices or logistics firms.

Copyedited by Bryan Michael Galvan Comments to yaobin@bjreview.com

BELT & ROAD SPECIAL

THE LINGUISTIC LEAP

Maori language and culture help to boost China-New Zealand ties By Sudeshna Sarkar



Maori representatives celebrate the handover of a traditional cloak gifted to Chinese leader Mao Zedong in 1957 for an exhibition in New Zealand, at the National Museum of China in Beijing on April 11, 2013

atilda Gaby knows she was born near Nanchang, the capital of Jiangxi, a province in central China, but she has no other recollection of her life there or her Chinese biological family. She was adopted by a New Zealand couple when she was 9 months old and spent her early years in London. Since then, New Zealand has been her home.

Today, she is back in China as a 21-yearold, studying Chinese as a second language at Peking University in Beijing. She is also a liaison officer at the New Zealand Center, founded by Peking University and the University of Auckland in 2007 to enhance New Zealand's profile, especially through academic exchanges, and deepen China-New Zealand understanding.

Maori links

Gaby is hoping that when a New Zealand culture and history course starts at the university next semester she can contribute to the classes on Maori culture.

"My father, a civil engineer, grew up in a very Maori-dominated community and is affiliated to a Maori tribe," she said. "Also, when I graduated from Victoria University of Wellington, my lecturers stressed the importance of understanding Maori culture as a New Zealander. I think it's very important for New Zealand as a multicultural country to understand the Maori culture, society and history as these form and enrich an integral part of New Zealand's identity."

The graduate student is one among the

many links—human, institutional, cultural as well as commercial—that have created a multifaceted bond between China and the South Pacific nation. On March 27, this bond was strengthened when New Zealand signed an agreement with China to cooperate on the Silk Road Economic Belt and 21st-Century Maritime Silk Road Initiative, also known as the Belt and Road Initiative, becoming the first Western developed economy to do so.

Close on the heels of the signing, Beijing Foreign Studies University (BFSU) announced it would start a slew of new foreign language courses including Maori, the language of New Zealand's indigenous Maori population, which was recognized as an official language of New Zealand in 1987.

The courses are part of a larger program. "We have a plan to cover all the official languages of all the countries that have diplomatic relations with China," said Jin Limin, Director of the BFSU Teaching Affairs Office. "We want to cover all these languages for two purposes."

The first is diplomatic. "When China goes global and globalization connects countries together... there is this need for foreign language majors not just to know the language and become interpreters but to use the language to study the target country so as to help build better relations between China and these countries," Jin said.

The second reason is socioeconomic. With the Belt and Road Initiative planning to connect regions speaking a multitude of languages, including many that are less commonly taught, there is a need to produce people who can act as communicators. "The Belt and Road Initiative will create a lot of jobs for people who studied these languages. There will be employers who will want them. We can feel the growing interest in these languages," Jin said.

Presently, BFSU offers courses in 70 different languages. By 2020, more than 100 languages will be taught. "We ourselves were amazed," Jin remarked.

Dou Wei teaches English at BFSU. She obtained her degree under an Australian studies program, and when BFSU this year sought volunteer teachers to learn Maori so that they could helm the course when it is introduced at the university, she volunteered. "It's all connected," Jin said. "Dou was in the Australian studies program, close to New Zealand and the South Pacific Islands, and now she will study Maori for a year at the University of Auckland."

A kahu huruhuru, a feather cloak made of wool and the plumes of five different bird species ranging from the homely chicken to the stately albatross, is one of the most august China-New Zealand links. A gift from King Korokī, the fifth Maori King, to Chinese leader Mao Zedong, it found a place in history on October 1, 1957, when Ramai Te Miha Hayward, actor, producer and the first Maori film director, handed it over in Beijing.

Cloak of brotherhood

In his 1995 book *New Zealand Women in China*, New Zealand educator-activist Tom Newnham quoted Hayward's description of the meeting: "Mao greeted me, and then I put the cloak on his shoulders and tied it. I said it was a gift from our Maori king of Aotearoa New Zealand, a gift of goodwill to the leaders of China. I said, We are the smallest nation in the world, giving this gift to the largest nation in the world.' He smiled and said, reassuringly, The smallest is as great as the largest."

Subsequently, the cloak was kept in the National Museum of China, and little more was heard about it until John McKinnon, present New Zealand Ambassador to China, arrived in Beijing in the same capacity in 2001. His interest led to the embassy staff tracing the cloak.

On October 31, 2012, when China and New Zealand celebrated the 40th anniversary of their diplomatic ties, the cloak came into the limelight again, when it was displayed as part of two exhibitions from New Zealand. A year later, the National Museum of China loaned the cloak to New Zealand's national museum, Te Papa, where it was displayed for some four months.

Afterward, the Maori cloak was given back to the National Museum of China, Te Papa's Senior Communications Adviser, Ellie Campbell, said.

In 2010, Awataha, a Maori organization in New Zealand, tried to build a Maori theme park in Qufu City in east China's Shandong Province.

"Unfortunately, the project did not go ahead," Awataha leader and spokesperson Anthony Wilson said. "In hindsight, I think it was a bit ahead of its time."

That's why Wilson is looking forward to the Belt and Road Initiative. "The commitment from China's President [Xi Jinping] to figuratively recreate the Silk Road trade of old could lead to greater coordinated regional development in China [and] also open up trade with other countries such as New Zealand," he said. "The Maori economy in New Zealand is growing rapidly, with many Maori organizations measuring their wealth in tens of billions [New Zealand dollars] for the first time ever. Given the significant resource control that Maoris have, they will definitely become a major trading partner [of] China"

Wilson also hailed the Maori learning initiative. "Language is one means of bringing the cultures together and understanding one another's value systems. Maori values and Chinese values are closely aligned in some regards and can offer a more natural fit." he said.

The China-New Zealand cultural bond has been enriched by other cultures as well, demonstrating the concept of the world being one interconnected global village. British bibliophile Peter Goff is one of the many others who have contributed to this enrichment.

The 48-year-old, who first came to China in 2002 to study Chinese, returned three years later to set up Bookworm, a bookstore, restaurant and salon where authors discuss their work. The Bookworm Literary Festival started in 2007. The small store has played host to New Zealand writers like Witi Ihimaera, often called the best-known Maori writer alive, young adult fiction writer David Hill, and Anna Smaill, whose novel *The Chimes*, a fantasy about music replacing words, was long-listed for the Man Booker Prize in 2015.

The authors also had animated interactions with local students. While Ihimaera gave a talk at Peking University, Hill visited several schools in Beijing.

"Some local Chinese schools here have taught his books in the classroom," Goff said. "They were very excited to have him go to their schools. He also did workshops with young teens, teaching them how to write."

Reciprocal gesture

Goff said the language-learning drive was reciprocal. "China is opening up and studying other languages in the world, and it's the same with other countries around the world," he said. "I am Irish, and [Irish] Education Minister Richard Bruton has just announced that our main high school examination will offer Chinese as a subject from next year. It is nice to see that across the world, countries are getting more engaged with other countries and their culture and language."

Goff said the effort to create a cultural corridor alongside the Belt and Road was an important and progressive initiative. "Obviously, there are infrastructure, commercial and economic priorities, but it's great to see culture is an important part of that platform," he said. "It's a great way to bring countries together to promote mutual understanding."

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Pu Lianggong smells raw materials for making incense to judge their quality on March 29

BELT & ROAD SPECIAL

A LEGACY OF THE SPICE TRADE

u Lianggong, 63, is the inheritor of the local incense-making tradition in Yongchun County, Quanzhou City of southeast China's Fujian Province. With a long history, Yongchun incense is made of hundreds of Chinese herbs using ancient techniques. The production needs to go through over 10 procedures and requires finesse. Pu has always adhered to traditional techniques to preserve this intangible cultural heritage.

"The Silk Road Economic Belt and 21st-Century Maritime Silk Road Initiative has brought unprecedented opportunities to the local incensemaking industry, which has been passed down over generations. We will grasp this opportunity to introduce our incense culture and products abroad," said Pu.

Quanzhou became an important port during the Song (960-1279) and Yuan (1271-1368) dynasties, when China's seaborne trade thrived. Pu's Arabian ancestors brought spices with them along the ancient maritime Silk Road and settled in Quanzhou to trade spices. At the end of the Ming Dynasty (1368-1644) and the beginning of the Qing Dynasty (1644-1911), descendants of those Arabian traders began to use local bamboo and spices to make incense for a living.

In the following three centuries or so, incense-making has taken root and flourished. Presently, there are nearly 300 incense-producing factories in Yongchun, over 30,000 incense makers and more than 300 kinds of products. ■

(Photos by Xinhua)



Pu displays incense-making techniques



Pu teaches the secret of selecting raw materials to his son, who has sold incense to Southeast Asia and Europe through the Internet



Pu showcases his finished products

SILK ROAD STAR



Participants at the opening ceremony of the Fifth Nanyang Culture Festival on April 22, 2016

iamen, the famous coastal city in southeast China's Fujian Province, is committed to supporting the Belt and Road Initiative to the full. It seeks to turn itself into a hub that connects the Silk Road Economic Belt with the 21st-Century Maritime Silk Road and has already achieved remarkable progress in increasing interconnectivity, promoting economic, trade and marine cooperation, and boosting people-topeople and cultural exchanges with countries along the routes.

A review of progress in 2016

Interconnectivity

The number of freight trains between Xiamen and Europe was increased to two per week, one in each direction. In April 2016, goods from Taiwan arrived in Europe via the China-Europe freight train. Aside from the route to Lodz in Poland, routes to Nürnberg in Germany and Tilburg in the Netherlands were added, and the Xiamen-Xinjiang-Mataszewicze line started operation. Altogether, 103 China-Europe (Central Asia) trains carried 5,578 TEUs (20-foot equivalent units) of goods, worth 1.41 billion yuan (\$205 million)

Xiamen-Kuala Lumpur and Xiamen-Ho Chi Minh City flights were launched, and the number of flights to and from Southeast Asian countries such as Malaysia, Singapore, Indonesia, Thailand, Cambodia and the Philippines was increased. Xiamen-Melbourne, Xiamen-Vancouver and Xiamen-Shenzhen-Seattle air routes began operating, realizing the first direct flights from Xiamen to North America. Xiamen has now formed an international flight network covering destinations in Asia, Europe, North America and Oceania.

Trade and investment

The number of Xiamen's registered investment projects in countries along the 21st-Century Maritime Silk Road reached 53 in 2016, with registered investment of \$1.07 billion, a 1.3-fold increase year on year. The projects covered education, mining, agriculture, forestry, animal husbandry, fishery, manufacturing, real estate, commerce, trade, services and architectural engineering. The number of investment projects by 21st-Century Maritime Silk Road countries in Xiamen reached 79, with investment of \$290 million, an increase of over 200 percent year on year. Modern service industries such as ecommerce increased as a proportion of the projects.

Xiamen's trade with nine key countries along the 21st-Century Maritime Silk Road from January to November 2016 was valued at 80.83 billion yuan (\$11.7 billion), of which the value of imports amounted to 33.16 billion yuan (\$4.8 billion), up 1.9 percent year on year. The trade structure with 21st-Century Maritime Silk Road countries was optimized. with exports of mechanical and electrical products, such as liquid crystal display panels and buses, growing by large margins. In addition, the growth of display panels, mobile phone and computer manufacturing and assembly in Xiamen has prompted imports of accessories and components from 21st-Century Maritime Silk Road countries.

Marine cooperation

Efforts were stepped up to set up a China-ASEAN marine cooperation center. The center aims to boost cooperation in maritime economy, sea connectivity, marine environment, disaster prevention and relief and marine safety with ASEAN countries.

Xiamen is keen on making itself a leading innovator in marine science and technology. It won a 300-million-yuan (\$43.6 million) grant from the Central Government to build a demonstration city focused on marine economy innovation. A 3,000-ton exploration ship commissioned by Xiamen University, the *Kah Kee*, named after renowned businessman and philanthropist Tan Kah Kee (1874-1961), conducted a trial voyage in December 2016.

Cultural exchanges

Xiamen University Malaysia started recruiting students in February 2016. With over 1,300 students, the branch offers 12 undergraduate degree programs including traditional Chinese medicine, Chinese language and literature, and journalism to students from China and ASEAN countries.

Xiamen successfully hosted various cultural events, such as the Fifth Nanyang Culture Festival and the KahKee Forum, and carried out reciprocal visits with Chineselanguage media outlets in Indonesia, Malaysia and Singapore.

Seventy-nine international cruise ship trips were made to Xiamen in 2016, up 19.7 percent year on year. The number of passengers arriving by cruise ship reached 200,000,



A cruise ship docks at the Port of Xiamen

Encouraging competent enterprises to set up production bases in countries involved in the Belt and Road Initiative and participate in construction of industrial parks and ports there. It will also encourage overseas Chinese in 21st-Century Maritime Silk Road countries whose ancestors originated from Fujian Province to invest in Xiamen.

Consolidating trade with traditional partners such as ASEAN and exploring emerging markets in South Asia, West Asia and Africa. It will encourage enterprises to set up sales centers and cross-border e-commerce distribution

centers and warehouses in 21st-Century Maritime Silk Road countries.

Attracting goods from nearby regions to be gathered in and distributed from Xiamen by offering subsidies and reducing charges for enterprises involved.

Hosting major events such as the China International Fair for Investment and Trade, the 16th World Business Leaders Roundtable, and the Go Africa Roundtable to promote two-way investment and trade.

Strengthening cooperation with ASEAN countries in offshore fishery, marine studies, marine technology innovation and environmental protection. It will encourage more enterprises to go to ASEAN countries such as Indonesia, Myanmar and Malaysia to develop fisheries in an ecologically friendly way.

Xiamen University Malaysia will set up an undergraduate degree in electrical and electronic engineering and master's programs in Chinese language and literature and marine studies in 2017. The number of students is expected to increase to 1,700.

Exploring tourist destinations and cultural heritage related to the ancient maritime Silk Road in order to open new tourist routes.

Welcoming 21st-Century Maritime Silk Road countries to set up consulates, consular offices and visa offices in the city. It will establish four to five overseas offices to help local enterprises enter the global market. It will also cultivate recognition of the 21st-Century Maritime Silk Road concept in relevant countries with the help of overseas Chinese and by strengthening public service cooperation.



The first Moscow-bound freight train from Xiamen departs on April 21, 2017

up 14.3 percent year on year. In September, a cruise line from Xiamen to Manila and Boracay Island in the Philippines was inaugurated.

Xiamen signed a letter of intent for forging friendly ties with Phuket, Thailand and became a sister city of Izmir, Turkey. It set up four overseas offices in South Korea, Hungary, Canada and Zambia, bringing the number of its overseas offices to 22.

What Xiamen will do in 2017

The city is set to break new ground in building itself into a strategic pillar of the 21st-

Century Maritime Silk Road. Some of its priorities are:

Enhancing cooperation with ports and shipping companies in countries along the 21st-Century Maritime Silk Road. The number of international sea routes will be increased to form a network covering major ports in these countries.

Pushing forward the construction of its new airport. Air routes to Phnom Penh, Cambodia, and Phuket will be opened. A Xiamen-Los Angeles flight will be inaugurated, establishing the first direct flight from Xiamen to the U.S. Flights from Xiamen to Europe and North America will be increased.

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Advice for the U.S.' Korean Strategy

U.S. handling of the nuclear issue on the peninsula needs readjusting By Shi Yongming



The author is an associate researcher of Asia-Pacific issues, China Institute of International Studies

.S. President Donald Trump has shown his iron-fist stance toward Pyongyang for the first time since taking power. The Trump administration has sent an American aircraft carrier, the *USS Carl Vinson*, to "provide a persistent presence in the waters off the Korean Peninsula," according to an announcement by the U.S. Navy on April 20.

Against the backdrop of the recent U.S. air strike on a Syrian Government military airfield and the U.S. bombardment of so-called "Islamic State" extremist hideouts in

Afghanistan with the "mother of all bombs," some analysts perceive conflict on the horizon of the Korean Peninsula.

Nonetheless, a number of pundits weren't surprised to see a decrease in overall tensions despite Pyongyang's display of its new intercontinental ballistic missile during its Day of the Sun holiday celebrations on April 15.

Since North Korea conducted its latest nuclear tests in 2016, the development of its nuclear weapons program has shown clear signs of acceleration. Consequently, its next nuclear test may be imminent. U.S. and South Korean intelligence agencies say that North Korea has made advanced preparations for a new nuclear test. If Washington and Seoul are not to blame for having wrong intelligence, one may assume that the test has been postponed, because the latest meeting between Chinese and U.S. heads of states may have helped change the situation.



North Korean soldiers take part in a military parade on April 15, the nation's annual Day of the Sun

Pyongyang's dilemma

After the meeting between Chinese President Xi Jinping and his U.S. counterpart, it seems that the U.S. policy toward Pyongyang has changed. On the one hand, Washington has continued its policy of pressuring Pyongyang militarily. On the other hand, the United States has claimed that as long as North Korea stops its nuclear weapons tests and ballistic missile launches, it is willing to have talks with Pyongyang and will not seek regime change in the country.

That is a big shift from former U.S. President Barack Obama's policies. Pyongyang now has two choices: to continue its nuclear policy and confront the United States, or to abandon its nuclear program and negotiate for its national stability and future economic development. But at present, Pyongyang's motives are opaque. Although Pyongyang hasn't conducted its sixth nuclear test, it has declared that it is 'fully prepared for war"

North Korea has not dispatched a positive response to U.S. appeals for dialogue or to Chinese special envoy Wu Dawei's request for a visit to Pyongyang. On the contrary, on April 16, Pyongyang attempted to launch a missile, which failed after a few seconds. Regardless of whether that outcome was predetermined, due to technical defects or cyberattack by the U.S., the fact that Pyongyang decided to go through the launch at all demonstrates its unbowed attitude.

The reasons for Pyongyang's rejection of U.S. overtures are evident. After its fourth nuclear test, Pyongyang repeatedly extended an olive branch to Washington, promising to halt nuclear tests as long as the United States stopped joint military drills with South Korea. However, the Obama administration at the time refused the proposal. As a result, Pyongyang accelerated its nuclear program and was therefore subject to ever more severe economic sanctions from the United Nations. It is subsequently hard for Pyongyang to accept the current demands

South Korean anti-war demonstrators outside the U.S. embassy in Seoul protest against U.S.-South Korea joint military drills on March 7, 2016

of the United States. However, North Korea's relatively restrained behavior in recent days can also be interpreted as a desire to hit the brakes.

Pyongyang must make a choice—to continue its confrontational approach or to stop its risk-taking behavior and change its strategy. A rational decision would be to choose the latter option.

But it might not be so easy for North Korea to make such a decision. For Pyongyang, a shift from current strategies carries big and mostly unforeseeable risks. The risks are a direct result of the country's survivalist philosophy, which it has employed for the past few decades.

Systematic restructuring

When talking about the Korean Peninsula's nuclear issues, many people simply attribute the problems to Pyongyang's "insanity." It is easy to put the blame on the weak for all problems. Such a conclusion would only prevent us from getting a full picture and the root cause of the problems of our times and is not conducive to finding a solution. It epitomizes the problems inherent in the Korean Peninsula's evolution from the age of imperialism to the reconstruction of the international order after World War II (WWII), the Cold War era, and the post-Cold War international system. Settling the problem in a peaceful way would involve changes to the overall international order.

In short, Western imperialists' aggression toward East Asia after the Industrial Revolution resulted in an enfeebled China and a powerful, militarized Japan. During this process, the Korean Peninsula became a colony of Japan, and the Korean people lost their independence. Although the Koreans recovered their territory after WWII, the Korean Peninsula fell apart into two states. They then became pawns of large international powers due to the outbreak of the Cold War between the East and the West. The fierce confrontation between South Korea and North Korea eventually resulted in



a full-scale war in the early 1950s.

After the war, South Korea chose to rely on the United States for protection while North Korea began to establish its own security system based on support from the socialist camp led by the Soviet Union. North Korea and China established the Treaty on Friendship, Cooperation and Mutual Assistance in 1961, which stipulated that in the event of one of the contracting parties being subjected to an armed attack by any state or several states jointly, the other shall immediately render military and other assistance by all means at its disposal. Nonetheless, the two countries never formed a working mechanism on how to carry out such an "alliance."

The defects of North Korea's independent security system were gradually exposed after the end of the Cold War. After China adopted its reform and opening-up policy in the late 1970s and the disintegration of the Soviet Union, North Korea lost almost all strategic support from the socialist camp. Therefore, the two sides of the Korean Peninsula tried their hands at reconciliation by signing a non-aggression pact in 1991 as well as the Declaration on the Denuclearization of the Korean Peninsula in 1992. Thereafter, South Korea established official relations with China. However, the

United States refused to normalize its relations with North Korea, using the nuclear issue as its point of contention, which eventually halted the reconciliation process on the Korean Peninsula after the Cold War.

The United States' policy on North Korea after the Cold War is a part of its global strategy. No matter what kind of changes the U.S. Government has made to its policy, its ultimate objective is to create a sustained global empire. With a series of wars, the United States aimed to tell the world that "those who submit will prosper, and those who resist shall perish."

Thus, it is hard for Pyongyang to forge a détente with Washington. We don't know how the United States can move forward on this issue under the Trump administration. In the face of North Korea's rapidly increasing nuclear capabilities, Trump must make decisions which guarantee the security of the United States. During his meeting with President Xi, Trump showed good intentions and changed his campaign narrative on China. Everyone is watching how he will deal with Pyongyang. Nevertheless, to help Pyongyang make the much desired choice, concerted effort from the whole international community is needed.

Copyedited by Bryan Michael Galvan Comments to liuyunyun@bjreview.com

Heading the Wrong Way?

Washington needs a change of mentality if U.S.-Russia relations are to develop constructively By Clifford A. Kiracofe



The author is a former senior staff member of the U.S. Senate Committee on Foreign Relations and an op-ed contributor to Beijing Review

ill Donald Trump keep his campaign promise for better relations with Russia? Washington's Cold War mindset appears to be perpetual despite the election rhetoric and a brand new White House.

While Moscow signals a willingness to improve relations, Washington continues to make security the focal point of the relationship through NATO pressure. The Ukraine crisis, caused by the Barack Obama administration's regime change policy, remains unresolved, and the chaos produced by the George W. Bush and Obama Middle East policies continues.

To repair relations with Russia, the White House must drop obsolete geopolitical concepts aimed at containing the Eurasian landmass and Russia. But this is not a simple matter, given U.S. elites' consensus on policy toward Russia.

Consensus against Russia

Just prior to the 2008 U.S. election, the nation's foreign policy elites agreed on a bipartisan consensus that would inform the foreign policy of the winning party. The consensus centered on maintaining the post-World War II (WWII) hegemonic global position of the U.S., supported by a unified West.

New international factors, such as the return of Russia and the rise of China and India, entered into the need for an updated elite consensus. Rather than adjust to an emerging "multipolar" or "polycentric" international system, the transatlantic foreign policy elites aimed at maintaining a stratified hierarchic

system with the U.S. and Western Europe sitting on top of the pyramid.

Political, economic and military relations were to be strengthened in the so-called Atlantic world, which was thus to become a fortress of economic and military power. As some critics charge, the Atlantic world seeks to continue as the global center with the rest of the world on the periphery.

In this view of the international system, the center dominates the periphery by using the machinery of finance capitalism and NATO. Exploitation of the periphery takes place under neoliberal economic arrangements which subordinate nation states through debt and other financial methods.

Advocates of a multipolar system say it would be quite different. In their view, nation states would preserve their sovereignty, and there would be no dominant hegemonic power center. Diversity would be respected in terms of culture and economic model. Cooperation to foster peace and development would be the accepted norm.

Cold War thinking poisons ties

Washington's prevailing Cold War mindset is a threat to peace. The associated, self-serving narrative repeated ad nauseam in elite transatlantic policy circles is facile and misleading. As the story goes, the U.S. won the WWII and became the leader of the "free world." The post-war international financial architecture supporting finance capitalism must remain in place so that the West remains dominant and the so-called liberal international order is protected. The U.S. must continue to exercise global hegemony as a world policeman under the guise of "leadership."

U.S. elites label Russia a "revisionist" power wanting to upset the so-called "liberal international order" constructed after WWII. It is revisionist because Moscow advocates encouraging the evolution of the international system in a polycentric direction. Russia insists on the principle of state sovereignty and the norms of international law. Russia calls for diplomacy to be restored to its rightful place in the management of international



Russian Foreign Minister Sergey Lavrov (right) and U.S. Secretary of State Rex Tillerson shake hands after holding a joint press conference in Moscow on April 12. The two countries agreed to establish a working group to talk through their disagreements in the past years



Vladimir Safronkov (second left, front), Russian Deputy Ambassador to the United Nations, vetoes a draft Security Council resolution on an alleged chemical attack in Syria's northwestern province of Idlib drafted by the UK, France and the United States at the UN headquarters in New York City on April 12

relations and insists on a proper role for the United Nations.

Russia's present position is not acceptable to the U.S. and its European NATO allies because it contradicts Western hegemony. If a regime change in Russia brought neoliberal economic policies to the nation, so that it could be brought under the financial domination of the Atlantic powers, this would be acceptable. It would represent the final victory in the Cold War and a significant stage in the consolidation of the global dominion of finance capitalism.

Until such a capitulation by Russia occurs, the U.S. and transatlantic elites will use coercive diplomacy and NATO to contain Russia. The present U.S. policy of encircling Russia with an anti-ballistic missile network is an expression of such containment and hard power. Not surprisingly, NATO expansion is perceived by Moscow as potentially threatening, and the new plans for the globalization of NATO give rise to further concerns.

Integrating Russia into Europe is seen by some as a way to blunt Russia's "Eurasianism" and to weaken Russia's cooperation with China. This wishful thinking ignores the historical and geographical facts that Russia has both a European and an Asian destiny.

Against this elite policy consensus in

Washington, there are voices calling for change. During his election campaign, Trump himself was one such voice. He appealed to anti-war sentiment on the left and to anti-interventionism sentiment on the right. He rejected the neoconservatives and hawks and called for new thinking about foreign policy.

But when Trump took office, things changed. A massive, hysterical anti-Russia campaign in the media and on Capitol Hill confronted the new administration. This frenzied tidal wave brought a halt to any early opening to Russia.

Another factor is the selection of well-known hawks for key positions in the administration, such as Secretary of Defense James Mattis and National Security Advisor H. R. McMaster. Fiona Hill, widely known for her hawkish Russia stance, is in charge of Russian affairs at the National Security Council. Jon M. Huntsman, a hawkish Republican politician and former U.S. ambassador to China, is slated to become U.S. ambassador to Russia. Huntsman is chairman of the very hawkish Atlantic Council, the leading pro-NATO think tank in Washington.

History offers hope

U.S.-Russian relations have been generally good over the centuries. Looking back, com-

mercial relations began during North America's colonial period, over 300 years ago. Significant trade developed during the 18th and 19th centuries. At the diplomatic level, Russia was a consistent friend of the U.S. during the tsarist era. Catherine the Great (1729-96) was of assistance during the struggle for independence in North America. Later, when Britain and France supported separatism and secession of the southern states, Russia, under Alexander II (1818-81), firmly supported the Union and President Abraham Lincoln (1809-65).

After World War I, during the early Soviet era, a number of well-known U.S. firms invested in projects in the Soviet Union as a result of Vladimir Lenin's (1870-1924) practical "new economic policy." And cooperation between the U.S. and Russia helped win WWII.

So, taking the long view, U.S.-Russia relations have been strained only for the relatively short period since WWII. Today, unfortunately, those relations have become severely damaged to the point of disintegration. In the interests of world peace and development, U.S.-Russia relations must be improved.

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Space Cargo Service Now Available!

China's first cargo spacecraft is launched in preparation for future space station By Ma Xiaowen

cience fiction is becoming a reality with China's first robotic cargo ship firmly anchored in space, paving the way for a manned space station around 2022.

Tianzhou-1, China's first cargo spacecraft as well as its largest and heaviest spacecraft, will stay in space for nearly two months after docking with the Tiangong-2 space laboratory on April 22.

When the manned space station is in place in the future, the cargo spaceship will serve the important function of supplying its residents with food, medicines, fuel and other necessities, Tianzhou-1 can carry up to 6.5 tons of supplies, according to China Academy of Space Technology (CAST).

Tianzhou-1 was lifted into space by a Long March 7 Y2 rocket from the Wenchang Space Launch Center in Hainan Province on April 20, two days ahead of China Space Day.

Tiangong-2 has been in space since mid-September 2016. From mid-October to November it played host to two Chinese astronauts. But now, it is unmanned.

According to CAST designers, Tianzhou-1 will undock and redock with the space lab, then undock again and start a three-month independent flight before a third docking. The reason for repeating the docking and undocking is that engineers want to test technology that enables spacecraft to dock with the space station from different directions.

Tianzhou-1 will supply fuel to Tiangong-2 during the second and third dockings. After the third docking, it will be directed by ground control to fall back to Earth, into the Pacific Ocean.

If the mission is successful, China will become the third nation to master the technology of inorbit refueling, after Russia and the United States.

For the manned space station, construction will start around 2018. The manned space station will have two labs and will operate for at least 10 years. ■

Copyedited by Sudeshna Sarkar







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NATION









- 1. The Long March 7 Y2 rocket, together with the *Tianzhou-1* cargo spaceship, is transported to the launching area in Hainan Province on April 17
- 2. The *Tianzhou-1* cargo spaceship is lifted into space on April 20
- 3. Technical personnel at the Beijing Aerospace Command and Control Center monitor the automated docking on April 22
- 4. A worker demonstrates a type of radiation-proof glass film, used in the *Tianzhou-1*, on April 20
- 5. The *Tianzhou-1*'s movement toward the *Tiangong-2* space lab for automated docking is captured on a screen at the Beijing Aerospace Command and Control Center in Beijing, on April 22

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Grape Expectations

South African winemakers pursue multi-barrel strategy to become China's new toast By Sudeshna Sarkar



For South African vintners, wine tasting events are a regular promotional tool

hen Nondumiso Pikashe was teaching English and life orientation in a school in Cape Town, she thought there was no place for wine in her life. Her brother was a wine abuser and in her community, wine was regarded as something that created drunkards.

But a decade later, she is the co-owner of a vineyard and teaching youngsters the potential of winemaking as a lucrative career path and a step to strengthen the national identity.

The change, as the 49-year-old told Destinyconnect.com last year, came from her

curiosity about the dichotomy of wine. "In the media, wine was always projected as an iconic beverage of elegance and sophistication but in my community, it was just looked down upon. I wanted to find out why there was this disconnect," she said.

The curiosity made her explore the industry and she found a new world for black vintners, especially women. In 2006, after an earlier failed attempt, she set up her own winery, Ses'Fikile Wines, with three partners. Ses'Fikile, derived from Xhosa, one of the major languages spoken

in South Africa, means "we have arrived."

"It is a multifaceted concept," Pikashe told Beijing Review. "It refers to the arrival of women in a space previously reserved for men, to collaborate with them, and the arrival of South Africa itself in the global arena, to compete with other wine-producing regions."

Ses'Fikile makes three wines but is yet to get major retailers to sell them. Pikashe has been told that "black brands do not work." As an emerging and black winemaker, she has to struggle to find sustainable funding and support.

But she is optimistic about 2017. In March, Wesgro, the official tourism, trade and investment promotion agency for Cape Town and Western Cape Province, brought a delegation of Chinese importers of South African wine to Cape Town so that they could meet black and emerging winemakers and learn about their labels.

"There are possibilities," Pikashe said. She has been to China four times and her mission is to crack the China market.

"South Africa and China are within the BRICS-fold. It then becomes a natural affinity to [export to China]," she said. "Statistics also indicate a growing demand for South African wine in China. Lastly, the South African-Chinese import/export relationship is skewed. We need to increase South African products in China [to address the trade imbalance]."

A gold mine

The Chinese mainland has been an amazing discovery for the South African wine industry. In 2011, South African wine exports to it were below 5.5 million liters. But in five years they nearly trebled, according to statistics from the Department of Agriculture, South African Directorate of Food Safety and Quality Assurance. Today, China is South Africa's sixth largest export market for packaged wines by volume, and the largest in Asia.

"The South African category in China grew exponentially in 2013-15," said Michaela Stander, Market Manager Asia at Wines of South Africa (WOSA). "Many in the trade cited [it] as the surprise of 2015 as [South African wine] took up seventh position in terms of origin for imported wine."

While the top five export destinations for

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packaged South African wine exports are the UK, Germany, the Netherlands, Sweden and the United States, Stander said China continues to grow in importance as an export destination, accounting for 3.7 percent of total exports in 2016, at 15.76 million liters which signified a 19-percent increase over 2015, valued at 554 million rand (\$42.14 million).

"Some expected the South African category to decline somewhat in 2016, but instead we remained steady and are now in a position to overtake the United States for sixth spot," Stander added. "Across the world, we have noted a rising interest in South African wine as consumers are becoming more adventurous and keen to make new wine discoveries. South African wine is entering a new era."

Buoyed by the trend, WOSA, a non-profit organization created to promote South African wine in major export markets, opened an office in Hong Kong in 2014. "Having a regional base means we can better capitalize on opportunities in the region. We can now more effectively support the growing number of South African wine companies trading in Asia, along with their importers, through increased education, networking and involvement in trade and consumer events," Stander said.

This year, the South African wine industry will have a substantial presence in promotional events in China. In March Chengdu, a city in southwest China's Sichuan Province, famed for its panda breeding and research center, hosted the Great Wines of the Southern Hemisphere 2017 trade show in which South African vintners participated. On April 27, the Discover South Africa tasting event in Shanghai showcased over 200 wines.

In May, SIAL China, a major food exhibition in Shanghai, will see the South African Department of Trade and Industry (DTI) put up a national pavilion with the participation of winemakers. Come October, WOSA will lead a threecity roadshow on the Chinese mainland. Finally, in November, South African wines will once again sparkle in ProWine China, an annual wine and spirit industry fair in Shanghai.

When in China...

Located on the picturesque Stellenbosch wine route in Western Cape, a prime tourist destination, Stellenbosch Vineyards is a 13-year-old company exporting its portfolio to 39 countries. The vineyard began to export to China from 2005, a year after its inception. It took part in the roadshows in China last year and was back in March at the Chengdu promotion.

"We attended the roadshow to introduce our wines to local wholesalers and retailers who have an interest in buying from our agents," said Guy Kedian, Sales Manager at Stellenbosch. "I found the level of interest and the level of wine knowledge very high. In China last year we

sold around 80.000 bottles."

Stellenbosch's production in 2016 was around 8 million bottles, bringing in nearly \$13 million. The top three destinations were the UK, Netherlands and Denmark.

However, the opportunities come with challenges. Kedian outlined the barriers for his company in China: the vast distance, language barrier and a young wine culture in China, which requires an appropriate approach. On the other hand, this is a relatively untapped market with a large number of potential consumers who are well-heeled and different consumer behaviors more focused on authenticity and quality than on price alone.

To overcome some of these challenges, Stellenbosch has modified part of its packaging and communication tools. More and more wineries are switching to Chinese labeling for China exports.

While French wines have the lion's share of the China

market with 40 percent, according to 2016 estimates by Grapewallofchina.com, a portal on Chinese wines and spirits, South Africa accounts for about 2 percent. So to grow the market share, South African agencies are making an integrated effort. Various organizations, from WOSA to the DTI, South African Tourism and the Western Cape Government, are working together to create a unified Brand South Africa experience. Wine tourism is an important part of this.

Two-way traffic

While South African winemakers have spotted opportunity in China, Chinese investors are also waking up to the potential of the industry.

In 2011, Perfect China, a company from Jiangsu Province in east China, formed a joint venture with Hein Koegelenberg, CEO of La Motte Estate and Leopard's Leap Family Vineyards in Western Cape. Two years later, the venture, Perfect Wines of South Africa, bought the Val de Vie estate in Western Cape, the first Chinese investment in South Africa's wine industry.

"The Chinese wine market is very important to our industry, and this first Chinese investment...is a clear indication of their interest in our wines and can lead the way to a bright future for the export of South African wine to the east," Koegelenberg said in a



Nondumiso Pikashe's Ses'Fikile is keen to enter the China wine market

press statement.

The joint venture exports South African wine not only to China, but also to Southeast Asian countries including Malaysia, Thailand, Singapore and Viet Nam.

"China is set to become the second largest wine consuming country after the United States by 2020," Mareli Roux, Senior PR at La Motte, told *Beijing Review*. "We need to explore this opportunity. The online market is the new platform and an exciting opportunity. China will lead the way for the world when it comes to online sales."

In 2015, there was more Chinese investment. Chinese electronics business owner William Wu bought a 51-percent stake in Swartland Winery in Cape Town. Wu said in a media statement that he had come with a market for the product. "The market is in China, where I have a ready demand for the quality and volume of wine Swartland produces. Swartland [is a] great investment [as] it is one of the few South African wineries of this size where the majority of grapes planted are red varieties—in which the Chinese market is most interested." he said.

Copyedited by Nicole Bonnah Comments to zhouxiaoyan@bjreview.com

OPINION

Why the Spending Spree?

n the first quarter, China's retail sales of consumer goods totaled 8.58 trillion yuan (\$1.25 trillion), up by 10 percent over a year ago, according to the National Bureau of Statistics (NBS) on April 17. During this period, consumption contributed 77.2 percent to China's economic growth.

Days before the NBS figures were released, the UN World Tourism Organization (UNWTO) said in 2016, China's international tourism spending grew by 12 percent to \$261 billion, consolidating China's position as the number one source market in the world since 2012 and continuing the trend of double-digit growth in tourism expenditure every year since 2004. Last year, China's international tourism spending was more than double that of the United States, which stood at \$122 billion.

It is widely known that the United States' economy is one of those best stimulated through spending. It has successfully recovered and now maintains sound growth, despite the negative impact of the global financial crisis in 2008, mainly because resumption of spending occurred first in the country. For quite a long period of time, outbound tourists from the United States spent more than those from any other nation.

Beyond any doubt, the fast growth of the number of the nation's outbound travelers is a major reason for China's increased international tourism spending. Concerns about

The nation must work to establish its own high-end brands, which will improve the recognition and influence of China-made products and, thereby, generate more profit for domestic businesses



Chinese tourists in Bangkok, Thailand, on February 11, 2016

quality of products at home also encourage China's outbound tourists to spend more overseas

It is undeniable that in terms of quality, some products sold in China are inferior to those sold in foreign markets, especially products made in countries with advanced manufacturing industries. In addition, the problem of counterfeit and shoddy goods is still serious in China, and protecting consumer rights is difficult.

Another reason many of China's consumers spend abroad is because foreign products enjoy more fame than Chinese products. Given a choice between similarly priced goods, some of which are well known compared with others, deciding what to buy is straightforward, especially for younger shoppers. And once they experience better products, many consumers in China continue to purchase the same foreign goods via the Internet, as e-commerce is now so well developed.

The influence on China's consumer markets of spending that follows on from buying sprees during international trips will grow stronger. If producers in China fail to establish reputable brands, they will find it increasingly difficult to compete in the

international marketplace.

Increased spending by international travelers from China is not bad news by itself, but we must understand the underlying factors to be able to determine whether or not the magnitude of the increase lies within normal range.

Obviously, excessive increases deserve attention. The nation must work to establish its own high-end brands, which will improve the recognition and influence of China-made products and thereby, generate more profit for domestic businesses.

"Made in China" should not solely be characterized by medium and low quality, and neither should Chinese producers merely churn out cheap goods for foreign consumers.

Furthermore, the government should work to improve the market environment and combat fake and shoddy products in order to enhance the trust of China's consumers in local products.

This is an edited excerpt of an article written by economic commentator Tan Haojun and published in *National Business Daily*Copyedited by Chris Surtees
Comments to zhouxiaoyan@bjreview.com

NUMBERS

(\$1=6.9 yuan)

1.02 tln yuan

Agricultural Bank of China's outstanding loans to farmers at the end of March, 76.3 billion yuan more than at the beginning of this year

25.6 bln yuan

Sales revenue of offshore duty-free shops in the island province of Hainan since the State Council allowed Hainan to run a trial duty-free program in April 2011

970.8 bln yuan

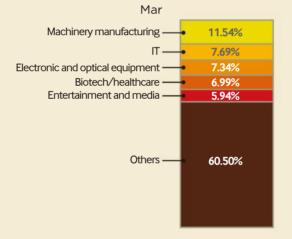
Gross revenue of China's pension funds in the first quarter, with the account balance standing at over 4 trillion yuan by March-end

88.3%

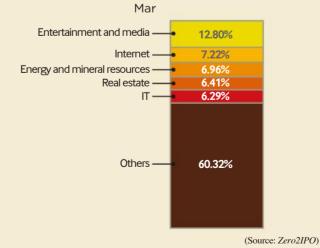
Year-on-year growth of telecom service provider China Unicom's net profit in the first three months of 2017, amounting to 274 million yuan



Top Five Sectors in Mergers and Acquisitions Cases



Top Five Sectors in Mergers and Acquisitions Value



7.2%

Year-on-year container throughput growth at major Chinese ports, totaling 53.7 million twenty-foot equivalent units, in the first quarter this year

6.1 bln yuan

Net profit of China's top alcohol brand Kweichow Moutai from January to March, a 25.2-percent increase over a year earlier

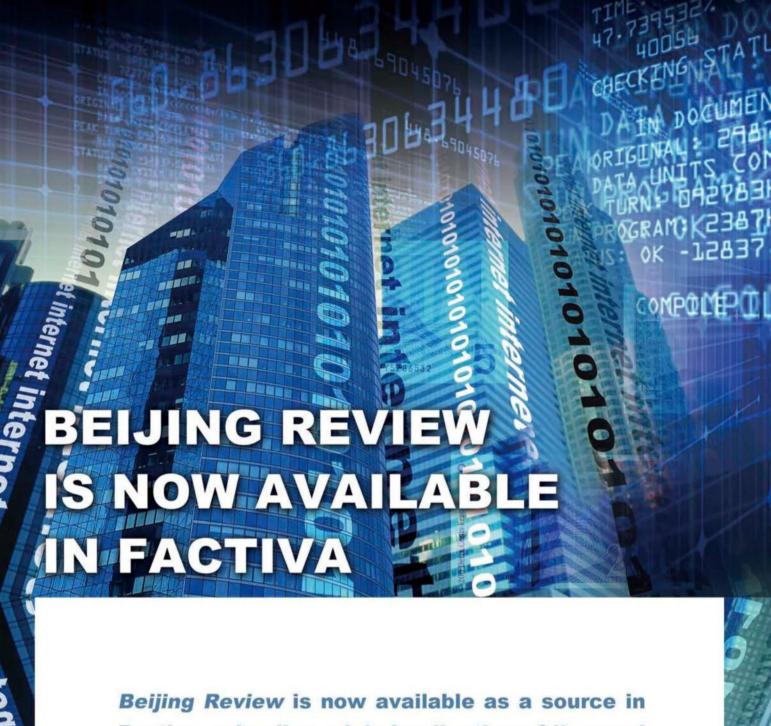
70.5% and 58.9%

Year-on-year growth of the viewership (220 million) of animated movies shown in China in 2016 and total box-office revenue (7 billion yuan), respectively

68.7 bln kWh

Electricity generated by wind turbines in China in the first quarter, up 26 percent year on year

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A publicity still from In the Name of the People

Crime and Punishment

An anti-graft TV drama becomes a phenomenon By Li Nan

n Zhuo Minliu's home, there's now one bond that has skillfully narrowed the generation gap between her in-laws, husband and 10-year-old son, becoming a topic of animated conversation for the entire family.

It's a TV soap, and a political drama at that.

"It's one of the few TV soaps which keep all of us riveted to the screen," the 32-year-old math teacher in south China's Hainan Province told *Beijing Review*.

The plot centers on anti-graft investigators apprehending corrupt officials amid complicated bureaucratic infighting in Handong, a

fictitious province in east China.

Since its premiere on the Hunan satellite channel on March 28, In the Name of the People has hooked millions of followers of all ages. It has wrested the highest TV rating in a decade in China, according to Beijing-based CSM Media Research, a leading domestic radio and TV audience research agency, in late April.

Data from China's five major videostreaming websites by April 25 showed *In the Name of the People* had 13.32 billion views in a month. Over half of them are from people below 30.

The eponymous book that was made into the series, authored by seasoned political fiction writer Zhou Meisen, has been selling like hot cakes. Published at the beginning of 2017, it has sold 400,000 copies and been reprinted six times.

Key to success

The realistic and daring plot, characters who are credible and multi-faceted, and an excellent cast have made the TV drama a smash hit.

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Daringness is a key element. The main villain is an official at the sub-national level, the second highest level in China's civil service hierarchy. No previous TV dramas featured corrupt officials of this rank. The show sheds light on political factions with varied connections, high-ranking moles in public security departments, collusion between corrupt officials and business people, as well as bribery flourishing among students, stunning the audience.

"We aim to explicitly show the world China's fight against corruption in recent years," Zhou, who has also written the script for the series, told *Beijing Review*.

The ongoing campaign has led to the downfall of numerous unscrupulous officials. It is often described as a battle that calls for the resolution and courage shown by a protagonist of an ancient Chinese fable who, when bitten by a snake, chopped off his wrist to stop the venom from spreading and save himself.

Zhou worked as deputy secretary general in the Xuzhou Municipal Government in east China's Jiangsu Province in the 1990s and the stint helped him to get to know many government officials. It also gave him an insight into political circles. "Most of my stories stem from real life," the author said. "I hope to depict China's political landscape, comprising various characters, in its entirety."

To know how officials fall due to different factors, Zhou interviewed previous officials jailed in a prison in Jiangsu in 2015. He also talked to procurators who worked there to learn how matters had reached such a pass.

Consequently, none of the characters in the drama are presented in black and white. Even the honest officials are sometimes bureaucratic and the biggest adversary has a human side. "All characters in the show are alive. That's why I am mesmerized," math teacher Zhuo said.

Rather than hiring expensive young stars, the producer chose more than 40 veteran actors and actresses who were willing to put in a great deal of effort to get into the skin of their characters. Lu Yi, the hero, visited procuratorates and interacted with anti-graft investigators. Wu Gang, who plays a blunt municipal Party chief named Li Dakang, watched news footage online to learn how government officials behave to portray his character with authenticity.

Reel impact

The show has left impacts on real life, including the workings of some local governments.

In the drama, there is a scene showing Li chastising a subordinate over an inconvenient reception window which forces visitors to kneel down to talk to civil servants. Soon after the episode was aired, an online post appeared on social media, showing a similar reception window in central China's Henan Province. The post

(V) Searching for the Highest Common Factor



Scan the OR code to watch a video of the interview

Zhou Meisen, author of *In the Name* of the People, the book which became a hit TV drama, talks to *Beijing Review* reporter Li Nan about his work and future plans.

Beijing Review: How is In the Name of the People different from House of Cards?

Zhou Meisen: What *House of Cards* presents is an American story stemming from the United States' political system and social reality. *In the Name of the People* portrays China's political environment...in the primary stage of socialism. This is the most striking difference between the two dramas.

When you wrote the book, what was the biggest difficulty as the book touched upon the dark side of society?

The biggest difficulty in writing political fiction is to find the highest common

denominator which is acceptable to the audience, the government and the author.

I participated in China's reform and opening up and highly appreciate its achievements, This is my starting point. No matter what serious problems and conflicts I present, I hope our country gets better and better.

Art and literature can't ruin a country. Nor can they save a nation. What they can do is to influence the way things work and how people think.

Now overseas Chinese and mainstream foreign media, including the BBC, are talking about the drama. It's not common for a Chinese contemporary drama to make such a splash abroad. Will *In the Name of the People* be released overseas?

Copyright cooperation for different versions of the drama as well as the book is under negotiation. It's been reported that some foreign diplomats in Beijing also watch *In the Name of the People*, taking it as a window to know more about China. I believe it's possible for the drama to be released in Europe and other overseas regions.

What are you writing next?

I have several incomplete drafts in my drawer. I need to think thoroughly about the divided perception created by this drama. Although it's well-received, there are many counterviews which also make sense. I will take a break and think about the response.

I haven't decided whether to write a sequel yet. I don't want to rush into the follow-up season just to make a fast buck. If there is a second [book], I hope to produce good fiction. Otherwise, I'd rather quit.

calling for "Li Dakang's intervention" went viral and put the local government under the spotlight. The government promptly responded, bringing in chairs so that visitors could sit.

Surprisingly, many young viewers in their 20s are fascinated by the drama, especially the hardworking Li, and relate to it in their new-generation way. They have named the male cast the Handong Boys, like a boy band, and have been creating emoticons based on Li's memes. "It's not an easy task to instill mainstream values into the minds of the young generation," Zhou said. However, the feat has been achieved.

The drama has its critics too. Some say In

the Name of the People, where most of the baddies are policemen, is giving cops a bad name. "As a policeman, I don't like *In the Name of the People*. It shows little respect to our profession," Tan Wang, a 36-year-old police officer, told *Beijing Review*.

But the author doesn't buckle under the criticism. "I reveal China's social reality," he said. "So criticism is expected. But I don't care because when fiction comes alive, the author is dead. There is no need for me to explain." ■

Copyedited by Sudeshna Sarkar Comments to linan@bjreview.com

Are Younger Generations Really Encountering Midlife Crisis?

any youngsters born in the 1990s have recently begun to ridicule themselves as "middle-aged" people. An article widely circulated online redefines youth as those between the ages of 15 and 24, based on the sense of wellbeing. In this sense, those who are at or above the age of 25 are middle-aged people.

This concept is contradictory to the traditional definition. Traditionally, the age of 35 or 40 is seen as the threshold for midlife. By this time, most people already have their own homes and children. When young people in their late 20s are called middle-aged, this means they should also have accomplished these

However, most of the younger generations have just graduated from university at the age of 25 or so. Blessed with richer material lives than previous generations, those who were born in the 1990s also have to face up to much tougher competition in the

job market and struggle with much higher housing prices in big cities.

The day they emerge from the ivory tower, they are surrounded by various problems concerning work and life. Looking into the unpredictable future, they are filled with anxiety. It is against this backdrop that their so-called midlife crisis occurs.

While some label those youths as too weak and fragile, unable to cope with difficulties in life, there are also some expressing sympathy for them, given that they are struggling in a very tough social environment.

Life has just begun

Chi Qing (www.qianlong.com): Traditionally in China, middle-aged people have to take care of their young children, support their elderly parents and, at the same time, work hard to earn a living for their families. That is what the so-called "midlife crisis" is about.

Indeed, young people in their 20s are under heavy pressure. Most of them find it difficult to get promoted at work, given their lack of work

experience. Meanwhile, housing prices have skyrocketed in the past decade, which means as they reach the age at which they are likely to marry, young people are still unable to have a stable home. Probably, it's not an exaggeration to say that an old soul lives in the hearts of younger generations.

Actually, people at every stage of life encounter difficulties. If one chooses to work and struggle, he or she will probably embrace a better future; but if one chooses to surrender to difficulties and give up when faced with a crisis, the result will be quite different. It has nothing to do with age.

Wang Qingfeng (Nanfang Daily): With an accelerating pace of life, young people have to face tremendous social pressure at the age of 25. This is not a challenge for only Chinese youth. Around the world, a vast majority of young people cannot afford to buy their own homes. However, the age of 25 also marks a new starting point in people's lives. To some extent, life has just begun, and there are infinite possibilities ahead.

For those who have just graduated from college, anxiety and bewilderment are

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46 BEIJING REVIEW MAY 4, 2017 http://www.bjreview.com unavoidable. Nowadays, some young people either feel overwhelmed by the difficulties in real life, or live under an illusion. In this way, they can only become increasingly anxious. What they need to do is build up a feeling of security through diligence instead of worrying about the future.

Whether someone born in 1992 has entered middle age is largely related to one's own psychological and mental state. Some people at the age of 25 feel confident about themselves, while some others feel anxious. Similarly, at the age of 40, some feel a sense of crisis, while others feel fine. The differences stem from people's overall abilities and their expectations about the future. Therefore, the claim that those born in 1992 have already entered middle age is actually reminding society that everyone needs to face up to pressure, and the best way out is to change one's mental state and work hard, so as to better cope with potential crises.

Tao Shun (China Youth Daily): It's possible that young people above the age of 25 feel anxious about becoming old, but their anxiety is different from that of real middle-aged people. Mostly, the young people just don't want to "grow up."

Can a 25-year-old youth be defined as a middle-aged person? Normally, no one would say so. Under China's education system, undergraduates leave school at 22, and postgraduates do so at 25. Since they have spent many years in school, they may feel that they are poorly prepared for the real world of work. They expose their helplessness and anxiety in the hope of being cared

for. The claim that a 25-year-old person is middle-aged is a kind of self-mockery, but instead of covering up their weakness, this humor reveals their fragile hearts.

Li Hongxing (People's Daily): Young people born in the 1990s have gained a lot of experience within a very short period of time. They have grown up at a time of fast-improving Internet technology. Their first two decades of life have been much richer than those of previous generations. Their world is more open, diverse and international. Having already experienced so much in life, they might feel tired. Thus a sense of "midlife crisis" arises, closely related to the rapid pace of socioeconomic development.

Like other historical periods, this era has both good and bad aspects. The negative thing is that the young will soon feel the pressure of life. The positive side is that there is a large enough stage for them to play on. Actually, people's understanding of age is more flexible than before. No one will be rejected and thereby miss chances to become successful just because they are young or old. People are free to play their role at any age. So, it is not necessary for younger generations to be so pessimistic.

The pressure is real

Zhu Changjun (China Youth Daily): While analyzing younger generations' psychological state of being afraid of becoming old, we cannot turn a blind eye to the overall social backdrop. Although there is self-mockery or ridicule in their claims, it's obvious that they are not the only group that is feeling anxious

about becoming old.

Mainstream values favor the young. Ongoing social transformation and rapid social changes make people feel worried that they cannot keep up with the times. The emphasis put by companies and various sectors of society on being young means older people are more likely to be excluded from opportunities. While companies tend to employ younger staff than in the past, the time young people spend in school is becoming longer, which means they begin to join the workforce later than previous generations. Today's young people have to face fierce competition at work.

Their anxiety stems from social pressure and their sense of responsibility for their families. Once labeled as a middle-aged person, one feels it is urgent to buy a home, to get married, etc. The paradox here is that, while current younger generations mostly begin to work later than their predecessors by several years, the social criteria by which an individual's success is measured remain unchanged. While in the past most people aged 30 were married and had their own homes, today, many young people around 30 have just finished an advanced university degree.

Anxiety about becoming old may even curb young people's vitality and creativity. The key lies in improving the overall social environment, and it's not enough to just appease them by offering them "chicken soup."

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A Forex Balancing Act

By Lan Xinzhen

eports in Western media on the huge amount of capital flowing out of China and the Chinese Government imposing restrictions over money outflows in recent years had cast a shadow on the hearts of investors. But now they may feel relieved by a new set of statistics issued by the State Administration of Foreign Exchange (SAFE), which shows the demand for and supply of foreign exchange was approaching equilibrium in the first quarter.

According to SAFE statistics, banks' settlements in foreign currencies increased by 7 percent year on year in U.S. dollar terms, while foreign currency sales dropped by 12 percent. The settlement-to-sales deficit stood at \$40.9 billion, down by 67 percent over the same period in 2016. International receipts through banks increased by 2 percent year on year, while payments dropped by 9 percent, with a deficit of \$25.2 billion—a decline of 78 percent compared with the same period in 2016.

According to the data, capital outflows clearly slowed down in the first quarter of the year. Since the second half of 2014, China has seen net capital outflows. Its foreign exchange reserves have also kept dropping. The reasons why capital kept hemorrhaging out of China can mainly be attributed to expectations of interest rate hikes by the U.S. Federal Reserve, China's rising outbound investments, and the outside world's concerns regarding the Chinese economy's development.

The People's Bank of China (PBOC), the country's central bank, and SAFE interpreted the massive capital outflows as an opportunity to promote the opening up of China's financial market. In the short term, the authorities are seeking to reach a balance between foreign exchange receipts and payments, and to prevent risks in cross-border capital flows. In the long run, their goal is to push forward capital account convertibility. In February 2016, the PBOC announced that it would expand access to the Chinese market for foreign institutional investors, so that more such investors would be able to invest in China's inter-bank bond markets. Since May 2016, these investors have been required to get registered, without limitations on individual or overall quotas. Inward and outward remittances are required to be largely in the same currency. All these moves are designed to reduce the impact of large-scale inbound and outbound flows of capital on the balance of international payments.

By the end of December 2016, more than 180 foreign institutions or funds had got registered at the PBOC Shanghai Head Office. Reforms of foreign currency management targeting qualified foreign institutional investors and renminbi-qualified foreign institutional investors were launched in February and August 2016, respectively, which raised the investment quota for individual China will push forward the opening of its capital account in a prudent manner.

Any further tightening of its foreign exchange management policies is impossible

institutions, simplified the approval process and reduced the lock-up period from one year to three months which improved the flow of capital.

So far, these measures have produced good results. The drop in foreign exchange reserves in 2016 was 38 percent less compared with that in 2015. Moreover, in February and March this year, China's foreign exchange reserves rebounded.

The data issued by the National Bureau of Statistics on April 17 have bolstered the market's confidence in the stabilization of the Chinese economy. In the first quarter, the Chinese economy grew by 6.9 percent over the same period last year, 0.1 percentage point higher than the growth rate in the previous quarter. A lot of economic indexes are improving. For example, the official manufacturing purchasing managers' index grew for eight months, to 51.8 percent in March—the highest since May 2012.

Externally, although the U.S. Federal Reserve raised its benchmark rate in March, the U.S. dollar index, which measures the value of the dollar against other select currencies, fluctuated only within a narrow range, and dropped 1.8 percent in the first quarter.

With the smooth development of a market-based exchange rate regime in China following the renminbi's inclusion in the International Monetary Fund's special drawing rights basket on October 1, 2016, the flexibility of the currency's exchange rate will also increase, which will help promote two-way flows of capital.

The internal and external factors mentioned previously have bolstered investors' confidence in the Chinese market. According to a report by the UN Conference on Trade and Development, China ranked third on the list of economies receiving capital inflows in 2016. The first two on that list were the United States and the United Kingdom.

China will push forward the opening up of its capital account in a prudent manner. Any further tightening of its foreign exchange management policies is impossible. As Wang Chunying, spokesperson of SAFE, said on April 19, the window which was opened will not be shut. This is a strong assurance of free and convenient transnational capital flows.

Of course, China will try to prevent risks in crossborder capital flows as well as any negative impact on its financial stability. It will safeguard the healthy development of its foreign exchange market with prudent supervision and market monitoring systems.

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