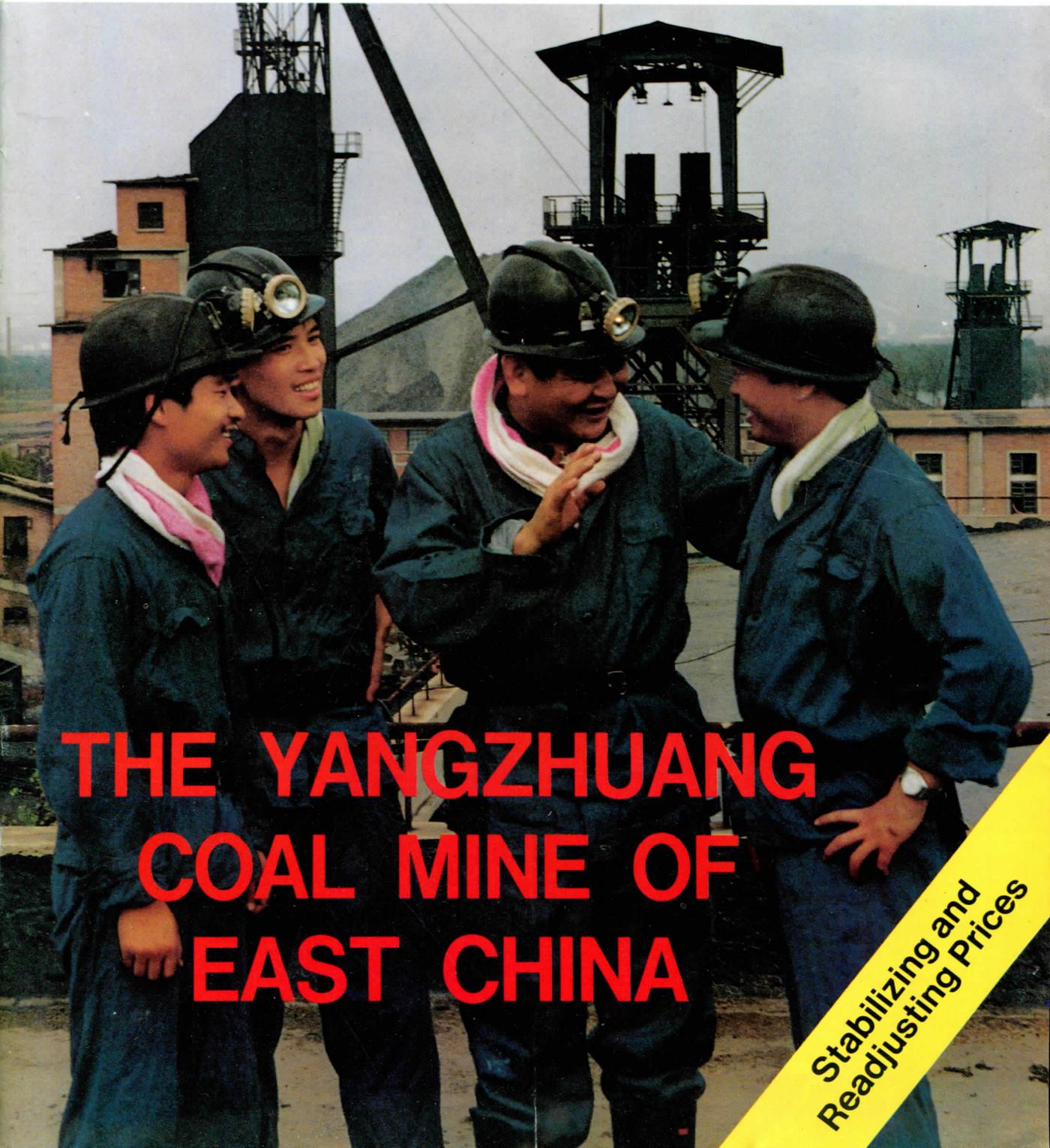


A CHINESE WEEKLY OF NEWS AND VIEWS

# Beijing Review

北京周报

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## THE YANGZHUANG COAL MINE OF EAST CHINA

Stabilizing and  
Readjusting Prices



A rural woman admires her chicks.

*Photo by Li Shixiang*

# HIGHLIGHTS OF THE WEEK

## Commodity Prices: Stabilized and Readjusted

□ In 1990, China successfully controlled price hikes and made substantial progress in price reform. The achievement was fundamentally due to the country's great effort to improve its economic environment and rectify its economic order and, as well, to the nation's good agricultural harvest (p. 15).

## China's Trade Surplus Not the Result of Protectionism

□ Statistics from the Ministry of Foreign Economic Relations and Trade indicate that China has registered a large surplus in its foreign trade balance in the past two years. But these achievements are not due to protectionist trade policies as some people have asserted. Instead, they are attributed to the reform of the foreign trade system, the readjustments of the exchange rate of Renminbi, the reduction in imports as well as various other factors (p. 4).

## Key 1989 Offenders Sentenced

□ The Beijing Municipal Intermediate People's Court recently sentenced Wang Dan and seven other offenders, who were arrested for violating laws during the 1989 anti-government turmoil (p. 5). Reactions of some defendants and audience to the verdict in the court (p. 26).

## Gulf War Deepens Arab Conflict

□ After the outbreak of the Gulf war, some countries in the Middle East support the military operation of the multinational forces while others support or sympathize with Iraq. Many leaders of these countries have issued statements or held press conferences, calling on the international community to make quick efforts to end the war and restore peace (p. 9).

## Yangzhuang Coal Mine Praised

□ The Yangzhuang Coal Mine, endowed with rich reserves of quality coal, fuels East China's economy. Yet, it treats its miners more important than coal, its death rate hitting the lowest mark in coal mining history (p. 23).

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**COVER:** Yang Shouzhong (second from right), director of Yangzhuang Coal Mine in Huaibei area, chats with new recruits.

Photo by Jiang Yan

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# Trade Surplus: Nothing to Do With Protectionism

by Yao Jianguo

In the past two years, China has registered a large surplus in its foreign trade. According to statistics from the Ministry of Foreign Economic Relations and Trade, the surplus amounted to US\$5 billion in 1989 and US\$19.336 billion in 1990. Are these due to protectionist trade practices or because "China has changed its importation policy" as some people have asserted? The answer to both is no, definitely not.

The fact is that in 1988 China began to reform its foreign trade system and introduce a contract responsibility system in foreign trade enterprises. Under this system, enterprises assumed responsibility for their own profits and losses. Later, China twice readjusted the exchange rate of Renminbi (People's currency), thereby stimulating enterprise enthusiasm for export expansion and scoring rapid increases in exports: 6.5 percent in 1989 and 19 percent in 1990, with total export value hitting US\$51.696 billion.

In the past year or so, however, China's import volume has decreased. The main reason for this lay in the economic sanctions which some developed Western countries have imposed on China since the latter half of 1989. New contracts are not signed for government loans, credit guarantees were halted and controls were tightened over technology exports to China. The value of contracts for technology import alone dropped by 25 percent in 1989 and by 60 percent in 1990.

Additionally, in order to cool down the overheated economy, China has, in the past two years, reduced its scale of capital construction and readjusted the industrial structure and the product mix. This has resulted in a sluggish domestic market and weak social demand, a factor contributing to import reduction.

As a matter of fact, China does not want a downturn in imports. China's consistent foreign trade policy has been to maintain a basic import-export balance with a slight surplus. This is necessary in order to keep an appropriate level of foreign exchange reserves; the purpose of export expansion is thus to increase imports. China is a developing country and

there is a big gap between China and developed countries in the overall level of technology and management. It is thus a pressing task for China to absorb advanced technology and management expertise through increased imports. This is both an important part of China's open policy and a long-term requirement for China's economic development.

A review of events over the past four decades since the founding of New China will make this point clear. Between 1950 and 1989, China achieved a basic balance of imports and exports with exports totalling US\$378.1 billion and imports US\$380 billion. In the 11 years from 1979 to 1989, during which China implemented the policies of reform and opening to the outside world, the nation's import-export value totalled US\$588.8 billion, with six years in trade surpluses and five years in deficits. A counterbalance of the import and export values reveals that China still had a deficit of nearly US\$3 billion. Between 1987 and 1989, China had a deficit of US\$10 billion in its trade with developed Western countries. How can this situation be described as trade protectionism?

In the second half of 1990, as Western countries gradually relaxed or lifted their economic sanctions on China, our country also adopted some positive measures to promote and expand imports. For example, China sent large business delegations to the United States, Italy, Spain and Portugal, signing contracts for imports worth US\$ 1 billion. At the same time, China reduced import duties on 40 kinds of goods, lowered interest rates on loans to domestic enterprises and increased loans in a bid to encourage more enterprises to import technology and equipment and carry out technical transformation. Implementation of these measures has yielded initial benefits, as evidenced by the 6.4 percentage points increase in imports in the second half over the first half of 1990. With the further improvement in the domestic economic situation this year, China will continue to adopt measures to expand imports so as to maintain a basic import-export trade balance. ■

## China Urges Restraint in War

The Chinese government once again urges the warring parties in the Gulf to exercise maximum restraint and prevent the war from escalating.

"This should be done in order to provide the necessary conditions for the international community to find a peaceful solution."

Li Zhaoxing, a Chinese Foreign Ministry spokesman, told reporters on January 24 that China was extremely concerned over the possible escalation of the Gulf fray. He reiterated that from the very beginning of the crisis China has expressed its opposition to Iraq's military invasion and occupation of Kuwait. China continues to call on Iraq to unconditionally and immediately withdraw all its troops from Kuwait.

Responding to a question about Iraq's placing of captured allied pilots at strategic targets, he said, "The Geneva convention on treatment of prisoners of war should be observed."

Meanwhile, the Chinese government has always advocated that the Gulf crisis be resolved peacefully.

China, together with international communities "both inside and outside the United Nations," will make unremitting efforts for a peaceful solution to the conflict.

Li confirmed that since the Gulf crisis erupted, China has maintained close contacts with the Soviet Union on the issue. "The two countries are willing to continue efforts to solve the problem in a peaceful way," he said.

Now that the war is in danger of escalation, the spokesman said efforts by some countries to explore ways for a peaceful solution are commendable. ■

## Record Harvests vs. Population Growth

Despite good harvests reaped in the past several years, still greater efforts have to be made to feed China's booming population.

"We should realize that the annual per-capita grain output in China today is lower than the 1984 level due to the constant growth in population," Premier Li Peng said.

Speaking at a January 22 get-together with participants in a national conference on agriculture in Beijing, Li noted that an effective way to promote agriculture in China is to continue to implement the household contract responsibility system, which appeals to the farmers by linking payment with output. "The new problems arising from the system will be dealt with through in-depth reforms," he said, and suggested

that a favorable pricing system be adopted to protect farmers' interest and increase supplies in the event of a crop failure.

At the meeting Vice-Premier Tian Jiyun detailed the primary problems to be hurdled in grain production. He said in some areas farmers' incomes haven't increased in relation to production costs and farmers find it difficult to sell their surplus grain. Farmers also carry the heavy burden of departments requesting contributions. Meanwhile, he said, government departments and localities haven't lived up to their promises of increasing farming investments.

Vice-Premier Tian called on the provinces to stabilize the acreage sown to food grain and purchase surplus grain from farmers at favourable prices so as to protect their enthusiasm for production.

Tian stressed the importance of science and technology in agricul-

tural production. Scientific measures which have marked effects on farm production should be given top priority, he said.

Premier Li called on local governments, collectives and farmers to increase investment in grain production, adding that agricultural investment by the central government has increased in recent years. It has been earmarked for projects to harness the country's larger rivers, construct grain and cotton production bases, and to develop farm-related industries.

Referring to the development of rural industrial enterprises, Li said rural industry has helped increase agricultural investments, raise the living standards of farmers and increase the state revenue. In the future, priority should be given to processing farm produce and by-products, as well as to developing local resources. ■

## Beijing Sentences More Riot Offenders

On January 26, the Beijing Municipal Intermediate People's Court publicly sentenced Wang Dan and seven other offenders, who were arrested for violating laws during the 1989 anti-government turmoil, according to Xinhua News Agency.

A report by the news agency said that Wang Dan, who committed serious crimes but has shown such repentance as confessing his own crimes and exposing other, was given a lesser punishment of four years' imprisonment with a one-year deprivation of political rights.

Yao Junling was given a punishment of two years' imprisonment with a one-year deprivation of political rights; Guo Haifeng, four years in jail with a one-year deprivation of political rights, the report said.

Bao Zunxin, who committed serious crimes but has repented,

was sentenced to five years' imprisonment with a two-year deprivation of political rights.

Ren Wandong, was found guilty of grave crimes but showing no willingness to repent, was sentenced to an imprisonment of seven years with a deprivation of political rights for three years.

Meanwhile, Liu Xiaobo, who committed serious crimes but has owned up to them, showed repentance and performed some major meritorious services, was exempt from criminal punishment. Also acquitted were Chen Lai and Li Chenghuan, who committed less serious crimes and showed repentance.

Eighteen other offenders have been released by public security and procuratorial organs as they committed only minor crimes and have shown repentance and performed meritorious services.

The report also said that 45 more minor offenders were excused from arrest, explaining that they mended their ways after receiving education during the investigations of their cases by the public security organs. They have been given lenient treatment respectively in the past few months after making written promises to repent, the report added.

The court held separate public hearings of the cases of Wang Dan and the seven others between January 8 and 23. The hearings were attended respectively by more than 300 local residents, including family members of the accused and teachers and students from local universities. Lawyers of the defendants conducted defense on their behalf.

Previously, the city's public security organs investigated their cases one by one and transferred them to the procuratorial organs for reviewing. The latter then instituted public prosecutions against the offenders.

The court, after hearings, confirmed that some of the eight defendants, resorting to various means, wantonly conducted pub-

lic agitation to subvert the people's government and the socialist system during the 1989 turmoil and rebellion, and others made Molotov cocktails (frangible grenades) to attack the armed forces enforcing the martial law and helping safeguard public order. Their actions violated the country's criminal law, according to the court decisions.

It is learned that the court handled the cases separately in the principles of taking facts as the basis and the law as the criterion and of combining punishment with lenience.

The court also told the accused that they may, if they disagree with the court decisions, appeal to the higher people's court within 10 days upon receiving the written judgments. Days spent in custody before the verdicts come in force will be deducted from the term of imprisonment. ■

## China, Albania Pledged Renewed Ties

Chinese Premier Li Peng and visiting Albanian Foreign Minister Reis Malile pledged to regenerate bilateral relations during their meeting in Beijing on January 23. Malile, who started his 5-day-tour the previous day, is the first high ranking Albanian official to visit China since the Sino-Albania re-

lationship became strained in 1978.

China and Albania should increase their exchanges and contacts in order to continue to develop mutual friendship. Despite times of downs, the two countries have maintained traditional ties of cooperation, Li told his Albanian guest. Li believed that Malile's current visit will facilitate the future growth of Sino-Albanian ties.

Li briefed Malile on the achievements of China's open policy and the on-going reform. He said that China will focus on economic construction and will remain firm in adhering to the socialist road.

Albania was among the first group of countries in the world to recognize the founding of New China on October 1, 1949. The two countries established diplomatic relations on November 23 of the same year.

Malile, who once served as the Albanian ambassador in Beijing in the early 1960s, assured his host of the Albanians' friendly feeling towards China. He said that Albania, too, wishes to see development in mutual relations.

Malile went on to say that great changes have taken place in China, and that he was impressed by China's achievements in carrying out its reform and the open policy.

Earlier in the day, Chinese For-

Chinese Premier Li Peng meets with Albanian Foreign Minister Reis Malile on January 23. MA JUNTIAN



eign Minister Qian Qichen met with his Albanian counterpart. The two foreign ministers reported their satisfaction with the improved bilateral relations over the past few years, and agreed to cultivate future positive relations. ■

## Jobs Ensured for College Graduates

The Chinese government has promised to guarantee a job for the nearly 600,000 college graduates and post-graduates this summer — a welcome move at a time when China's austerity programme has made many work places reluctant to recruit more staff.

And the State Education Commission is currently working with personnel, labour and planning departments to draw up an assignment scheme.

It will be an arduous task to assign jobs which satisfy every graduate, but the government will spare no efforts to overcome the difficulties as such assignment is in the long-term interests of the country's development, Zhu Kaixuan, vice-minister of the State Education Commission, said.

He said that the job placement for this year's college graduates will focus on key state and local projects related to economic construction, specifically national defense projects and research institutes in China's border and remote areas. Graduates will also be placed to work in rural enterprises and collective undertakings.

As China desperately needs qualified teachers in compulsory and college education, the vice-minister said, all graduates from normal colleges will be required to return to their original province.

The commission has issued a circular demanding that no work place reject the graduates assigned to them according to plan.

Meanwhile, the majority of college students, whose higher education is financed by the government, were not allowed to find jobs on their own outside the scheme, according to a spokesman at the press conference given by the commission on January 10.

Under the current economic climate and personnel system, most college students could not find jobs for themselves though some did through special connections, the spokesman said.

This has resulted in malpractice such as bribery and use of the backdoor, he said, while those who could not find jobs on their own felt disappointed and lacked enthusiasm for study.

The past practice of some colleges issuing letters of introduction during the winter vacation to help students find jobs had to be curbed, he said.

The government financed their education, he said, so graduates had a responsibility to serve the needs of the country's economic construction.

"However, this does not mean we are backing away from the reform of our existing assignment system," the spokesman said. For instance, colleges now had more say in the assignment plan and graduates were consulted before the assignment.

Under the plan, graduates could indicate job preferences, although this did not apply to students in teacher training programmes, certain hardship professions, and those from remote regions, who would continue to be assigned jobs related to their training.

The employing units make their choices on the basis of merit along with a college recommendation.

This system was implemented by colleges and universities according to their own conditions, and under the guidance of government policies, the spokesman said.

Trial operations were currently

being carried out, he said, adding that Shanghai Jiaotong University and Beijing's Qinghua University were continuing with their experiment in the reform. ■

## Protect Wildlife From Poachers

China's vast stretches of mountains, rivers and forests are ideal habitats for thousands of species of wildlife. Today, there are 383 natural reserves across the land, totalling 170,000 square kilometres. Thirteen of these wildlife sanctuaries, 5,287 square kilometres in total area, are for the protection of pandas.

Thirty years ago, the Chinese government formulated a policy to protect and develop the nation's natural resources. Three research institutes were set up in south, northwest and northeast China to study endangered species.

Beginning in 1983, China launched a national campaign to rescue the endangered giant pandas with government appropriations of two million yuan annually. So far 82 pandas threatened by starvation and diseases have been saved.

In Beijing, a breeding and domesticating centre for endangered animals was set up. In Yangxian County, Shaanxi Province, a protective and observatory station was established for ibis, a graceful white bird with a red hood, wingtips and tails. The numbers of the bird have increased from seven in the past to more than 30 now.

In 1988, the central government issued a wildlife protection law. In addition, many local governments also adopted special measures in this regard. About 11 provinces and cities have selected a special bird as a local mascot. However, to some extent the government's efforts have been hampered by relentless animal poach-

ers.

The hunting and senseless killing of wild animals, especially those on the list of endangered species, are not uncommon in some areas. About 17,300 cases of poaching have been brought to light and handled by various local departments of forestry and public security. In 1989, three farmers from Jilin Province trespassed on a forest farm in Heilongjiang Province to kill one of the only three Manchurian tigers inhabiting that area. About three months ago, three ibis were reported killed by some poachers.

Alluring profit that could be gained from the trading of skins and other by-products of wild animals is the sole purpose of the poachers. On the black market, 0.05 kg of bear liver can be sold for 1,400 yuan and one kg of tiger bones for 2,400 yuan.

Last July, more than 430 pelts of wild animals were discovered on sale illegally in 12 leather and fur shops in Chengdu, Sichuan Province. Among them, about 100 pieces were of valuable Manchurian tiger, golden haired monkey and leopard — all being the most endangered animals protected by the state.

In Dalian, Liaoning Province, the local government in 1989 discovered 2.75 tons of bear paws hidden away. This figure meant more than 300 bears had been slaughtered. From January to June last year, 185 red deer were found killed in Chifeng, Inner Mongolia.

In the enforcement of the law, many problems remain unsolved. Among the country's 31 provinces, municipalities and autonomous regions only 11 have set up departments responsible for the preservation of wildlife and enforcement of anti-poaching laws. Many of them still find it hard to carry out their duties just because of shortage of superintendents and funds.

The production of hunting rifles in this country is somewhat

out of control. In the past five years, 320,000 hunting rifles were illegally manufactured and sold on the market.

In Yunnan, Jiangxi, Sichuan, Gansu and Guangxi, there are 10 big markets dealing in leather and fur products where illegal business is running rampant, free from government intervention. The situation is attributable in part to the fact that medicine purchasing agencies, foreign trade companies and forest departments as well as local zoos each have their own regulations for the protection of wildlife. Law enforcement staff members, on their part, are often not competent enough to distinguish a rare animal's skin from a common one. ■

## Co-operation Needed in Fighting Gun Smuggling

A senior Chinese police officer has reiterated the need for the mainland and Hong Kong police to reduce cross-border crime, especially the recent rash of car thefts and gun smuggling.

"Police co-operation is of great importance to better public order for both the mainland and the territory," said Yuan Yongyuan, deputy director of the Criminal Investigation Department under the Ministry of Public Security.

In an interview with a group of Hong Kong reporters on January 17 in Beijing, Yuan said the mainland police were well aware of and deeply concerned with the problem of public order in Hong Kong.

Territory-based media has voiced grave concern over a rise in violent crimes involving the use of firearms, alleging that the mainland was the source of the smuggled guns.

Yuan said such accusations were not supported by the facts and the real situation was very complicated.

He pointed out that often well-organized smuggling rings involved Vietnamese, mainlanders and residents from Hong Kong and Macao.

The guns detected in the mainland were either brought in by Vietnamese boat-people or through unofficial deals at sea, he said.

He singled out Viet Nam as the major source of smuggled guns discovered in the mainland, saying that the guns were China's wartime military supply to its southern neighbour during the Viet Nam War.

Yuan revealed that 35 out of the 43 gun smuggling cases the Guangdong provincial police foiled last year involved guns being smuggled from Viet Nam.

He said the mainland police have cracked down on gun smuggling and the government has strict laws concerning gun control.

"One thing is sure, that the number of guns the police in Guangdong, Guangxi and Yunnan have seized is much higher than the number the Hong Kong police have confiscated," Yuan said.

On the rash of car thefts the Hong Kong media has reported, Yuan said that it has emerged as an acute problem and its solution calls for police co-operation.

He said first of all Hong Kong residents should be aware of their surroundings and take anti-theft measures.

Secondly, the Hong Kong authorities should regulate the production and sales of high-powered speedboats and at the same time step up efforts to intercept smuggling vehicles.

Thirdly, he said, both mainland and Hong Kong police should step up border checks, especially water patrols along suspected smuggling routes.

He concluded by saying that both sides should deal with convicted smugglers harshly. ■

# Worldwide Pleas for Peace Intensify

by Zhang Xiaodong

**T**o prevent the Gulf war from escalating and spreading, many countries and international organizations are continuing to call for a peaceful solution to the Gulf conflict. Leaders of various countries are coordinating their efforts to initiate the mediation process in this conflict.

Many countries are demanding an unconditional Iraqi withdrawal from Kuwait.

**Egypt** President Hosni Mubarak on January 19 reaffirmed his country's insistence that Iraq abide by the United Nations Security Council resolutions asking Iraq to withdraw from Kuwait.

**Yugoslavia** Foreign Minister Budimir Loncar held talks on January 19 with the Iraqi ambassador to Yugoslavia. He presented a petition of the Yugoslav government to the ambassador, which called on Iraq to withdraw from Kuwait in the interest of Iraq and other countries in the Gulf and for the sake of world peace. On January 22, Loncar and visiting Indian External Affairs Minister V.C. Shukla held talks and agreed that the Gulf war is dangerously escalating. The non-aligned movement is obliged to make efforts to seek a political solution to the crisis, the two foreign ministers concluded. They pointed out that an Iraqi withdrawal from Kuwait and an end to the hostilities would open up new vistas for a comprehensive solution to the Gulf crisis and other problems in the Middle East.

**Mali** President Moussa Traore on January 19 again

called on Iraq to immediately pull its troops out of Kuwait so that the crisis could end peacefully. He added that Mali condemned Iraq's occupation of Kuwait.

**Kenya** Foreign Minister Ndolo Ayah, at a press conference in Nairobi, said his country regrets the outbreak of the Gulf war and appealed to Iraq to withdraw from Kuwait. He also expressed his country's wish that measures be taken to minimize the losses to the world economy and the Gulf area.

**Namibia** Foreign Minister Theo-ben Gurirab issued a statement calling for an immediate end to the Gulf war. He said Namibia opposed Iraq's invasion of Kuwait from the outset. However, he hoped the US-led multinational forces would give the Iraqi government additional time to withdraw from Kuwait.

**Romania** The government issued a statement saying that although a war has already broken out, the Iraqi government should take measures to withdraw from Kuwait to avoid additional casualties and material losses.

**Czech and Slovakia** The feder-



HAN JUCE

On January 19, about 10,000 people attended a rally in Washington calling for an end to the Gulf war.

al government, in a statement, called on Iraq to swiftly pull out of Kuwait so as to avert an increasingly bloodier conflict in the region.

**Hungary** Prime Minister Anpall József hoped the conflict could be resolved peacefully. He also proposed that once the Gulf war is over, a new security system be established in the Middle East and the question of Palestine be resolved in a comprehensive and just manner.

**Algeria** On January 20, President Chadli Bendjedid held a two-hour discussion on the Gulf

situation with Palestinian President Yasser Arafat. A communique released by the Algerian presidential palace stated that the meeting focused on the development of events in the Gulf, measures for an early end to the Gulf hostilities and the restoration of peace in the Middle East. At a press briefing following the meeting, Arafat said his visit to Algeria was aimed at discussing peace initiatives to bring an end to the Gulf war.

**Iran** When meeting with new Indonesian ambassador to Iran Bambang Sudarsono on January 20, President Hashemi Rafsanjani said, "We have demanded an emergency meeting of the Organization of the Islamic Conference (OIC) to extinguish the flames of the war in the Persian Gulf through the co-operation of all Moslem states." On January 22, when meeting with visiting Pakistani Prime Minister Nawaz Sharif, Rafsanjani said that at this tense moment Islamic states

should co-operate more closely and make greater contributions to the peace effort. Sharif expressed support for the proposal that the OIC hold an emergency meeting to discuss the Gulf conflict.

**Morocco** King Hassan II suggested Maghreb states send telegrams to the UN Security Council calling for the conflicting parties to halt hostilities and abandon the use of force. As well, he suggested sending troops of Maghreb countries to Kuwait to replace the Iraqi troops.

**PLO** On January 20, the Palestine Liberation Organization raised a new proposal for an immediate ceasefire in the Gulf war and a peaceful solution to the Gulf crisis. The PLO stated that it was contacting relevant Arab countries, Britain and France in a bid to initiate political negotiations. The PLO suggested that the UN Security Council pass a resolution as quickly as possible to realize an immediate ceasefire

and subsequently hold an international conference to seek a political solution to the Gulf crisis.

**President of UN Security Council** On January 19, Bagbeni Adeito Nzengeya, president of the council and ambassador of Zaire to the UN, met with Iraqi ambassador Al-Anbari and informed him of the proposals that have been put forward by India, Algeria and the Soviet Union to contribute to the resolution of the Gulf conflict. After the meeting, Nzengeya

said the Algerian proposal called for an early ceasefire between conflicting parties and that the Soviet and Indian proposals called on Iraqi President Saddam Hussein to comply with all 12 UN Security Council resolutions and withdraw his troops from Kuwait.

**UN Chief** On January 21, UN Secretary-General Javier Perez de Cuellar discussed the Gulf war with Nzengeya. The UN chief said no progress had been made towards a ceasefire and political solution to the Gulf crisis. When asked if he was optimistic about checking the war, Perez de Cuellar said it is too early to say, because the peace proposals have just been put forward and need time to be discussed. Nzengeya said the UN Security Council has no plans to meet to discuss the Gulf war.

**Maghreb Union** At the eighth foreign minister's conference on January 22, delegates agreed to call on the UN Security Council to hold an emergency meeting to discuss a ceasefire of the Gulf war, providing a new opportunity to solve the crisis peacefully.

**The Soviet Union** At a press conference in Moscow, President Mikhail Gorbachev said that Soviet leadership was persistently trying to co-ordinate its efforts with the United States and the UN Security Council members, as well as leaders and governments of European and Asian countries. He said the Soviet Union is actively holding dialogue with leaders of Arab countries in order to settle the Gulf conflict through political means.

Currently, the international community is continuing to demand that all parties concerned exercise the greatest restraint to prevent further escalation of war and spread of its flames, thus providing a favourable environment and opportunity for a peaceful settlement of the crisis. ■

Thousands of anti-war demonstrators take to the streets in London demanding a peaceful end to hostilities in the Gulf.

XU RUYUAN



# War Alters Mideast Political Map

by Shi Jian

*The Gulf crisis has unfortunately escalated into war. The conflict not only intensified contradictions and cleavages in the Middle East, but also caused tremendous economic losses to the region.*

Iraq's invasion and subsequent annexation of Kuwait in August last year shocked the Arab world. At the outset of Iraq's aggressive action, leaders of Arab countries quickly met with each other in an effort to settle the problem within the Arab frame, through negotiation and mediation and in the light of the spirit of the Arab League, avoiding further escalation of the conflict.

On August 2 and 3, 1990, the Arab League held an emergency meeting of the Council of Ministers in Cairo, condemning Iraq's armed occupation of Kuwait. A statement issued at the end of the meeting said that force should not be used to settle differences between Arab countries, nor should force be used by one country to overthrow the legitimate government of another. The meeting resulted in the demand for an immediate withdrawal of Iraqi troops from Kuwait.

However, as the crisis continued to develop, many Arab countries took opposing views on the events in the Gulf.

## Differences Intensified

On August 10, the Arab emergency summit meeting, held in Cairo, condemned Iraq's aggression and annexation of Kuwait. It also condemned Iraq's military build-up near the Kuwaiti-Saudi border, asked Baghdad to withdraw its troops from Kuwait and

called for the restoration of the legitimate government of Kuwait. The summit declared support for the legal defensive measures taken by Saudi Arabia and other Gulf countries according to the United Nations Charter and the Arab common defence agreement. At the request of Saudi Arabia and other Gulf countries, the meeting decided to invite Arab troops to these countries to help safeguard their territory and security from outside aggression. As well, it reiterated to uphold the UN Security Council's resolutions concerning Iraq's invasion and annexation of Kuwait. Among the 20 countries that participated in the talks, 12 countries voted in favour of these measures, while Iraq, Libya and Palestine voted against. Algeria and Yemen abstained.

Positions on the Gulf crisis varied from country to country in the Arab world. Most countries opposed Iraq's invasion and annexation of Kuwait, calling on Iraq to pull out of Kuwait unconditionally. Egypt, Syria and Morocco sent troops to Saudi Arabia and other Gulf countries. Some Arab countries demonstrated sympathy and support for Iraq and some, while expressing opposition to Iraq's aggression and annexation of Kuwait, desired no Western military presence in the Gulf and supported a withdrawal of troops by the United States and its allied forces.

Since the outbreak of the Gulf

crisis, leaders of Arab countries have met frequently to seek a solution to the problem. They advanced a number of proposals, demonstrating their differing opinions on the issue. The major points of discussion are the following: 1. A bilateral withdrawal of Iraq from Kuwait and the United States and other Western countries from the Gulf; 2. If Iraq agrees to leave Kuwait, what kind of regime will rule Kuwait—restore the former Emir regime or establish a regime with special ties with Baghdad? 3. In the event that Iraq does withdraw from Kuwait and a regime acceptable to all parties is established, should Kuwait make great concessions to Iraq by conceding territory and paying indemnities? 4. Iraq insists that a solution to the Gulf crisis be linked to a settlement of the Mideast issue. Baghdad's position has won support from the Palestine Liberation Organization, but has been opposed by some Arab countries. These are the substantial questions debated by Arab countries during their mediation efforts which failed to produce a consensus opinion.

The outbreak of the Gulf war evoked different reactions among the Mideastern countries. Some expressed support for the military action taken by the multinational forces, some voiced support or sympathy for Iraq, while many other governments and world leaders called on the inter-



TANG SHIZENG

A large number of refugees gushing into Jordan, which opened its border with Iraq again on January 18.

national community to make urgent efforts to end the war and restore peace.

### Arab Realignment

The outbreak of the Gulf war exposed unprecedented splits within the Arab League. In the fourth quarter of 1990, several Arab leaders called for an emergency summit meeting of Arab nations to deal specifically with the Gulf crisis, but their efforts failed. Since the eruption of the war, the Arab League has been silent. On January 20, a spokesman for the organization said at present the League would not comment on the military conflict in the Gulf, nor would it hold an emergency summit meeting to discuss the crisis.

The Gulf crisis seriously damaged Arab nations' efforts to unite and support themselves, as regional Arab organizations adopted different attitudes towards the crisis. The Gulf Cooperation Council supports the restoration of Kuwait's legitimate government and resolutely opposes Iraq's invasion and annexation of Kuwait. It strongly de-

mands Iraq's unconditional withdrawal from Kuwait.

After the outbreak of war, the council indicated it would abide by the relevant resolutions adopted at the summit meetings of six Gulf nations and other Arab nations and by the United Nations Security Council and co-ordinate efforts with the multinational forces to drive Iraq out of Kuwait. The Arab Co-operation Council exists only nominally, with Egypt and Iraq being adversaries and Jordan and Yemen supporting and sympathizing with Iraq. Within the Arab Maghreb Union, most nations advocate an immediate ceasefire between Iraq and the US-led multinational troops and Iraq's withdrawal from Kuwait. They also support the proposal that an international conference on the Middle East be convened in 1991. On January 22, the foreign ministers of the five member states of the union met to coordinate their positions, deciding to appeal to the UN Security Council to hold an emergency meeting to discuss a ceasefire in the Gulf so that another opportunity would be provided for

a political solution to the Gulf crisis.

The Gulf crisis has significantly changed relations between Arab nations. Jordan, which maintained a close relationship with the United States for a long time, has adopted an attitude by condemning the military assault against Iraq by US-led multinational troops, accusing both the United States and Iraq of blocking diplomatic efforts in search of a peaceful solution to the crisis. Jordan called on the conflicting parties to

immediately implement a ceasefire to avoid a more serious catastrophe. Syria, on the other hand, joined the anti-Iraqi coalition despite its past hostility towards the United States. The Palestine Liberation Organization, which traditionally played the role of mediator among Arab nations, became a staunch ally of Iraq, further aggravating its differences with some Arab countries. Saudi Arabia expelled diplomats of Jordan and Yemen and abrogated the preferential treatment granted to Yemeni labourers working in the kingdom. Saudi Arabia, Kuwait and the United Arab Emirates, which were closely aligned with Iraq during the Iran-Iraq war, are now confronting Iraq as enemies. On January 21, Iraq abolished all bilateral treaties and pacts with Saudi Arabia, including a treaty of mutual non-aggression.

The Gulf crisis has also brought about a comprehensive reconciliation between the long-standing foes of Iraq and Iran. The two countries resumed diplomatic relations and reached agreements on the exchange of prisoners of war, withdrawal of

troops, and their longlasting border dispute.

Iran has denounced the allied air raids on Iraq's civilian targets. However, Iran has reiterated that it would remain neutral in the Gulf war and had no intention of attacking Iraq. It appealed for a peaceful settlement of the Gulf crisis and demonstrated its eagerness to play a positive role in restoring peace in the region.

Israel remains firmly committed to the United States in the war. It has kept a stubborn attitude towards the peace process in the Middle East. Israeli officials have flatly rejected Iraq's proposal to link the procession of a peaceful settlement of Israeli-Palestinian conflict to the solution of the Gulf crisis. Iraq has launched several missile attacks on Israel after the war began in an attempt to draw Israel into the war and thus extend the parameters of the crisis.

The United States, Britain and some other countries have tried their best to persuade Israel to exercise the greatest restraint and not retaliate against Iraq. Israel's restraint thus far has demonstrated its support for the United States by not sabotaging the anti-Iraq alliance. Israel indicated that it had no intention of becoming involved in the war and would make no immediate response to Iraqi attacks. However, Tel Aviv claimed that it would reserve the right to select the necessary means, size, measures and time to retaliate against Iraq.

Some Arab countries indicated that they would change their attitude towards the Gulf war if Israel participates in the war. However, Egypt claimed that its position on the Gulf would not change. Syria also indicated that it would not be fooled by Iraq's missile attacks on Israel and drawn into a war against Israel. It declared that it would not engage in a war against Israel unless Iraq is attacked by Israel af-

ter it withdraws from Kuwait.

Arab nations will continue to adjust their attitude towards the Gulf war as events unfold. Due to the dynamic nature of the crisis and the extenuating circumstances that accompany it, there may be new changes in the relationships between Arab states.

### Arab Economic Losses

**In regard to oil, Arab countries have suffered heavily from the crisis.** In the Gulf region, Iraq and Kuwait are the second largest oil-producers next to Saudi Arabia. Before the crisis, the daily output of oil by the two countries amounted to 4.5 million barrels. Since the eruption of the crisis, the two countries have been unable to maintain normal crude oil production. In addition,

million in oil income every day. At the same time, non-oil producers in Arab world are faced with shortages of oil and oil products triggered by the crisis. Because Gulf oil-producers are unable to continue to provide oil at its previous levels and the oil prices in the international market may skyrocket, non-oil producing Arab nations will be forced to pay more foreign exchanges for oil, worsening their already ailing financial situation.

**The Gulf crisis has also inflicted great losses on those Arab countries which export labour services.** Since the 1970s the Gulf countries have attained large amounts of petroleum dollars. These countries have employed a large number of foreign workers to engage in construction or perform service sector jobs, thus



ZHANG XUN  
After the outbreak of the Gulf war Egyptian policemen patrol around the Pyramid in Jiza to prevent its destruction.

the international sanctions imposed on Iraq have eliminated its oil exports, causing great losses. Calculated at the price of 21 dollars per barrel set last July by the Organization of Petroleum Exporting Countries (OPEC), Iraq and Kuwait are losing US\$94.5

gradually becoming a large labour-service market.

The majority of workers in this labour-service market come from neighbouring Arab countries, totalling millions. Approximately 200,000 Egyptians have jobs in Kuwait as teachers, technicians

or skilled and unskilled workers, and more than 1 million Egyptians are employed in construction and agriculture in Iraq. The revenue which they generate for their countries exceeds US\$ 2 billion annually. Personal assets and currency deposit of these workers have accumulated to about US\$15-20 billion. After the Gulf crisis their income, assets and savings deposits suffered great losses. More than 2 million Yemeni labourers are employed in Saudi Arabia, Kuwait and other Gulf countries and earn a considerable amount of foreign exchanges. By the end of 1990, over 800,000 Yemeni labourers had returned home, causing a huge loss in Yemen's export revenue. For many years Jordan has provided Saudi Arabia and other Gulf countries with high-qualified technicians who earned more than US\$1 billion annually. The Gulf crisis has dealt a serious blow to Jordan's exporting of intelligence. The majority of these Arab workers have returned to their native countries, confronting the governments of these countries with the difficulty of assigning them jobs. It is reported that the unemployment rate has suddenly increased to 40 percent in Jordan. Egypt has spent US\$3.7 billion in resettling its returned workers.

The Gulf crisis has also precipitated heavy losses to the Arab financial community. For many years Bahrain, which prospered with petroleum dollars, has played a central role in Gulf finance. According to the statistics, there are now 55 large banks in Bahrain. Among them are the Gulf International Bank and Arab Bank which control 40 percent of the capital in the Bahrain market. Part ownership of the Gulf International Bank belongs to the Iraqi and Kuwaiti governments. Kuwait and Libya each possess one fourth of the ownership of the Arab Bank. Af-

ter the Gulf crisis erupted, many depositors rushed to withdraw their money, creating a large outflow of capital in the Bahrain financial market. As a result of the international economic sanctions imposed on Iraq, the funds of the Gulf International Bank, Arab Bank and other financial institutions have become closely monitored and limited. Business in the financial centre of Bahrain is sluggish.

The Gulf crisis has led to the devaluation of many Arab currencies. The Kuwaiti dinar, the one-time most valuable, was greatly devalued and later cancelled by Iraq. The riyal of Saudi Arabia has also been devalued greatly, while the currencies of the United Arab Emirates, Qatar and Jordan have been devalued to varying degrees.

**In light of the turbulent situation in the Gulf, many Arab countries have increased their military expenditures on a large scale.** The Gulf crisis has indiscriminately affected all Arab countries whether they are involved directly or indirectly. Although Kuwait is occupied, the Kuwaiti leaders have successfully fled abroad. They desire to return to their homeland at any moment. For this purpose they have promised to pay billions of US dollars to the US army. Meanwhile, Iraq is mobilizing manpower, material and financial resources to strengthen its war efforts. Saudi Arabia also shares financial responsibility for US involvement while conducting its own arms expansion and war preparations. It has purchased a great deal of advanced weapons. The United Arab Emirates, Yemen and Jordan are also making preparations for war. Egypt, Syria and Morocco have increased their military expenditures to finance the deployment of their troops to Saudi Arabia and other Gulf countries. Other Arab countries have one after another followed suit and increased

their military expenditures in order to strengthen their own defence capabilities, thus increasing their already heavy economic burden.

**The non-petroleum-producing Arab countries have received less foreign aid as their debt burden increased.** In recent years the economic situation in the non-petroleum-producing Arab countries has continued to worsen, leaving these countries with large amounts of debt. According to statistics, the total amount of foreign debts owed by these countries is about US\$200 billion, most of which has fallen due. Before the Gulf crisis, the petroleum-producing Gulf countries offered a specific sum of financial assistance as grants or low-interest loans to the non-petroleum-producing Arab countries. This temporarily alleviated the pressure and burden of those Arab debtor nations.

Since the outset of the Gulf crisis, the financial burden of the Gulf countries has greatly increased and the relationship between these countries and recipient countries has changed. As a result, the petroleum-producing Gulf countries cannot provide financial aid to other countries as they originally promised. Foreign aid to the non-petroleum-producing Arab countries has decreased and the financial situation in these countries has become increasingly aggravated. These countries are now facing a debt crisis caused by the Gulf crisis.

The Gulf crisis has inflicted losses on the economies of Arab countries in all areas and the negative consequences are beginning to grip the Arab world. As this crisis continues to evolve and escalate, the Arab world will certainly face serious economic aftermath as the negative consequences of war continue to mount.

# Commodity Prices Stabilized, Readjusted

by Our Staff Reporter Li Ping

*In 1990, China successfully controlled price hikes and made substantial progress in price reform.*

In early 1990, in a discussion regarding China's economic situation, Yao Yilin, vice-premier in charge of the country's economic work, said, "Now, it is as if we were advancing with a load of two baskets of eggs. We have two tasks—one is to stabilize commodity prices and the other is to successfully stimulate the economy, and none of which should be bugled."

## Stabilizing Prices

Curtailing inflation was perhaps one of China's greatest economic achievements in 1990. According to the figures released by the State Statistical Bureau, in the first 11 months of 1990 the nation saw a 2 percent increase in its general level of retail prices from the same period of 1989, the lowest price rise since inflation emerged in 1985. The growth of retail prices for the whole year is expected to be only 3 percent, considered a dramatic reduction by China's economists and other Chinese citizens who were obsessed by a 18.5 percent inflation rate in early 1988 and a 17.8 percent inflation rate in 1989. Professor Luo Yuanzheng, an economist and member of the National Committee of the Chinese People's Political Consultative Conference, commented, "In terms of the world economy, the rapid decline which China experienced in its inflation rate is rare."

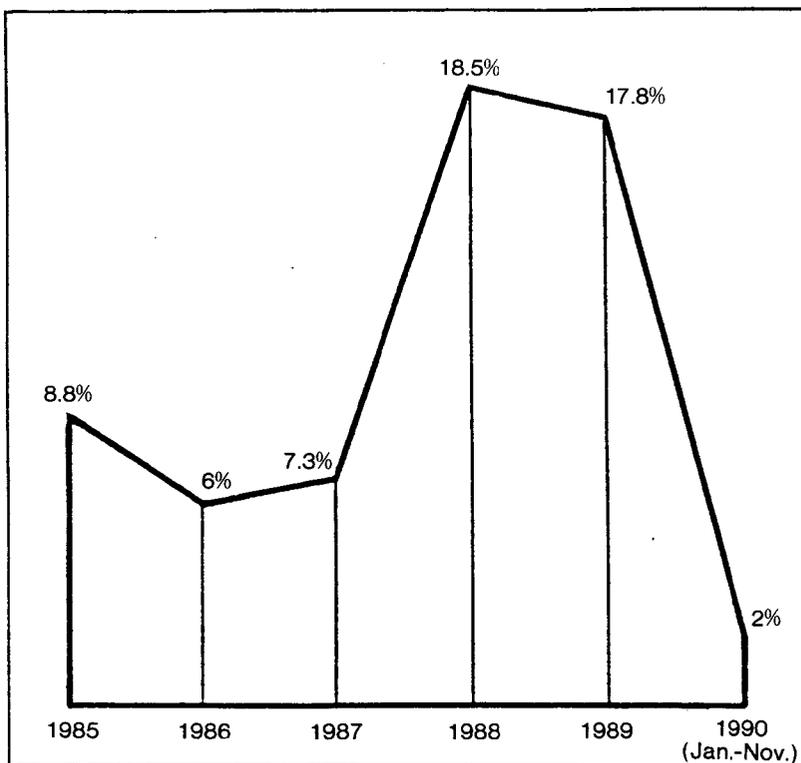
In the first 11 months of 1990,

the general level of retail price of consumer goods rose 1.6 percent over the same period of 1989 while the price of the means of agricultural production rose by 6 percent. Regarding consumer goods, the price of food basically equalled that of 1989, only a 0.2 percent increase; the price of clothing rose 7.1 percent; the prices for daily industrial goods both rose and fell and registered an average growth of 1.9 percent;

and the price of fuel for civilian use rose by 7.6 percent.

Commodity price changes in 1990 had the following characteristics: in the first three months, the overall price level increased; between April and June, it dipped slightly; and, after July, it picked up again. The changes in prices tallied with the changes in the nation's economic situation. Since July 1990, China's economy has picked up and the

The Growth of China's Retail Commodity Prices





Today, many goods on sale display prices.

market strengthened daily.

The limited rise in China's commodity price in 1990 was fundamentally due to the marked success of the country's effort to improve its economic environment and rectify its economic order and, as well, to the nation's good agricultural harvest. Thanks to the continuous implementation of the retrenchment policy, the country's excessive speed of industrial development, overexpanded scale of capital construction and overheated consumption level have been brought down. Due to the strict control over overall supply in early 1990, the country's industrial production slid back for a couple of months. To counter the situation, the state immediately readjusted its control policies. The country's industrial production thus began to pick up in the second quarter. In the first ten months of 1990, the country's total industrial output val-

ue reached 1,571.6 billion yuan, up 4.1 percent over the same period of 1989; the growth rate for the whole year is expected to hit 6 percent, meeting the government's target for slow and steady growth.

The bulge of the investment in fixed assets, however, was a severe and lingering problem in China's economy before readjustment. Since 1990, the strict control of investment in capital construction and the serious clean-up of projects under construction has not only brought the scale of investment under control but also ensured an orderly advance in the nation's construction. The year 1990 not only saw the cooling down of overheated construction but also such phenomena as slowed consumption and a sluggish market. Despite this, Chinese economists believe that the imbalance between social demand and supply is being eased. In addition, the chaotic circulation order has been greatly improved through readjustment. The number of units and individuals engaging in illegal management has declined, and unauthorized price rises and arbitrary collection of fees have been curtailed. A new order of economic circulation is taking shape. Also, the country's grain harvest in 1990 totalled about 420 billion kg, an all-time record high, and the output of cotton, oil-bearing and sugar-bearing crops, tobacco, tea and other cash crops reached or approached record figures. The good agricultural harvest helped stabilize the prices for foodstuffs, bring down prices at market fairs, and curtail the growth of the retail commodity price index.

In 1990, government and commodity price administration departments at all levels continued to strengthen controls over commodity prices, which played a positive role in limiting price in-

creases. The main measures adopted were as follows:

- In early 1990, the State Council published the planned target for the nation's commodity prices and called on the governments at various localities to take it on as a central task. A decision was also made to evaluate efforts made to fulfil the target at the end of the year. Simultaneously, examination of price changes was strengthened, and special approval of the State Council was requested before any locality planned to readjust the prices for daily necessities and any standard for important items. To meet the price stabilization target, considerable subsidies were provided.

- Rectify the market order and strengthen the management of commodity trading. The State Bureau of Commodity Prices issued an order in early 1990, requesting commodity dealers to clearly mark the price of goods on sale. This measure helped prevent sellers from cheating customers and charging exorbitant prices.

- Strengthen the management of commodity prices in the rural areas. Since 1989, the retail price index of commodities in the rural areas has been higher than that in the cities. Poor management was one of the chief reasons. The authorities concerned with commodity prices began to attach importance to this problem in 1990 with the result that many provinces successfully established commodity price management organizations on a trial basis in some townships and towns.

The phenomenon of a sluggish market which appeared in the second half of 1989 continued until 1990 and the improvement in sales on the market came later than expected. This contributed to the comparatively steady prices of 1990.

## Price Readjustment

In the early stage of economic restructuring, to counter the panic purchasing and bolster public confidence, the Chinese government adopted the necessary administrative measures for quickly bringing inflation under control. Some foreigners, however, believed that the actions of the government meant a return to a centralized economic system and a rebuff to reform. This was a misunderstanding. When, in 1990, China took a major step forward in price reform, the basic goal was to stabilize commodity prices.

China's price reform has two parts—the reform of the price management system and the readjustment of the price system. The price reform in 1990 focused on the readjustment of the irrational price system and was characterized by a large increase in prices for a large number of commodities. The effort, however, did not cause public disturbance. The nationwide price changes included the following items:

In January, the purchasing price for sugar-bearing crops increased by 13 percent.

In March, the purchasing price

for oil-bearing crops increased by 28 percent. The prices for crude oil and oil products were also raised. In addition, the state increased rail and waterway transport fees by 29 percent.

In April, the prices for soda ash, caustic soda and four other commodities imported by the central government with foreign exchange were priced according to cost, insurance, freight and agency commission, thus dispensing with the former practice wherein the state imported commodities at high prices and supplied them to domestic clients at low prices.

In May, the state set temporary prices for the iron and steel products at China's nine major iron and steel companies. They were increased by 13-35 percent.

In July, the prices for detergents and soap rose 30 percent, the purchasing price for cotton 27 percent, and postage and telecommunication service charges 120 percent.

In October, the prices for residential coal and some textiles were increased.

In November, the market price for sugar was raised and Renminbi exchange rate devalued by

9.57 percent.

In addition, the State Council specifically ratified the price readjustment for some items by some localities, such as milk, tap water, gas and public traffic fare.

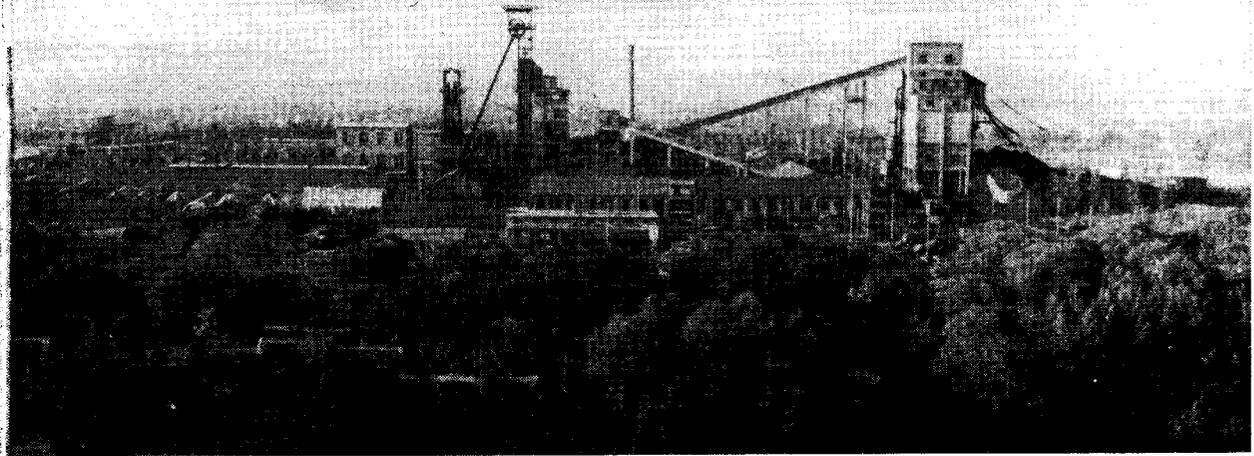
These price readjustment measures were absolutely necessary because the readjustment of the irrational price system is one of the thorny problems of China's economic structural reform. The existing price system was formed in the early 1950s under the central government's over-centralized planned economic system. At the time, it did play an active role in advancing China's industrialization. However, with the development of the commodity economy, the law of value plays an increasing role and the drawbacks of the distorted price system have surfaced. Although local readjustments were first made in 1979, the basic pattern remained unchanged. The old price system can neither truly reflect the consumption of labour in production, nor can it quickly reflect the changes of the relations between supply and demand, and between a surplus and a shortage of resources. The irrationality of the system is manifested in the prices for agricultural products, energy, raw materials and other basic means of production, and the long-term, relatively low charges for important public facilities. Without readjustment, this system will hamper the development of the economy. The series of price readjustments in 1990 was one step forward towards establishing a rational price system.

Take postage rates for example. Before it was readjusted on July 31, 1990, the rate for ordinary local mail was only four fen (less than one US cent) and ordinary mail to other areas eight fen. The cost of postcards, printed matters and postal parcels was also very low. These charges

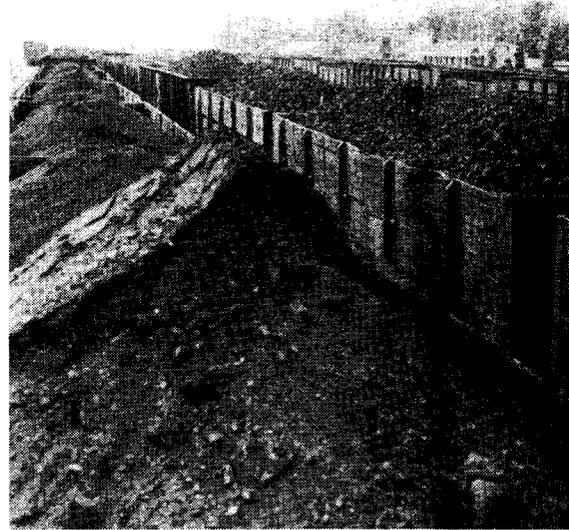
Market prices remain stable after the economic readjustment.



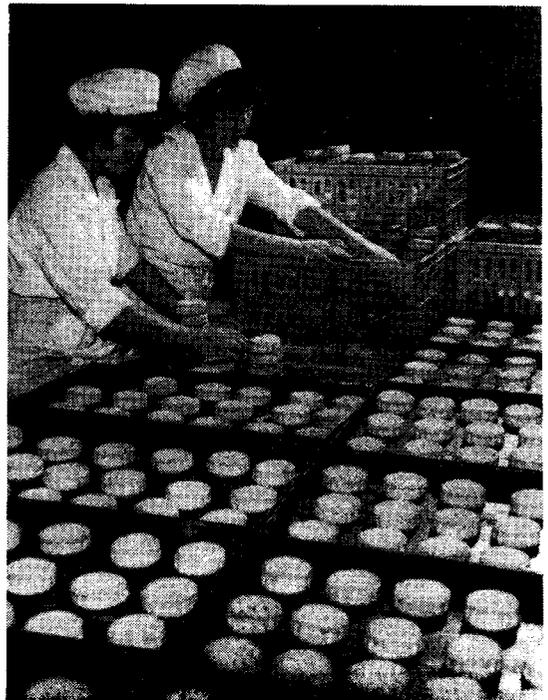
# A View of the Yangzhuang Mine



Coal mining machines.



Maintaining equipment.



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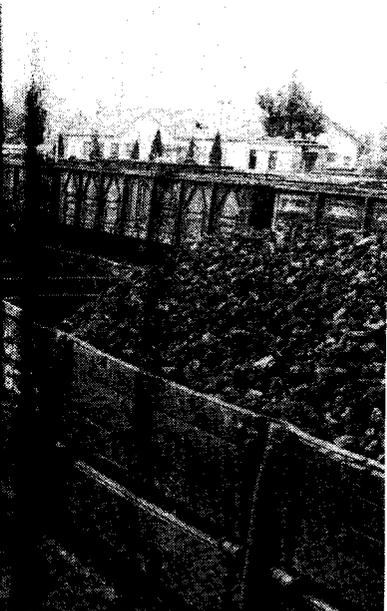
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Off to work.

The miners' lamp room.



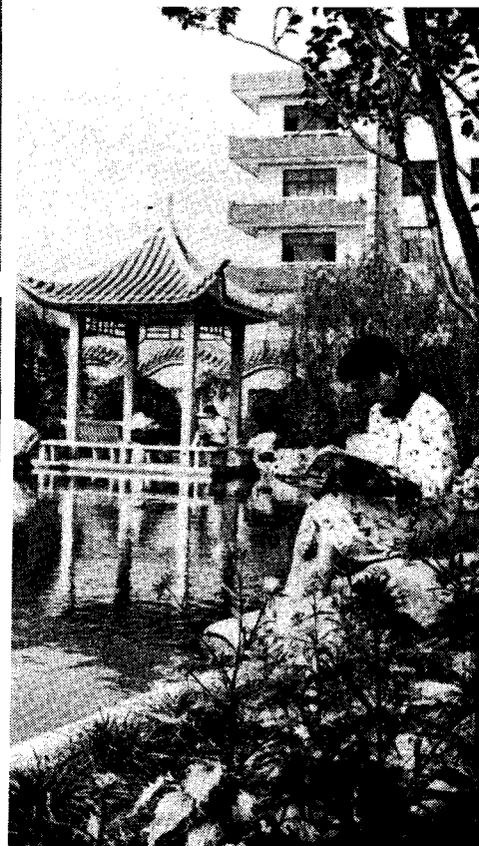
Coal being shipped to various parts of the country.



Coal miners inspect the working face.

Photos by JIANG YAN

A view of the garden-like factory.



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if engineer Hegang (and right) the workshop.

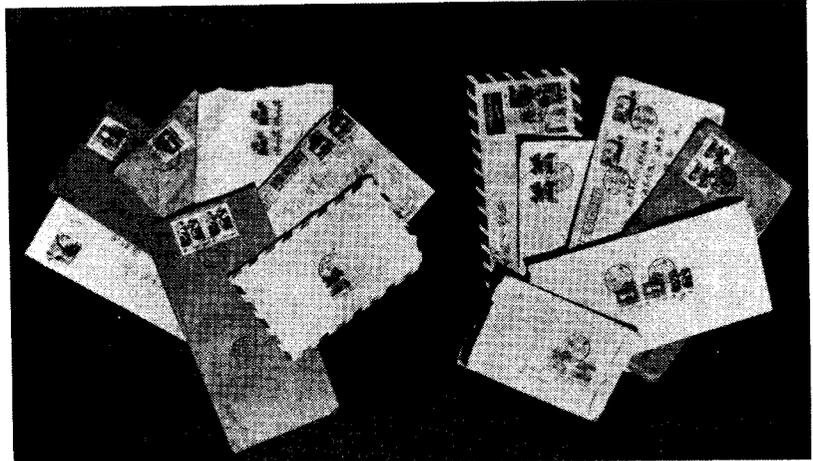


were set in the early days of the People's Republic and had remained unchanged for 40 years. According to the state's introduction of such low postage, the postage of an ordinary mail at that time was based on the equivalent cost of 12 liang (16 liang=0.5 kg) of millet. The ratio between the two at present, however, has already changed from 1:1 to 1:10. Because the price of postal products remained poles apart from their value, the development of the country's post and telecommunication services was restricted. The nation's postal enterprises, which netted scanty profits in the 1950s, suffered losses in the 1970s. The losses continued to grow in the 1980s and amounted to 200 million yuan in 1989. For years, the postal departments have been operating under such poor conditions as low salary and outmoded equipment, and thus developed slowly. Given this situation, the State Council last year decided to raise postage rates by 120 percent, a step which allowed postal departments to earn a little profit and develop the country's postal services.

### Problems and Principles

In 1990, China successfully stabilized commodity prices and reformed the price system. Since some fundamental problems, however, remain unsolved, the improvement and rectification of the economic order is not yet complete. Further deepening of the price reform system is thus in order.

According to economists' analysis, one major current problem is growth of financial subsidies. In recent years, in an attempt to curb inflation and stabilize commodity prices, the government has had to allocate a large amount of funds each year in subsidies. This amount hit 37.034 billion yuan in 1989, and the budget for price subsidies in 1990



The postage of ordinary mail was increased 150 percent in July 1990.

Photos by QIN XUZH. 21

rose to 40.558 billion yuan. Although some subsidies are necessary, these large subsidies have become a heavy burden to the state treasury and need to be gradually cut down.

The unsatisfactory progress made in the readjustment of the industrial structure and product mix, the low economic returns of industrial enterprises and the constant growth in the cost of their production constitute other serious problems. Without their resolution, there would not be a fundamental solution to inflation.

To start up the market and prevent a decline in industrial production, the state gradually relaxed the control of credit and loans and increased the issuance of money in 1990. This step, in turn, kept the lid on inflation.

With regard to the price reform in the future, economists noted that, after two years of economic rectification, inflation has been put under control and the supply of many products has outstripped demand. This has created a healthy economic environment for price readjustment. In the future, therefore, the country should lose no time to promote price reform in order to stabilize commodity prices. Since

the income of the average Chinese citizen is low, the economic returns of many enterprises poor and the state financial situation difficult, the ability of citizens, enterprises and the state treasury to keep up with inflation is quite low. Given this situation, price reform should not be done in haste. As the economic environment is improved and the economic order rectified, the state will continue to readjust prices and, in the future, the planned, frequent and incremental readjustment of prices at the right moment will be the general trend of reform measures.

In 1991, commodity price guidelines will emphasize stabilization of commodity prices and price reform. At the national planning conference on December 1, 1990, Premier Li Peng put forth the following three principles to be adhered to in the commodity price work in 1991:

- Put the general level of commodity prices under strict control;
- Allow price increases for certain items at appropriate times;
- Base implementation of policy decisions on the development of the economic situation. ■

# China Still Leads the World In Coal Production

by Li Rongxia

China produced 1.09 billion tons of coal last year, 36 million tons more than the year before, and is still the world leader in coal production.

Coal accounts for 70 percent of China's total energy consumption and so the development of coal production provides a reliable guarantee for the nation's economic construction.

China is rich in coal resources. Exploration over the last four decades indicates that China has total coal deposits of 4,490 billion tons as deep as 2,000 vertical metres. Of these, 900 billion tons have been verified. Such rich deposits facilitate coal exploration and the national economic development.

China began to exploit coal resources as early as 476 BC, the earliest country to do so. Before the nationwide liberation in 1949, however, China reported slow progress in coal production—coal output totalled 32.43 million tons in 1949, ranking ninth in the world.

China's coal production has developed swiftly since 1949, reaching 600 million tons in 1979, and has experienced rapid development af-

ter China introduced the reform and open policy in 1979, particularly during the Seventh Five-Year Plan period (1986-90). China became the world's largest coal producer in 1989 as its annual coal output reached 1.054 billion tons.

China's coal productivity increased remarkably during the Seventh Five-Year Plan period. The daily coal output of a worker rose from 0.939 ton to 1.195 tons, an average annual increase of 5.4 percent, and reliance upon increased labour to maintain and increase production is no longer true.

There was a 20 percent increase in mechanization of coal exploitation during the Seventh Five-Year Plan period. In large state-owned coal mines, mechanization increased from 22.46 percent in 1986 to 33.31 percent. In 1990, China had a total of 244 coal faces, double that of 1985.

The proportionate use of coal in the nation's energy consumption is continuing to increase and is expected to hit 76 percent by 2000. Coal is thus China's main energy resource for the future.

Coal resources in nor-

thwest China account for 65.6 percent of the nation's total coal deposits. Given this dependence on one area, coal experts suggest a shift in coal exploitation to the west.

The Ordos Coalfields in west China, for example, is an ideal coal production base with rich coal deposits. The Shenfu Coalfield in the area is among the eight largest coalfields in the world. Its total coal deposit is some 132.1 billion tons.

The shift to the west for coal exploitation has already begun. Using 4.1 billion yuan in investment, the first-phase construction of the Jungar Coalfield started in July last year. The field is China's biggest coal construction project since 1949. Located in the western part of Inner Mongolia, on the bank of the Huanghe (Yellow) River, it has verified deposits of 26 billion tons. The first phase includes an opencast coal mine with an annual production capacity of 12 million tons, a coal dressing plant with corresponding production capacity, a power station with an installed capacity of 200,000 kw and a 216-km electrified railway line.

The first-phase construc-

tion of another key project—the Dongsheng Coalfield in Shenfu—also began at the end of last year. Located at the junction of northern Shaanxi Province and southern Inner Mongolia, the coal mine covers an area of 25,500 sq km and has deposits of more than 230 billion tons. The construction of the 172-km coal-shipment railway line from Baotou to Shenmu will soon be completed. Two power plants affiliated to the coalfield with a generating capacity of 12,000 kw each went into operation at the end of 1989. The 110-kw-voltage transmission line in the mining area is in

use. A total of 11 pairs of coal shafts have been constructed and gone into operation with a combined designed capacity of 12 million tons. The first-phase of the project is expected to be completed by 1992.

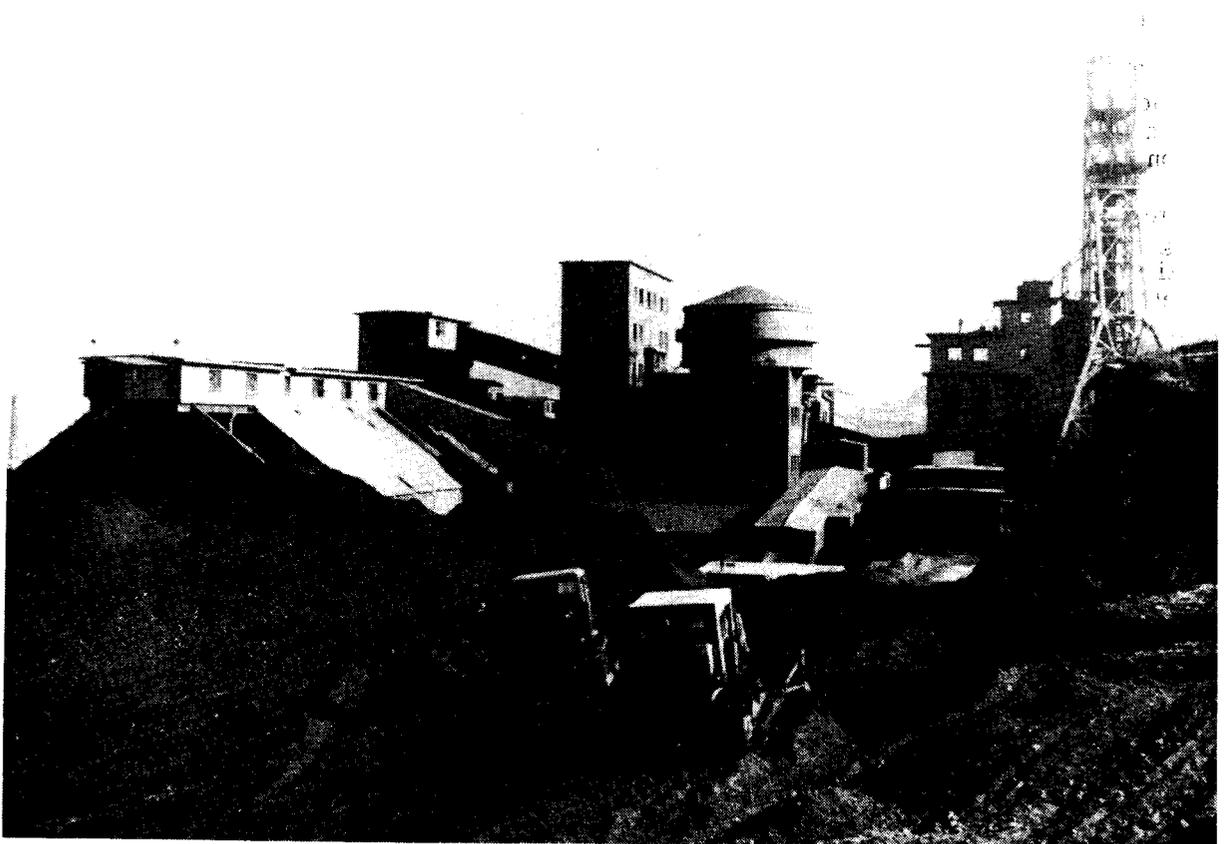
At the same time, the Ningdong Coalfield has been opened and developed on a large scale. The coalfield is located in the eastern part of the Ningxia Hui Autonomous Region and extends to Inner Mongolia. Covering an area of 2,400 sq km, it has verified coal deposits of 27.3 billion tons, equal to the total of all three provinces in northeast China. The first pro-

ject is to open the Lingwu Coal Mine with its verified deposits of 2.839 billion tons. During the Eighth Five-Year Plan period (1991-95) and several years thereafter, three large coal mines with an annual production capacity of 10.40 million tons will be constructed with a total investment of 2.556 billion yuan.

China is expected to produce 1.4 billion tons of coal in 2000. According to Huang Yicheng, minister of energy resources, the experience of the last decade shows that with great effort the goal will be achieved. ■

**The Tongjialiang Coal Mine of the Datong Mining Industry Bureau in Shanxi Province.**

MA QINGQUAN



# Yangzhuang Excels in Coal Production

by Our Staff Reporter Fu Qingxuan

The Yangzhuang Coal Mine is one of many mines in the mining area Huaibei (north of the Huaihe River) in Anhui Province in east China. The Huaibei mining zone, 100 kilometres long from north to south and 100 kilometres wide from east to west, covers a total area of 9,600 square kilometres and is rich in reserve and variety of coal. There are 14 pairs of pits (each pair is a mine) in this zone.

The administrative organ for the Huaibei mining zone is the Huaibei Coal Mine Bureau which oversees 14 coal mines and 110,000 miners and staff including those at the Yangzhuang Coal Mine. The mines produce 14 million tons of coal annually and have a turnover of more than 1.2 billion yuan (or about US\$22 million.) The coal is mainly sold to 13 provinces and cities including Jiangsu, Shanghai, Zhejiang, Jiangxi, Fujian and Shandong and sometimes to Japan and other countries.

The Huaibei Coal Mine Bureau is one of China's five main coal production bases. The other four are the Kailuan Coal Mine Bureau in Hebei Province, the Datong Coal Mine Bureau in Shanxi Province, the Hegang Coal Mine Bureau in Helongjiang Province and the Pingdingshan Coal Mine Bureau in Henan Province. The Huaibei Coal Mine Bureau is the country's extra-large industrial enterprise. It ranks 59th in the State Statistical Bureau's 1990 list of China's 500 largest industrial enterprises.

According to Yang Shouzhong, director of the Yangzhuang Coal Mine, the mine is located to the

north of Xiangcheng where the Huaibei Coal Mine Bureau is headquartered. It has a pit area of 26 square kilometres. Its reserves are some 140 million tons, of which over 86.65 million tons are exploitable. If some 2 million tons are extracted annually, it will produce for more than 40 years. At the mine, there are now 13,000 miners and 5,900 sets of large machines and electronic equipment, including three sets of modern comprehensive extracting machines imported from Germany and one comprehensive cutting machine imported from Japan.

The mine was put into operation in May 1966, and reached its designed annual capacity of 900,000 tons in 1970. Its production capacity increased by a large margin after renovations, reaching 1.5 million tons in 1973, 1.91 million tons in 1975 and 2 million tons in 1977. During the ten years between 1977 and 1986, its annual output always stayed at 2 million tons, with the highest being 2.24 million tons. It is one of the few mines that have grown rapidly and kept running over capacity in Huaibei. Before 1986, it boasted the highest output in east China and was the backbone of the Huaibei Coal Mine Bureau.

After 1986, with new mines going into operation in the Huaibei mining zone and with changes in its own operation, the Yangzhuang Coal Mine saw its output drop. It extracted 1.54 million tons in 1988, 1.09 million tons in 1989 and 1.20 million tons in 1990. Even so, it is still a major coal producer.

The reason why production at

the Yangzhuang Coal Mine is so high is that its miners and staff love the mine.

Jin Xiangqin, 48, head of the coal extracting area, is a farmer-turned miner. He was promoted to the post in 1984.

He said that some people looked down upon miners' work because it was dirty and backbreaking. "The attitude is unreasonable," he said, "because coal is an important and indispensable product for industries. Every enterprise and person needs coal." He believes he is making an important contribution to the country and society. He feels proud to be a miner. And, he said, even though the work hours are longer than at other jobs, he doesn't feel tired.

The extracting area has a total of 141 miners divided into two shifts. They produce 350 tons of coal daily and 120,000 tons annually. Because all the miners are as conscientious as Jin Xiangqin, the coal mine overfulfils its target each year.

Huang Changquan, the head of the No. 6 extracting area, also comes from a farmer family. The monthly output for his area is set at 12,000 tons. Because the coal face is far from the pit head, Huang's team only extracted 9,000 tons in August last year. According to the rules set by the bureau, if the task is not fulfilled, 15 percent of the basic wage of the area head is to be reduced. Huang said that the punishment was fair and that a reward should be given to those who overfulfilled the task and punishment given to those who failed to do so.

The miners of the area all felt sorry that they failed to fulfill the

task in August and were determined to accomplish their task in the following months. They made good on their goal and fulfilled their 1990 quota.

The mine pays close attention to safety. It established a safety supervision station in 1966 when it began operation. In 1983, the station was upgraded to a safety supervision department under the Huaibei Coal Mine Bureau.

In order to ensure safety, the mine, in addition to education in safety in production, has also set up a series of rules and regulations such as a system of supervisors' contract responsibility for an area, a safety and potential danger analysis system, and a safety network personnel system. It also established a roof management group, a comprehensive dust prevention group, and an accident investigation and resolution group.

At present, there are 80 professional safety supervisors and 260 amateur safety supervisors.

The mine has a regular safety meeting every Friday afternoon which is attended by the mine director, deputy directors, heads of each extracting area and leaders in charge of each department. First, each area head reports on the safety production situation and potential dangers in the pit within the week. Then they discuss and analyse the causes for such problems and put forward solutions as well as matters to which they should pay attention next week.

At a recent safety meeting, Yang Shouzhong asked the heads of the extracting areas to renew their safety checks. He said that coal production in China is labour-intensive and mechanized extraction level is not high, and everything possible should be done to reduce injuries and deaths.

In the 20 years from 1966 to 1986, the Yangzhuang Coal Mine produced a total of 32.659 million tons of coal, and the death rate was 1.74 persons for every 1 mil-

lion tons they produced. Yang was promoted to be the mine director in 1987. In the four years (1987-90) under Yang's leadership, the mine produced 5.5 million tons of coal, and the number of deaths was reduced to only three persons, or 0.545 persons for every 1 million tons.

As the mine has a good educational system for the miners, production is high and, with a good safety system, the death rate is very low. In recognition of the mine's accomplishment, the People's Government of Huaibei City awarded the mine a gold medal in early 1990. Yang was named an excellent mine director. Several months later, the mine was selected by Anhui Province one of the best enterprises in the province.

Yang Shouzhong, 50, graduated in 1966 from the Huainan Mining Institute. He majored in pit construction. After graduation, he was assigned to work in a coal mine under the Huaibei Coal Mine Bureau. He served as a miner, technician and head of an extracting area. As he loves his work and has done it quite well, he was soon promoted to be deputy mine director. In August 1979, he was transferred to the Luling Coal Mine as its director. In May 1985, he was appointed Party secretary of the Yangzhuang Coal Mine.

Just as a human life has its end, so does a coal mine. Because the mine was over-extracted in 1985, extracting got disproportioned to tunnelling and production to miner's living standard. At the same time, the lifting and hauling capacities were too overloaded to meet the needs for further production. When Yang came to the mine, the first-level extracting was nearly over while the second-level production had not yet started. Moreover, there was more than 30,000-ton shortfall in output.

Yang went underground to investigate the situation together with the mine director and solicit-

ed opinions from engineers and technicians. He adopted measures to improve the lifting equipment and increase production capacity. He also carried out a reform in the distribution system and linked work performance with wages and bonuses, thus stimulating the enthusiasm of the miners.

The result was an increase in production and an output of 2.1 million tons of coal in 1985.

In October 1987, the mine director was transferred to another unit and replaced by Yang. In 1988, he carried the reform forward and enhanced management. At the same time, he did his best to improve the living standards of the miners and staff. For example, housing was a problem which remained unresolved for a long time in the Yangzhuang Coal Mine. Yang knew that it was impossible for miners and staff to work well without basic living conditions. He came to grips with the problem of housing. In 1986, dozens of apartment buildings were built for 140 households of engineers and technicians and 550 miner households. By 1987, housing problems had been solved for more than 1,000 households. The miners said that they had never expected the Yangzhuang Coal Mine to solve the housing problem so successfully.

As production developed, the miners' income increased year by year. When the mine was first set up in 1966, the miners' average annual income was only 816 yuan. It reached 1,214 yuan in 1984, and 2,406 yuan in 1988. It further upped to 3,206 yuan in 1989 and 4,000 yuan in 1990.

Just as Yang was beside himself with success, a disaster struck.

In October 1988, the newly opened No. 617 coal face on the second level was put into operation. It is the mine's main coal extracting face equipped with a comprehensive coal extracting machine imported from the Federal Republic of Germany. In the first two days, its output reached

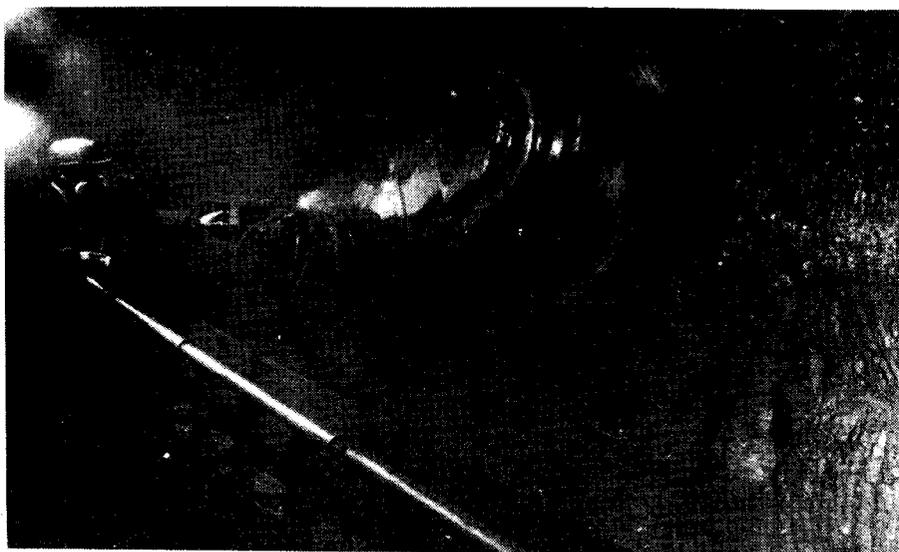
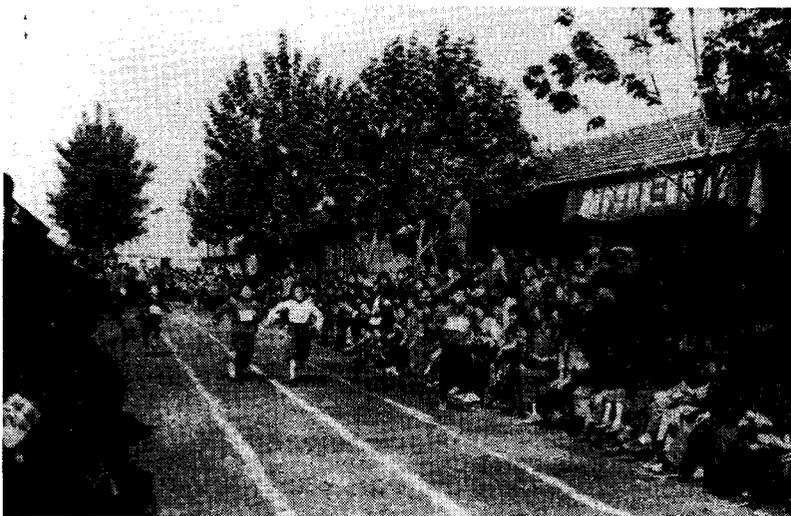
12,000 tons. Based on this volume, 1988 would be a record year. Unfortunately, in the afternoon of October 24, leakage appeared on the roof and soon became an underground reservoir, inundating everything, the conveying tracks, the central power transforming station, the pumping house and whatever.

On hearing the bad news, Yang took immediate action. He sent people to discover the origin of the leakage and decided to extract the water with pumps. The water volume, however, continued to increase. He later learnt that it was a river hidden deep in the rocks which poured out rapidly and flowed to every part of the mine at a rate of 3,150 cubic metres per hour.

Based on his 20 years' experiences, Yang knew that he was faced with a large flood. Both the mine and miners were in danger. He reported the situation to the bureau and ordered all miners to leave the pit.

The withdrawal was carried out in an orderly manner and, with state property in mind, no one left the pit with empty hands. They brought with them the equipment and tools which could be used to restore production. Yang felt proud of the miners who, at the

The school sports meet is underway.



Modern comprehensive extraction machines in operation.

critical moment, showed a strong sense of responsibility as well as love for their country and for their coal mine.

In order to ensure that all of the miners were safe, Yang went down the pit together with other deputy directors. There was no light in the pit because of power blackout.

Water was up to Yang's waist. If the 6,000-volt current travels through water, it would be fatal to anyone. Despite the danger, how-

ever, Yang and his colleagues inspected the pit step by step. When his group discovered miners still in the pit, Yang and the others immediately helped them out of the mine. When Yang found himself alone in the pit, he took a last look around to make sure that there was no one left and climbed up from the pit.

Yang's leadership, his willingness to place himself in jeopardy and his thoughts for the safety of the miners helped to ensure that no one died in the accident.

Soon after the withdrawal of all the miners, the water level in the pit rose rapidly at a rate of 1.5 metres per hour. The entire coal mine would be under water within six days. Responding to a call for help, one group of people after another rushed to offer assistance. Three large water pumps with a discharge capacity of 800 cubic metres per hour were sent by the Kailuan Coal Mine in Hebei Province. Under Yang's direction, the pumping surpassed the erupting, and the water level gradually dropped.

Yang and the deputy directors did not return home nor had sleep for nine days. Only when he was sure that the water level was falling and the coal mine was out of danger did he fall into sound sleep in a chair. ■

Photos by JIANG YAN

# A Court Session on Wang Dan

by Our Guest Reporter Niu Aimin

At 1:30 pm, January 26, 1991, the Beijing Municipal Intermediate People's Court in Zhenyi Road, opened a court session to publicly sentence Wang Dan and seven other offenders who had violated the Criminal Law during the turmoil and rebellion in Beijing in 1989.

In the east hall of the intermediate court 60 visitors, including family members of the defendants, sat.

As the first round of sentences passed on the cases of Guo Haifeng, Yao Junling, Chen Lai and Li Chenghuan, the four defendants stood in a row. The presiding judge stood as he read the court decisions. The intermediate court, which held a public hearing in the case of Guo Haifeng on January 8 this year, confirmed that Guo Haifeng and three others drove a car on the morning of June 4, 1989 towards Tiananmen Square. They carried with them incendiary bombs with which they attempted to burn an armoured car of the martial law troops then on duty and were caught red handed by the martial law troops. The actions of Guo Haifeng and three others were crimes of counter-revolutionary sabotage. In consideration of the fact that Guo Haifeng and three others had confessed their crimes and showed repentance and that their actions had not

caused serious consequences, the court gave Guo Haifeng a light sentence of four years' imprisonment with a one-year deprivation of political rights; Yao Junling was sentenced to two years' imprisonment with one-year deprivation of political rights; and Chen Lai and Li Chenghuan, who committed less serious crimes, were exempted from criminal punishment. After the announcement, Chen Lai and Li Chenghuan were taken home by their families. Judges, prosecutors and defence lawyers were present at public hearing of the collegiate bench when the court's decision on the cases of Ren Wandong and Bao Zunxin was announced. Their cases were publicly tried by the Beijing Municipal Intermediate People's Court, respectively, on January 9 and 15.

## Wang Dan Wishes to Learn a Lesson

The case of Wang Dan was publicly tried by the Beijing Municipal Intermediate People's Court on the morning of January 23. Wang Dan, standing at the defendant's seat, appeared healthier than when he was seen on TV more than a year ago. His parents, over 60 university students and teachers and other people sat in the visitors' section. After the public prosecutor read the indictment, the court held

an inquiry which lasted one hour and 40 minutes. After the court questioned the defendant, read out a large amount of witness testimony, tape recording and other materials, Wang Dan confessed all the crimes listed in the indictment. Two rounds of debates followed which lasted for about one hour and 20 minutes. The prosecutor spoke first, accusing Wang Dan of being one of the plotters, organizers, directors and instigators of the 1989 turmoil in Beijing and of playing a major role in the incident. The prosecutor said that Wang's actions violated Articles 90 and 102 of the Criminal Law of the People's Republic of China and that his actions and the consequences resulting therefrom were serious and should therefore be punished according to the law. In view of the fact, however, that Wang Dan is a young student, had confessed his crimes, pointed out other offenders and showed repentance, the prosecutor requested that the court consider the case in an all-round way and decide according to law. Wang Dan then defended himself for 20 minutes, expressing that the series of concrete criminal acts listed in the indictment were objective facts and that there were no inconsistencies.

Wang Dan stated, "Objectively speaking, my behaviour

directly violated the 'Criminal Law of the People's Republic of China' during the period from late April to early June in 1989 and I assume unshirkable responsibility for the consequences resulting therefrom in the events early in June." Wang Dan spoke in defence of his criminal motives and purpose and the lawyer representing him pleaded that Wang Dan be sentenced leniently. He said that the turmoil and rebellion that happened in late spring and early summer of 1989 had complicated historical backgrounds and that, regarding the defendant in the case, the court should specifically analyse the role he played, deal with different people in different ways and appropriately define his legal responsibility. The defence lawyer spoke for 20 minutes. At 11:30 am, Wang Dan said, "I keenly regret and feel compunctious for the consequences arising from the turmoil and rebellion and I am willing to assume the legal responsibility for my actions; I will conscientiously draw a lesson from the past." After he spoke, the presiding judge announced an adjournment and said that he would pronounce sentence after a discussion by the collegiate bench. The January 26 judgement was the result of the collegiate bench discussion. Wang Dan was given a light sentence of four years' imprisonment with a one-year deprivation of political rights.

### **No Criminal Sanction for Liu Xiaobo**

The Liu Xiaobo case was the last one heard on January 26. The collegiate bench

firmly believed that Liu Xiaobo actively adopted various means to stir up troubles among the masses, resisted and undermined the implementation of the law and the decrees, and tried to overthrow the people's government and the socialist system. However, before the martial law enforcement troops entered Tiananman Square, he appealed to and organized the students and the masses to withdraw from the square and prevented thugs from using weapons. His actions showed that he rendered a meritorious service. At the same time, he has acknowledged his crimes and showed repentance. According to Articles 102 and 59 of the Criminal Law, Liu was exempted from criminal punishment by the court.

At 2:30 pm, after Liu Xiaobo heard the pronouncement of his release, he walked out of the court accompanied by two bailiffs. The reporter in the visitors' gallery saw that his eyes were full of tears.

Liu Xiaobo, 35, was once a teacher at the Beijing Teachers' University. After his release, he joined his teachers, colleagues and friends who had come to hear the verdict. They were interviewed by this reporter.

"How do you feel now?" the reporter asked Liu.

"I feel quite good" Liu said excitedly. "I never expected such a decision. When I heard the judgment at the court I wanted to jump out of my seat but I controlled myself because I was in the court and it would be unsuitable. The judgment is really unexpected. I'm very happy.

"I didn't expect that the

public security, procuratorial organs and the court would be so responsible in my case. They studied and checked all facts and evidences conscientiously and carefully, teaching me a lot and saving me from more mistakes. From now on I will work hard and contribute to my country," Liu said.

A teacher from the Beijing Teachers' University told the reporter, "The decision demonstrates that Liu's good performances atoned for his crimes." Wang Xianda, deputy director of the Chinese Department of the university, said, "I was here when the court was open. Both the public prosecutor and the lawyer said Liu committed a serious crime, but they all thought that Liu should be sentenced lightly because of his good performance and attitude and his admission of guilt. Even so, today's decision was unexpected." Huang Zhixian, an associate professor and director of the linguistics office at the university, said, "I think Liu is guilty but the Party and the government treated him with leniency. Liu should remember this as a bitter lesson. From today on, he should take a correct road when he tries to bring his wisdom and talents into full play."

A teacher from Beijing University said, "The judgment is based on the facts and demonstrates the seriousness and fairness of the law. At the same time, the judgment has shown leniency and the steps which the Party and the government have taken to protect the younger generation." ■

## Consumers Spend for Quality

BEIJING RIBAO  
(Beijing Daily)

Great changes have taken place in the consumption structure of the Chinese citizens. Whether eating, buying clothes, securing housing or buying articles for daily use, they have set their minds on quality instead of quantity. At the same time, with the increase in the variety of commodities available, they have become more particular in their spending.

According to the State Statistical Bureau, during the Seventh Five-Year Plan period (1986-90), Chinese urban residents' per-capita income for living expenses increased by an average of 14.7 percent annually; the net per-capita income of rural residents rose by an average of 10 percent annually. With more money to spend, residents are paying more attention to improving the quality what they buy and eat. In 1989, the per-capita expense on food in the nation's cities and towns increased by 9 percent, compared with that in 1985, averaging an annual rise of 2.2 percent; while the consumption of non-staple foods increased by 9 percent. Among non-staple food, the quantity of fresh vegetables, beef, mutton, and fresh eggs consumed in the Seventh Five-Year Plan equaled that during the Sixth Five-Year Plan period. The increases in the consumption of poultry and fish were very clear.

The Chinese population has stabilized their consumption of clothes. According to statistics, in 1989, per-capita expense on clothing of urban families increased by 3 percent compared with that in 1985, averaging an annual rise of 0.7 percent. However, money spent on clothing is declining annually in rural areas.

The housing conditions of the

residents in cities and towns will continue to improve as well. In 1989, per-capita floor space was 6.6 square meters and 1.4 square meters more than that in 1985; 17.2 square meters in the rural areas in 1989 and 2.5 square meters more than that in 1985.

People are focusing their newly increased incomes and consumption interest towards the commodities market, especially to those which can provide high-grade and durable consumer goods. Therefore, the expense of commodities has increased. By the end of 1989, there were 36.47 refrigerators, 51.47 colour TVs, 66.96 recorders, 128.68 electric fans and 76.21 washing machines for every 100 urban families, representing an increase of 454.3, 199.1, 62.7, 74.1 and 57.8 percent respectively. The quantities of televisions owned by every 100 rural families has increased.

(Nov.27, 1990)

## Policy Decision: An Inside Story

LIAO WANG  
(Outlook Overseas Edition)

Water conservation will join agriculture, energy, transportation and raw materials as basic sectors vital to China's economic development. According to authoritative sources, this decision has been written into the next five-year plan (1991-95) for China's economic and social development.

It all began on November 21, 1989, when Zhang Guangdou, a water conservation specialist and professor at Qinghua University, wrote a letter to two top Chinese leaders Jiang Zemin and Chen Yun. "One should not dig a well till one is thirty," he wrote, and suggested that effective measures be taken as soon as possible to cope with the nation's serious conditions in water resources and an effective operational mechan-

ism be designed for this purpose.

In the letter he proposed two ideas: The first, elevating water conservation on a par with energy and transportation as a strategic significance in the national economic development; The second, adjusting the water economic policies so that projects can be undertaken in accordance with the law of planned commodity economy. To back his argument, the professor enclosed a paper, entitled *Problem in China's Water Resources and the Way Out*, which he had written with Chen Zhikai, director of Water Resource Research Institute under the Chinese Academy of Water Conservancy and Hydroelectric Sciences. The policy-decision makers attached great importance to the respected professor's proposals.

In a reply to the professor, Jiang Zemin, general secretary of the Chinese Communist Party Central Committee, said, "We should study the problem of water carefully when we consider the Eighth Five-Year Plan (1991-95). It's time for us to prepare for the future." The Party chief sent Zhang's letter and paper to the State Planning Commission for consideration.

Chen Yun, chairman of the Central Advisory Committee of the Communist Party of China, responded to Zhang's suggestions as well. "The problem of water is always a big one," he wrote, "and we should approach this problem from a strategic point of view. Leading departments at all levels, especially those in the economic and scientific fields, should see that water is as important as grain and energy. We should use water in a planned and the economical way. It should be a part of our long-term, five-year and annual plans so that, by administering effective measures, we can gradually tide over our present water crisis."

Speaking at a national sympos-

ium on agricultural water conservation on September 1, 1990, Li Peng, premier of the State Council, pointed out that great importance should be given to the development of water conservation, which should be handled from the high levels of national economic strategy. "Water conservation should be regarded as infrastructure as this should be incorporated into the Eighth Five-Year Plan," he said.

Water conservation finally obtained its proper position in the overall development of the Chinese national economy, thanks to the efforts of professor Zhang Guangdou, and numerous others.

(No. 47, 1990)

## Survey: The Secret Of Long Life

RENMIN RIBAO  
(People's Daily)

Many people felt puzzled by some long-lived people's diet in Beijing, because certain foods they eat are generally regarded as taboo by medical authorities.

According to China's 1990 census, there are 40 people who are at least 100 years old in Beijing. A survey of 12 of them reveals that they do not necessarily follow a set pattern to longevity.

Liao Wengying, 106, is the oldest person in Beijing. At her advanced age, she takes an increasing fancy to eating fat meat. A bowl of pork braised in brown sauce is her favourite food for supper. The old woman looks healthy and can still hear and see clearly. She looks in her early eighties at most.

The second oldest, Guo Biru, is 105. She eats two kilograms of white sugar and crystal sugar per month, in addition to three kilograms of crunchy candy.

Feng Koushi, who lives in the Haidian District, likes salty food

very much. Her granddaughter-in-law said that whenever she cooks for her grandmother, she makes a point to add an extra pinch of salt to her share of the dish. "As a result, her dish became so salty that it was inedible to me," She said. The old woman doesn't suffer from high blood pressure or cardio-vascular diseases.

Despite the difference in these elderly people's eating habits, there's something common in their diet and way of life.

In respect to diet, they primarily eat plain and simple foods. They seldom take in high protein and nourishment.

In addition, most of them live a traditional lifestyle, in which three or four generations live under the same roof. They get along well with their children and grandchildren. Most of them are even-tempered and open-minded, so they are constantly in a calm and cheerful state of mind.

The survey also reveals that they all share the common characteristic of coming from a family with a history of long life. Their mothers usually lived till 80 or 90, and in some cases even as old as 100.

The great majority of the long-lived people are thin and of medium height. What they enjoy most is watching TV, especially operas that feature ancient costume. Those who are educated read newspapers.

(Nov.27, 1990)

## Foreigners Acquire Doctorates in China

ZHONGGUO QINGNIAN BAO  
(China Youth Daily)

While many Chinese students studying abroad, more and more foreigners have been attracted to study in China's Zhejiang Agriculture University.

In recent years, the campus has

received more than 160 students coming from 30 Asian, African, European and American countries. The university has turned to the field of fostering foreigners to be senior agricultural professionals.

Zhejiang Agriculture University, with 80 years of history, has attained advanced world levels by offering many subjects such as teaology, crop protection and entomology, and agricultural biophysics etc. Lately, 12 world famous universities in the United States, Britain, Japan and Germany established academic exchange relations with the campus and, meanwhile, many foreigners have applied for admission. In order to provide foreign students with an ideal situation, the Chinese government stipulated in 1987 that the faculty should lecture to foreigners in English. Currently, six specialities which include 200 curriculums have been developed for overseas students and suitable teaching materials is offered by every course.

Foreign students who have graduated from Zhejiang Agriculture University highly appreciate its academic and teaching levels. The Ethiopian president praised one of his country's student who wrote "Comparison of Grain Production and Price Between China and Ethiopia," the thesis improved grain policy reforms in Ethiopia. The student said in his letter that his education in China allowed him to win the competition which included students from the United States, the Soviet Union and other European countries. All Guineans who had studied at the university passed the Guinean government's examination after graduation, along with other students returning from Europe and the United States.

Until now, there have been eight doctorates and eight master degrees given to overseas students, and another 100 foreign students have graduated from the university.

(November 10, 1990)

## 1990: Foreign Investment Grows

The Ministry of Foreign Economic Relations and Trade reports that China had a favourable balance of foreign capital which continued to grow last year.

In 1990, China's foreign capital reserve totalled US\$12.33 billion, US\$10.09 billion of which was actually used. New loans of US\$5.36 billion were signed in 1990, an increase of 3.4 percent over the previous year. The number of newly approved direct foreign investment items was 7,276, worth some US\$6.57 billion, a rise of 25.9 percent and 17.3 percent respectively over 1989. Actual investment was US\$3.41 billion, up 0.6 percent over 1989. Of the newly approved foreign investment enterprises, 4,093 were joint ventures worth US\$2.68 billion, an increase of 0.6 percent; 1,317 were co-operative management ventures, worth US\$1.26 billion, a rise of 15.9 percent; and 1,861 were solely foreign-owned enterprises, worth US\$2.44 billion, a jump of 47.7 percent over 1989.

According to analysis by a ministry official, direct foreign investment in 1990 had the following characteristics:

- The number of projects and amount of investment reached a record high.

- Approximately 90 percent of the projects were productive enterprises. The proportion of export-oriented and technically advanced enterprises increased and clustered mainly in the textile, electronics, machine-building, chemical and garment industries.

- Taiwan investment in the mainland grew continuously, with both the number of items

and amount of investment taking a jump.

- The management conditions for foreign-funded projects have improved and exports increased by a wide margin. According to statistics, exports from foreign-funded enterprises in 1990 valued US\$5.92 billion, a 63.1 percent rise over the previous year.

by Li Ming

## Relic Copies to Be Offered Abroad

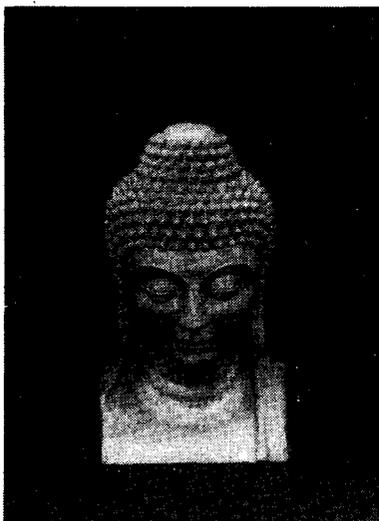
The Beijing Yihai Cultural Relics Reconstruction Co. (BYCRC) recently began operations and provided the first batch of reconstructed cultural relics abroad.

A joint venture of the Beijing Yihai Industrial Co. and the Beijing Palace Museum, BYCRC has reconstructed the Forbidden City's historical relics and has export authority so long as approval of relevant authorities is provided.

Since it was established a month ago, the company has developed more than 400 prod-

QING TAO.

A relic copy created by the Beijing Yihai Cultural Relics Reconstruction Co.



ucts, including imitations of unearthed bronze ware of the Zhou and Shang dynasties and the Qin and Han dynasties, paintings and calligraphic works from many periods, four treasures of study (writing brush, ink stick, ink slab and paper), animal sculptures from the Forbidden City such as the dragons and deers in front of Chuxiu Palace and the cranes in front of Cining Palace and other historical relics. These imitations have an ornamental and collector value.

The BYCRC has already signed a contract with the Administrative Bureau for Museums and Archaeological Data to lease the Zheng Yang Men Gatetower for reconstructed relics exhibition in the next five years.

by Qiang Tao

## Mainland-Taiwan Coal Trade Thriving

Hu Fuguo, the general manager of the China Unified Coal Mine Distribution Corporation, recently said, "The volume of coal trade between the mainland and Taiwan has increased at an annual rate of 50 percent since 1988. But at present, the proportion of the mainland's coal to all the coal imported by Taiwan is still small, so the relation of coal trade needs to be further developed."

Hu is optimistic about the prospects for coal trade between the mainland and Taiwan. He noted that Taiwan's need for energy resources is steadily expanding as its economy develops, and coal becomes Taiwan's main pillar along with the outbreak of a worldwide oil crisis. Formerly, Taiwan mainly imported coal from Australia, the United States, South Africa and

Canada. The world sea transportation fee has been going up in the past few years. In terms of economic benefit, Taiwan's import of coal from the mainland can save much freight. Therefore, Taiwan has begun to pay attention to developing direct or indirect coal trade with the mainland.

Hu says that the mainland's coal industry, with abundant strength, a good array of variety and guaranteed quality can fully meet Taiwan's need for coal for its industrial development.

In order to speed up the development of the mainland's coal industry, Hu indicates that Taiwan businessmen are welcome to conduct diversified firms of economic co-operation with the mainland's coal enterprises which will offer favourable terms for overseas investors. At the same time, Taiwan compatriots are welcome to provide funds and technology and set up joint ventures, cooperative enterprises, and wholly Taiwan-owned businesses in the mainland, so that people on both sides of the straits will join hands to promote the development of coal industry. ■

## **Container Shipping on Eurasian Railway**

International container transport over the new European-Asian Railway has already entered the preparatory stage. Some railway, transport, foreign trade and customs departments and the Lianyungang Harbour are now preparing for trial operation. This was announced at a work meeting recently held by the China Eurasian Railway Transport Work Group.

In mid-September last year, the western section of China's

Lanzhou-Xinjiang Railway Line was officially connected in Alataw Pass with the railway of the Soviet Union. As a result, the 10,800-km new European-Asian Railway from Lianyungang in China and Rotterdam in the Netherlands has been joined. The State Planning Commission established the China Eurasian Railway Transport Work Group together with railway, trade and customs authorities. The group is now discussing transport volume, operation, management measures and trial operation work. The group indicated that China would adopt a flexible price policy in line with international practice for cross-border container transport.

Container-handling harbours and railway stations on the Chinese side are Lianyungang, Tianjin, Dalian, Shanghai harbours and Alataw Pass, Manzhouli, Erlian and the Shenzhen Harbour (North). Dealing with transit container transport are the China Foreign Railway Service Co., the China Foreign Trade Transport Corp., the China Ocean Shipping (shipping agency) Corp. and other companies.

Chinese railway and harbour authorities plan to provide convenience in loading, unloading and trans-shipment. ■

## **News in Briefs**

● Statistics from the Ministry of Foreign Economic Relations and Trade indicate that in 1990 China's imports and exports reached US\$84.05 billion, a 1.78 percent increase over 1989. Exports were worth US\$51.696 billion, an increase of 19 percent while imports were valued at US\$32.36 billion, a drop of 17.3 percent. Rapid growth in exports has brought about an

increase in the state's foreign exchange reserves and buttressed the country's international purchasing power.

● The 20th MD-82 airplane co-operatively produced by China and the United States was delivered to the China Eastern Airline on January 12. By the end last year, the MD-82 produced by the Sino-US joint venture had a total of 34,000 take-offs and landings and chalked up more than 63,000 hours of flying time without incident. The MD-82s account for 77.6 percent of the China Northern Airline's aircraft and make up 54.3 percent of the China Eastern Airline's.

● The Wuhu Guanghua Glass Factory is quickly becoming China's largest thermos exporter. In 1990, the factory exported more than 1.2 million vacuum bottles worth 9.136 million yuan and plans to export 2 million of the product for a total value of 13 million yuan in 1991.

As one of the country's major thermos enterprises, the factory has four production lines. With nearly 100 varieties of vacuum bottles in six series, the factory can produce 12 million such bottles annually which are sold to more than 30 countries and regions including Thailand, India, Indonesia, Singapore, the Soviet Union and Italy as well as Hong Kong and Macao. Exports of the 2.6-liter atmospheric flasks to the Soviet Union rose 43 percent over 1989.

To meet market requirements and develop new products, the factory in late January signed an agreement with a Hong Kong business to co-establish a thermos company with an annual output of 2 million vacuum bottles. The total investment of US\$3 million was equally shared by the two sides. ■

## Weather Satellite a Success

The China Meteorological Centre has recently received congratulations from the World Meteorological Organization, the European Space Agency, the United States, Australia, Hong Kong and Macao, praising China's second "Fengyun I" meteorological satellite. Some claim that the clarity of its cloud charts ranks with those of the third-generation NOAA satellites of the United States.

The second "Fengyun I" meteorological satellite, made by the China Research Institute of Space Technology, was sent into the sun-synchronous orbit by the "Long March 4" rocket in Taiyuan, Shanxi Province, on September 3, 1990. For the past several months, the satellite has been operating well.

Materials sent back by the satellite and processed at the ground data centre, provide data, orbit calculations and other sophisticated information. The satellite provides reliable information on typhoon forecasts, cloud charts, ocean colour

charts, fluctuations of temperature on the ocean surfaces, snow and ice coverage and vegetation growth as well as space environment information.

The satellite's cosmic ray components monitor enables China to observe for the first time particle energy, which is significant in the study of space and its environment.

The second meteorological satellite was launched 18 months after the first "Fengyun I" satellite, launched in September 1988, completed its experimental task. The satellite is composed of seven systems: remote sensing, image transmission, structure, thermal control, power control, tracking and attitude control. Weighing about 825kg, the satellite is a  $1.2 \times 1.4 \times 1.2$  metre hexahedron, with the highest point being 2.9 metres.

The satellite revolves round a synchronous orbit 901 kilometres above the earth. Capable of observing the entire surface of the earth, it revolves 14 times round the earth and covers the earth twice within 24 hours, thus

giving accurate pictures of the ground targets.

The satellite is incorporated with a three axis stabilization attitude control system. Its remote sensing apparatus has five channels. The visible light and infrared scanner, with a speed of 360 revolutions per minute, scan the earth. The visible light channel observes images of cloud, the earth and oceans as reflected by the sun's radiation during the day time. The infrared ray channel can observe not only in the day time but also at night by the radiation of any object itself, thus providing temperature of cloud formations and of the earth's surface.

The second "Fengyun I" satellite was equipped with more than 100 sets of apparatus and tens of thousands of components, of which 99 percent were made by Chinese. Cloud chart images taken by infrared and visible light channels are fairly clear and have a high resolution, especially the clouds above the West Pacific Ocean, as well as China's landscapes.

The excellent result of the satellite is proof that China's meteorological space technology

has entered an advanced phase, and significant contribution has been made to China's meteorological modernization.

Currently, China is accelerating its work on the "Fengyun II" earth-synchronous orbit meteorological satellite, so that together with "Fengyun I," China will possess a global meteorological observation system with two kinds of orbit in the near future.

by Yang De and Wang Xiang

Left: The Second "Fengyun I" meteorological satellite being launched. Right: A cloud chart of the West Pacific Ocean.

WEN JIAO



## 1990—A Golden Year For Chinese Athletes

In 1990, Chinese athletes won 53 gold medals in international sports competitions, including:

—Gymnastics. Li Jing won a gold medal in the men's pommel horse and Yang Bo won a gold medal in the women's balance

beam at the 8th World Cup Gymnastic Competition.

—Weightlifting. At the Fourth World Women's Weightlifting Championship in the snatch, jerk and total score competition, Wu Xiangmei won a gold medal in the 44 kg category;

Cai Jun won a gold medal in the 48 kg category; Liao Shuping won a gold medal in the 52 kg category; Wu Haitao won a gold medal in the 56 kg category; Wang Genying won a gold medal in the 67.5 kg category and Li Yajua won a gold medal in the 82.5 kg category.

—Weightlifting (men). At the 63th World Weightlifting championship, Zhang Zairong won a

Giao Hong (first left) and Li Huifei (second left), Chinese table tennis stars; Li Jing on pommel horse.

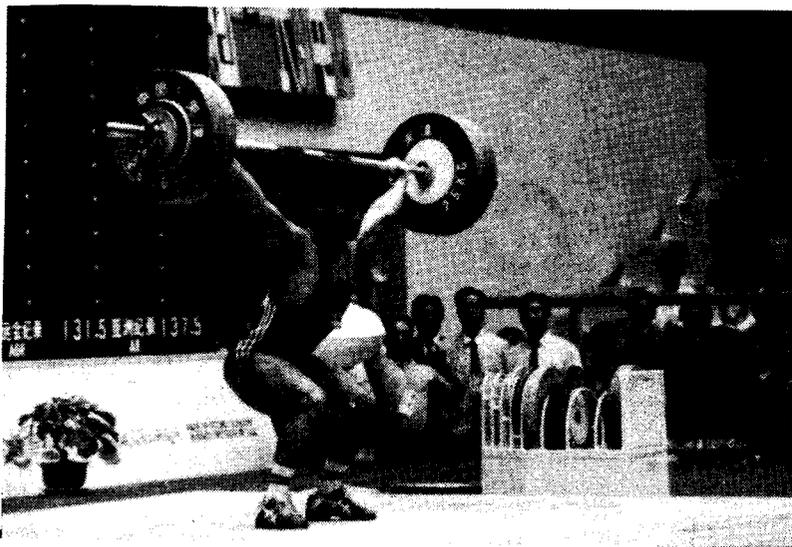
TANG MENGZONG

GUAN TIANYI



A Chinese Weightlifter.

XUE CHAO



gold medal for snatch in the 52kg category; He Yingqiang won a gold medal for jerk in the 56kg category and Liu Shoubin won a gold medal for total score in the 56kg category.

—Shooting. At the 45th World Shooting Championship, the Chinese team won a gold medal in the men's 10-metre running game target, and Zhang Ronghui won a gold medal in the men's 50-metre sprint target.

—Table Tennis. The Chinese women's team won a gold medal at the First World Cup Table Tennis Group Competition.

—Badminton. The Chinese men's team won a gold medal at the 16th Thomas Cup. The Chinese women's team won a gold medal at the 13th Uber Cup. At the 10th World Cup Badminton Competition, Wu Wenkai won a gold medal in men's singles at the 10th World Cup Badminton Competition and Yao Fen and Lai Caiqin won a gold medal for women's doubles.

—Speed Skating. Wang Xiuli won a gold medal at the World Women's Speed Skating Championship.

—Acrobatics. At the 9th World Acrobatics Competition, Chen Yun and Chen Baohuang won a gold medal in men's double all-round; Song Na and Su Hong won a gold medal in the women's doubles. Li Yijia and Wu Xiangdong won a gold medal in the mixed double competitions; and Liu Han, Cai Chen, Xu Bing and Ren Shiqiang won a gold medal in the men's quadruple competition.

—Chinese Chess. The Chinese men's team won a gold medal in the men's group competition at the First World Chinese Chess Championship, and Lu Xin won a gold medal for the men's single competition.

—Fin Swimming. At the Fifth World Fin Swimming championship, Liu Qiorong won gold medals in the men's 100-metres scuba event and 50-metre diving; Zheng Shiyu won gold medals in the women's 100-metre scuba, 50-metre diving and 100-metre fin events; Cheng Chao won gold medals in the 400-metre scuba, 800-metre fin and 1,500-metre fin events; and the Chinese women's team won gold medals in both the women's 4x100 and 4x200 metres fin swimming relays.

—Modelship. Zeng Hubin won a gold medal at the Seventh World Endurance Model-

ship Championship.

—Am. Airplane. At the World Control Line Aeromodel Airplane Championship, Zhang Xiangdong won a gold medal in the individual event and the Chinese team won a gold medal in the group event.

—Radio. Han Chunrong won a gold medal in the women's 2-metre-range event at the Fifth World Radio Championship.

## World Records

In 1990, Chinese athletes set 14 world records, including:

—Weightlifting. Wu Haiqing set a world record in the women's 56 kg category weightlifting, by lifting 82.5 kg in snatch, 107.5 kg in jerk and 190kg in total score; and Li Yajia set a world record in women's 82.5kg category weightlifting, and above by lifting 42.5kg in jerk and 245kg in total score.

—Shooting. Zhang Shan set a new world record in women's skeet shooting with a score of 197. The Chinese team set a world record in women's skeet shooting with a score of 418.

—Cycle racing. Zhou Lingmei set a new world record in the women's 1 kilometre race with a score of 1 minute and 13.899 seconds.

—F i n - Swimming. Liu Qiorong set world records in the men's 100-metre

scuba swimming for 33.80 seconds and in the 50-metre diving in 14.99 seconds. The Chinese men's team set a world record in the 4x100 metre fin swimming relay in 2 minutes and 31.21 seconds. The Chinese women's team set a world record in the 4x100 metre fin swimming relay in 2 minutes and 54.30 seconds.

—Am. Airplane. Hu Tianbao set a new world record in F3E-P with a score of 7 hours, 1 minute and 42 seconds. Li Shaokun set a new world record in F3E-P in 7 hours, 18 minutes and 54.3 seconds, and in F3E-S in 6 hours, 7 minutes and 27 seconds. Han Xinyuan set a world record in F3E-S for 6 hours, 19 minutes and 49 seconds. ■

Zhou Lingmei, world record holder in cycle-racing. WEN JIAO



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