

A CHINESE WEEKLY OF NEWS AND VIEWS

# Beijing Review

北京周報

VOL. 34, NO. 14 April 8-14, 1991

## PROGRESS IN CHINA'S SEZs

**The Origin of  
The 14th Dalai Lama**

**Foreign Minister Qian  
Meets the Press**



On their way to the downtown market.

*Photo by Xu Yimin*

# HIGHLIGHTS OF THE WEEK

## CONTENTS

### NOTES FROM THE EDITORS 4-5

The Forigin of the 14th Dalai Lama—Is Tibet a 'Fully Functioning State'?

### EVENTS/TRENDS 6-10

People's Motivation: Key to Success  
Democratic Parties: Colleagues, not Puppets  
Economic Tasks for 1991 Outlined  
China's 1991 Budget Grim but Hopeful  
Scientific Exchanges to Be Expanded

### INTERNATIONAL

Foreign Minister Qian Meets the Press 11  
Towards Better International Trade 15

### CHINA

Development of China's SEZ 16  
Everlasting Friendship 23  
Friendship Studies: Goals and Prospects 26

### FROM THE CHINESE PRESS 28-29

### BUSINESS/TRADE 30-31

### CULTURE/SCIENCE 32-34

**COVER:** The Development Centre Building in Shenzhen City.  
Photo by Chen Zonglie

## Foreign Minister Qian Meets the Press

□ During the annual National People's Congress session, Chinese Foreign Minister Qian Qichen, at a televised news conference, explained China's foreign policy and its position on a number of international issues (p. 11).

## The Origin of the 14th Dalai Lama

□ This article by our Guest Commentator Bu Wen cites numerous historical facts to prove that Tibet has been under the sovereignty and administration of China's central government since the Yuan Dynasty in the 13th century. For example, the installation of the Dalai Lama as Tibet's leader had to be reported to and approved by the Central Chinese Government and when the National Assembly of the nationalist government was held, Tibet, like other Chinese provinces and regions, sent representatives to attend the conference (p. 4).

## People's Initiative: Key to Success

□ During the ongoing plenums of the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference, human factor, including people's initiative and development, was stressed by many participants and state leaders. They agreed that the key to the fulfillment of the country's economic objectives is to bring the initiative of the masses into full play (p. 5).

## SEZ: Establishment and Development

□ China's special economic zones (SEZ) have since their establishment ten years ago experienced fast expansion both in area and business. A review of their establishment and development (p. 16).

## Towards Better International Trade Environment

□ Trade protectionism and non-tariff barriers erected by developed countries have become a major obstacle to the development of international trade. Therefore, China hopes the United Nations Conference on Trade and Development and the United Nations Development Programme will give additional technical assistance to developing countries. (p. 15).

General Editorial Office  
Tel: 8314318  
TLX: 222374 FLPDA CN  
FAX: 8314318  
English Dept. Tel: 8315599 Ext. 546

Published every Monday by BEIJING REVIEW  
24 Baiwanzhuang Road, Beijing 100037  
The People's Republic of China  
Distributed by **China International Book Trading Corporation** (GUOJI SHUDIAN)  
P.O. Box 399, Beijing, China

Subscription rates (1 year):  
**Australia**.....A.\$33.60  
**New Zealand**.....NZ.\$45.00  
**UK**.....18.00  
**USA**.....US\$33.80  
**Canada**.....Can.\$33.80

# The Origin of the 14th Dalai Lama

—Is Tibet a “Fully Functioning State”?

by Our Guest Commentator Bu Wen

**T**he British *Observer* reported March 17, “The Dalai Lama disputes the British Foreign Office claim that Tibet is autonomous. In his opinion... (Tibet) from 1911 to 1950 had been a fully functioning state.”

In making this remark, the Dalai Lama forgot his own origin and how Tenzin Gyatso, son of a peasant in China's Qinghai Province, became what he is today, the 14th Dalai Lama.

After the death of the 13th Dalai Lama in Lhasa on December 17, 1933, a soul boy, the reincarnation of the Dalai Lama, was being sought in accordance with the accustomed religious rites. At that time, three soul boys were found. According to the regulations of the Qing government (1644-1911), the chosen soul boy had to be ratified by the Qing Court. The Regulations Concerning the Administration of Tibet, formulated by the Qing government in 1792 in order to strengthen the administration of Tibet, clearly stipulated that after the death of the Dalai Lama or Bainqen Lama, the soul boy should be decided through the drawing of lots if more than one were found. The names of all the soul boys discovered were to be written on tags in Chinese, Manchu and Tibetan languages and put into a special gold urn. The Qing government commissioner to Tibet would draw lots from the gold urn in the presence of representatives of both ecclesiastics and secular people; the chosen tag would hold the name of the reincarnation of the Dalai Lama or Bainqen Lama. This would then be reported to the Qing government for approval. This was the system of “drawing lots from the gold urn.” The gold urn used at that time and in previous times is still intact today. The reincarnation of the 13th Dalai Lama was thus chosen through the drawing of lots from the gold urn.

For this, Regent Radreng of the local Tibetan government, in the winter of 1938, wrote a report to Wu Zhongxin, chairman of the Commission for Mongolian and Tibetan Affairs of the nationalist government, then the central government. The report said, “With regard to the method of participation of the representatives sent by the central government, it has been decided by the Kasha (the local Tibetan government) that after the arrival of

the three soul boys, a ceremony of drawing lots should be held and that, in order for the confirmation to be widely accepted, the central government should send people to participate.” In the report, Radreng also said that the central government was requested to order the Qinghai provincial government to urge Buddha Keutsang Rimpoche to accompany the Qinghai soul boy, referred to Tenzin Gyatso, the current 14th Dalai Lama, to go to Tibet. The nationalist government ordered Ma Bufang by telegram to provide the soul boy with an armed escort for his journey to Tibet and allocated 100,000 yuan for the escorted mission.

Tenzin Gyatso and his party set off from Xining in July 1939 and arrived in Lhasa without incident in early October. The Tibetan Kasha immediately sent a telegram to Chiang Kai-shek of the nationalist government reporting their safe arrival in Lhasa and indicated that the required ceremonies, such as having the soul boy's head

In February 1940, Wu Zhongxin (left), special envoy of the nationalist government, presided over the Potala Palace ceremony during which the 14th Dalai Lama was officially installed.



shaved, conferring upon him his title and having him officially installed should be held on chosen auspicious days, and that reports on each activity would be immediately sent to the central government.

Thereafter, the local Tibetan government head, Regent Radreng, reported to the central government, saying that the Qinghai soul boy had distinguished himself by his extraordinary intellect and proposed that the formality of drawing lots from the gold urn could be omitted. On January 26, 1940, in his letter to Wu Zhongxin, Regent Radreng declared that the Qinghai boy was warmly accepted as the reincarnation of the 13th Dalai Lama by the Tibetan ecclesiastics and secular people and by the upper and the lower classes. Since the masses were unanimous in their acceptance, there was no need to perform the ceremony of drawing lots from the gold urn, the soul boy should have his head shaved according to tradition and a report about the activity would be forwarded to the central government for the record. After receiving the letter from Regent Radreng, Wu Zhongxin sent a telegram the following day to the Executive Yuan of the nationalist government, then headed by Chiang Kai-shek, who in turn submitted a document on January 31 to the nationalist government, requesting the government to issue an order agreeing to omission of the confirmation ceremony, approve Tenzin Gyatso to be the 14th Dalai Lama and allocate funds for the official ceremony. On this basis, on February 3, 1940, Lin Sen, chairman of the nationalist government, issued an order by the nationalist government which read as follows:

“Order of the Nationalist Government  
The Qinghai soul boy Tenzin Gyatso having

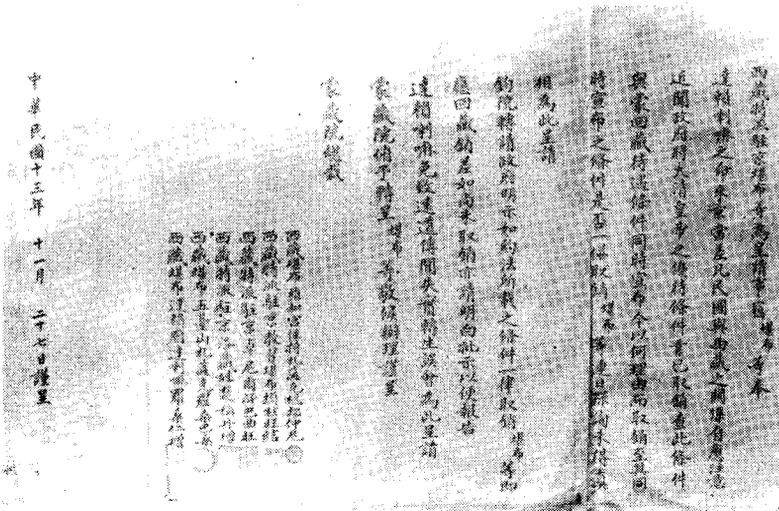
distinguished himself by his extraordinary intellect, it being established through investigation that he is the incarnate 13th Dalai Lama and the confirmation formalities having been omitted, he is allowed to succeed as the 14th Dalai Lama and the order to this effect is hereby issued.”

On February 22, 1940, when the 14th Dalai Lama was officially installed, the nationalist government, in accordance with previous regulations and the request of local Tibetan government, sent Wu Zhongxin, chairman of the Commission for Mongolian and Tibetan Affairs, to attend the official installation ceremony.

The above-mentioned experience of the 14th Dalai Lama points out that the birth of the Dalai Lama as a local Tibetan leader at that time had to be reported to and granted ratification by the Central Chinese Government. It is therefore ridiculous to claim that Tibet had been a fully functioning state from 1911 to 1950. Facts fully prove that since the Yuan Dynasty in the 13th century to 1911, after the overthrow of the Qing Dynasty in 1911, Tibet had always been under the sovereignty and administration of the Central Chinese Government.

Many other facts also prove that Tibet was a region under the administration of the Central Chinese Government between 1911 and 1950. For example, when the National Assembly (similar to a Western parliament) was convened by the nationalist government, the Tibet region, like other Chinese provinces, also sent representatives to attend the conference. According to the archives of the former nationalist government Commission for Mongolian and Tibetan Affairs, there were frequent exchanges of letters and telegrams between Tibet's Kasha and the office of the nationalist government in Tibet in regard to the dispatch of representatives in 1931, 1936, 1940 and 1946. These are all on record and supported by evidence. For example, historical archives indicate that when Regent Radreng and Dazha assumed office in succession after the death of the 13th Dalai Lama, their appointment was reported to the central government. The current Dalai Lama might not know these historical facts because he was too young at that time, but he can consult the relevant materials to have first-hand knowledge of the situation. On the basis of such historical facts, it is thus groundless for him to casually say that Tibet had been “a fully functioning state” after 1911.

Kampus of Tibet in Nanjing presented a document to the nationalist government.



## People's Motivation: Key to Success



NPC deputies from Hubei Province putting their heads together on how to improve productivity of large and medium-sized enterprises.

XUE CHAO

When a group of peasants in Anhui Province introduced a new farming system in the late 1970s, simply to stave off starvation, little did they realize they were in fact kindling the flames of an economic revolution in China's underdeveloped countryside.

The new approach, under the guidance of the Party's policies of reform and opening to the outside world, later evolved into what is now known as "household contract responsibility system." The system, which links remuneration with output, helped increase production and deliver millions of farmers from poverty. It was at this point that China initiated a modernization drive that allowed the country to double its GNP during the 1980s.

Many people today

attribute the success of the past decade to the initiative of the people. The belief for many years, they said, has been that "Man proposes, God disposes." The Chinese experience shows that the people proposed — they introduced a new value and employed a new method when they

became dissatisfied with their lot. But they have not only proposed; they have also disposed. With their resourcefulness and the sweat of their brows, they have made their lives better than before.

The human factor has been a much talked-of topic at the ongoing plenums of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC). Uppermost in the minds of the delegates and state leaders has been how the initiative of the people can be brought into full play.

Li Ruihuan, a member of the Political Bureau Standing Committee of the Central Committee of the Communist Party, said on March 28 that the key to the fulfillment of the second-step strategic objectives in China's modernization drive is to give full rein to the initiatives of the masses. One of the strategic objectives is to quadruple the country's 1980 GNP by the year 2000.

Li, the one-time mayor of Tianjin, told NPC deputies from the city, "It is an arduous task to achieve the objectives. Neverthe-

Education in areas inhabited by minority nationalities is a priority item on the agenda of NPC deputies from Yunnan Province.

XUE CHAO



less, the difficulties can be overcome and the goals can be attained so long as all members of society work hard with one heart and one mind."

Providing full scope to the initiatives of the people, Li said, means to pool the wisdom and strength of the masses in such a way as to allow them to produce outstanding social and economic results.

Li said the fundamental experience in achieving the first-step objectives has shown that success lies in motivating the people as much as possible, and rationally integrating the motivation with the objectives. The 10-Year Development Programme (1991-2000) and the Eighth Five-

Year Plan (1991-95) to be adopted at the NPC session are concerned with the second-step strategy, and are the crystallization of the wisdom of the people, said Li.

An NPC deputy from Guangdong Province said: "We must let it be known that the programmes we are currently discussing are for the people, and by the people." Only by knowing that they can gain something, he said, will people exert themselves to their greatest potential.

Shen Minkang, an NPC deputy from Shanghai, said that the economic goals cannot be realized unless large and medium-sized enterprises are really invigorated. According to Shen, the

key to activating those enterprises lies in stimulating the initiatives of the workers.

Chen Bingquan, a member of the CPPCC, on behalf of 58 other delegates, introduced measures in line with Shen's suggestions. Chen said: "Leaders of enterprises must take care of and protect their workers. If a manager wants his workers to love their company, as many managers have said, he himself should first love the workers." Chen pointed out that the workers have a vast reservoir of enthusiasm for socialism. "This is the force we must depend on to overcome difficulties and invigorate our enterprises."

by Staff Reporter Li Haibo

## Democratic Parties: Colleagues, not Puppets

Chinese democratic parties — non-Communist parties — are comrades-in-arms of the Communist Party of China (CPC). They are, in fact, colleagues, not puppets.

Jing Shuping, vice-chairman of the All-China Federation of Industry and Commerce, stressed this point at a press conference in Beijing on March 28.

Jing and the leaders of four other democratic parties who were present at the conference agreed that China's democratic parties are playing an important role in the country's political life and exerting an increasing influence on the decision making process.

There are eight democratic parties in China. They are: the

China Revolutionary Committee of Kuomintang; the China Democratic League; the China Democratic National Construction Association (CDNCA); the China Association for Promotion Democracy; the Chinese Peasants' and Workers' Democratic Party; the China Zhi Gong Dang; the Jiu San Society; the Taiwan Democratic Self-Government League. The All-China Federation of Industry and Commerce is often regarded

Five non-Communist leaders at a March 28 press conference held by the National Committee of the CPPCC (from left): Peng Qingyuan, the China Revolutionary Committee of Kuomintang; Wan Guoquan, the China Democratic National Construction Association; Fang Rongxin, the Chinese Peasants' and Workers' Democratic Party; Yang Jike, the China Zhi Gong Dang; Jing Shuping, the All-China Federation of Industry and Commerce.

XUE CHAO





Beijing Review reporter Li Haibo raises a question at the conference.

XUE CHAO

er ministers who are Communist Party members. Feng said his opinions and voice carry weight in the work of the ministry, founded in 1987 to supervise the government functionaries and fight corruption.

"I'm not a Communist," said Feng, "but I have been invited to attend all the meeting of the ministry's CPC leading group, except those concerning the CPC's internal affairs."

Many of the meetings are held to discuss im-

as yet another democratic party.

Almost all democratic parties were founded during the War of Resistance Against Japan (1937-45) and worked in close co-operation with the CPC in the struggle against the reactionary Kuomintang rule.

Yang Jike, vice-chairman of the Central Committee of the China Zhi Gong Dang, said, "The allegation that the democratic parties are puppets is groundless."

Yang said the democratic parties maintained their unique status and function by conducting mutual consultation and supervision just as the CPC. The parties, he said, are duly represented in

the country's supreme legislature body — the National People's Congress — and they will continue to recommend members for government posts and to strengthen their influence on and ties with the public, Yang added.

Recent statistics show that nearly 1,200 individuals, either democratic party members or those without party affiliation, have been promoted to posts at the county level and above. At many as 18 non-Communists are serving as vice-ministers or lieutenant provincial governors.

Feng Tiyun, a member of CDNCA and vice-minister of supervision, said that he found it quite easy to co-operate with oth-

er ministers, added Feng. Feng said he was confident he and his colleagues would win the anti-corruption campaign. "The CPC leadership and the State Council support me," he said.

Wan Guoquan, vice-chairman of the Central Committee of the CDNCA, told those attending the press conference that "democratic supervision" is one of the principles guiding China's multi-party co-operation. Wan said that while supervision is mutual, supervision of the CPC by the democratic parties is even more important since the CPC is the ruling party.

by Staff Reporter Li Haibo

## Economic Tasks for 1991 Outlined

China is to raise its total output value of agriculture and industry by 3.5 percent and 6 percent, respectively, over last year's figure and also raise its gross national product (GNP) by 4.5 percent in 1991, the first year of the country's Eighth Five-Year Plan

(1991-95).

In his report to the Fourth Plenary Session of the Seventh National People's Congress (NPC), Zou Jiahua, minister of the State Planning Commission, outlined China's key tasks for 1991, focusing on a sustained, stable and coordinated

development of the national economy.

Among the goals for this year, Zou said, top priority will be given to agriculture to ensure another good harvest.

To achieve this main goal, the central government will invest in agriculture an additional 1 billion yuan over last year's figure. He urged all local authorities to muster more financial and ma-



Zou Jiahua

XUE CHAO

terial resources for agriculture production and actively guide and encourage the farmers to make a greater investment.

The planned grain output is 425 billion kilograms, slightly more than the average of the two consecutive good harvests of 1989 and 1990.

Other major products such as cotton, oil-yielding and sugar-bearing crops, meat and aquatic products are all set to see increases in output this year.

Zou predicted that this year's target for industrial growth will be fulfilled because supplies of energy resources and raw materials will be improved and investment and consumer demand will rise.

Dramatic growth will be seen in the production of coal, crude oil and electricity. The coal output this year is expected to be 1.11 billion tons, 30 million tons more than last year; crude oil output is set to reach 138.8 million to 139.3 million tons, an increase of 0.8 million to 1.3 million tons; and the output of electricity will be 645 billion kwh, a rise of 27 billion kwh.

But the target for steel production this year is set at 65 million tons, slightly lower than last year's figure due to rising inventories.

In order to meet the targets, the planning minister called for a better job in readjusting the product mix, improving product quality and enhancing economic

performance.

This year, China will continue to control the total investment in fixed assets, giving preference only to projects in agriculture, water conservancy, energy resources and transportation.

The country's total investment in fixed assets this year will be 500 billion yuan, a 10 percent rise or 54.9 billion yuan more than last year.

The total social retail sales this year are expected to reach 905 billion yuan, an increase of 9.6 percent.

Meanwhile, Zou also stressed the need to strengthen price control in the market, systematically establish and improve a management system of price indexing

linked to essential cost of living and do a good job in keeping the prices of daily necessities stable.

On foreign trade, the minister said that China will increase its exports of machinery and electronic products as well as high technology. In return, the country will raise moderately its imports of foreign advanced technology, key equipment and important raw materials while tightly controlling imports of high-grade consumer goods, cigarettes and alcoholic beverages.

Talking about the implementation of the 1990 plan, Zou said China had seen good social and economic development last year, fulfilling every projected task.

The country's GNP reached 1,740 billion yuan last year, an increase of 5 percent over the previous year, and its national income was 1,430 billion yuan, up 4.8 percent. ■

## China's 1991 Budget Grim but Hopeful

China's top financial official has pointed out that the country is confronted with acute deficits in the implementation of the 1990 budget and the draft 1991 budget. The solution to the financial problems is to bake a bigger "cake" by developing production, improving efficiency and increasing public wealth, he said on March 26.

Speaking at the ongoing Fourth Session of the Seventh National People's Congress, Finance Minister Wang Bingqian reported on the implementation of the state budget for 1990. According to present estimates, he said, total state revenues in 1990 came to 324.478 billion yuan

(US\$62.39 billion), 100.3 percent of the budgeted amount, and total state expenditures amounted to 339.521 billion yuan, 102.1 percent of the budgeted figure. This resulted in a deficit of 15.043 billion yuan.

Wang said that expenditures surpassed the budgeted amounts in quite a few spheres of endeavour, such as capital construction, tapping the potential of existing enterprises, upgrading

Financial Minister Wang Bingqian addresses the NPC.

by XUE CHAO



technology, subsidizing trial-manufacture of new products, aiding rural production. The same was true with operational expenses for culture, education, science and public health and administrative expenses.

On the draft state budget for 1991, Wang revealed that the total revenue and expenditure are expected to reach 343.81 billion yuan and 357.156 billion yuan respectively, leaving a deficit of 13.346 billion yuan.

He said China expects to have 35.237 billion yuan in domestic and foreign debt on top of the budget deficit this year.

Wang, also a state councillor, said that the state faces difficulties as it is not expecting a marked increase in revenue but has large funding demands in certain sectors which "must be guaranteed."

For instance, he said, "expenditure for servicing domestic and foreign debt and maintaining the state grain reserve alone will increase by more than 10 billion yuan over the 1990 figure."

This and other factors will make it "impossible to significantly reduce the deficit within a short period of time," he said. But the State Council has decided on six measures to keep the deficit within an acceptable limit.

— The state will increase the business tax rate on retail sales from the original 3 percent to 5 percent. This will potentially increase revenues by nearly 7 billion yuan.

— The state has decided to change prices of some products in a bid to cut price subsidies and support for losing enterprises. This will enable the state treasury to reduce expenditure on price subsidies by 5 billion yuan.

— China has put an end to its foreign trade subsidy system beginning this year after devaluing the *Renminbi* yuan against the US dollar twice. The devaluation

meant higher state expenditure to compensate for more expensive imports and to service foreign debt, Wang said, but added that the net saving for the state would be more than 5 billion yuan.

— Some 19 billion yuan worth of treasury bonds will be issued this year to cope with an imminent peak debt repayment period.

— The state will continue its tight money supply policy.

— The central authorities will exercise stricter control over allocation of funds to the provinces.

Despite a continued tight money supply policy, Wang noted, the state will increase expenditure on national defence, culture, education, science and public health.

The 1991 budgeted figure for culture, education, science and public health is 67.604 billion yuan, an increase of 5.998 billion yuan over the estimated figure for last year. And 32.51 billion yuan has been budgeted for national defence, 3.477 billion yuan more than the 1990 figure. ■

## Scientific Exchanges To Be Expanded

**T**he Chinese government will vigorously promote its international scientific exchanges during the next decade in a bid to increase both its imports and exports of technology.

The policy of opening to the outside world will continue, with the emphasis placed on the development of export-oriented technological enterprises, especially in high-tech areas.

To facilitate scientific exchanges, the state will simplify the red-tape for scientific personnel in high-tech fields to go

abroad to attend seminars or trade research.

In addition, the State Council is expected to approve 20 new high-technology development zones, which will enjoy preferential treatment similar to coastal special economic zones.

In recent years the Chinese scientific circles have made remarkable progress as a result of multi-channel academic exchanges and co-operation with foreign counterparts.

Statistics from the State Science and Technology Commission reveal that China has signed agreements on technological and economic co-operation with 57 foreign governments and forged collaborative relations with 108 countries and regions.

China is a member of more than 30 scientific organizations affiliated with the United Nations.

Non-governmental scientific exchange is also on the rise, with Chinese academic institutions now participating in more than 280 international academic organizations.

For example, the Chinese Academy of Sciences, China's authoritative research body, has signed co-operative agreements with research institutions in 50 countries.

The China Association for Science and Technology has sent representatives to 39 organizations attached to the International Council of Scientific Unions, while the State Foundation for Natural Sciences has established relations with 12 foreign foundations.

In recent years, more than 40,000 researchers have gone abroad each year to conduct collaborative research or attend training courses. In addition, over 30,000 returned scholars have played an important role in the country's scientific research, especially in the field of high technology. ■

## Foreign Minister Qian Meets the Press

On March 27, at the invitation of Yao Guang, spokesman for the Fourth Session of the Seventh National People's Congress, Chinese Foreign Minister Qian Qichen answered questions from reporters concerning the international situation and China's foreign policy. The following is a transcript of the news conference. — Ed.

**South China Morning Post:** Recently China has agreed to give the Soviet Union over US\$700 million worth of aid, and in return will the Soviet Union sell China any weaponry?

**Qian Qichen:** China has recently provided to the Soviet Union a commodity loan worth 1 billion Swiss francs. Before that China had already offered another 500-million-Swiss-franc loan to the Soviets. According to the mutual agreement, the Soviet Union will pay back in kind, and on the list of items there is no weaponry.

**Sing Tao Jih Pao (Hong Kong):** British Foreign Secretary Douglas Hurd is going to visit China. What are the main topics of the discussions during the visit? Will the issue of building a new airport in Hong Kong be resolved during the visit? What impact will this visit produce on Sino-British relations and the smooth transition of Hong Kong (from British to Chinese rule)?

**Qian:** During the visit of the British foreign secretary, His Excellency Douglas Hurd, I will discuss with him the international situation, bilateral relations between China and Britain, and of course, the question of Hong Kong. Hong Kong needs a new airport indeed, and we support the project. But such an airport should be built with low cost and high efficiency and should benefit the Hong Kong people rather than burden them. The project is the largest, most costly project in Hong Kong's history. Further-



Foreign Minister Qian Qichen.

XUE CHAO

more, it is a huge project that won't be completed until after 1997. The governments of China and Britain are consulting over this project and some progress has already been achieved. We hope during the foreign secretary's visit this issue can be resolved smoothly. The consultations between China and Britain and the talks between the two countries' foreign ministers are of great importance to the maintenance of prosperity and stability of Hong Kong.

**Kyodo News Agency:** In the past China supported Japan in its claim for the northern territories. Has China now retreated from that position?

**Qian:** China remains unchanged in its position on Japan's northern territories. Now that Japan and the Soviet Union have put the issue on the agenda of their talks, we hope both sides can settle this question through negotiations.

**Voice of America:** In his work report, Premier Li Peng said Chi-

na's defence forces need to be modernized to cope with the complicated and rapidly changing international situation. In this time of high budget deficit in China, what foreign policy challenges and considerations have prompted a 12 percent increase in defence spending, as we heard from the speech by the Finance Minister Wang Bingqian?

**Qian:** It is clear that China needs its own defence capabilities. In comparison to the national budget defence expenditure is small and the money allocated to defence is also small. Defence expenditures in the 1991 budget are 32 billion yuan, or US\$5-6 on a per capita basis. I think this is a very low level.

**Lian He Zao Bao (Singapore):** During his visit to Singapore, Premier Li Peng said China is willing to jointly develop maritime resources in the South China Sea with countries concerned with the Nansha Islands and the South China Sea. Could you tell me whether Singapore will be invited to participate in this project? In addition, Taiwan now occupies the largest island, the Taiping Island, in the Nansha Islands. Will Taiwan be invited to join the project in any manner?

**Qian:** It is without doubt that the sovereignty of the Nansha Islands belongs to China. After World War II, the Chinese government took over the islands. Our position is that under the precondition that China owns the sovereignty of the islands, we are



The news conference.

XUE CHAO

willing to discuss with relevant countries the joint development of these islands. But so far there has been no such discussion and the time is not ripe for such a meeting. The fact that Taiwan occupies the Taipin Island best illustrates that the Nansha Islands are a part of China's territory.

**Asian TV (Hong Kong):** Will British Foreign Secretary Douglas Hurd prepare for British Prime Minister John Major's visit to China when he tours China, and does China's senior leader of state plan to visit Britain? As for the building of a new airport in Hong Kong, we know that the Central Government wants to leave sufficient money for the future Hong Kong Special Administrative Region government, but some Hong Kong-based opinions criticize this action as it may affect the Hong Kong government's flexible use of fund during the transition period. What do you think of this criticism?

**Qian:** The coming visit by British Foreign Secretary Hurd will certainly help promote Sino-British relations. His visit marks the normalization of relations between China and Britain. When we successfully settled the Hong Kong problem in 1984, Sino-British relations reached their height. Although relations between the two countries have experienced diffi-

culties since June 1989, we are in contacts. In December 1989, British Prime Minister Margaret Thatcher sent her special envoy, Sir Percy Cradock, to China. Francis Maude, British minister of state of the Foreign and Commonwealth Office, and Chinese Vice-Foreign Minister Tian Zengpei exchanged visits. I met many times with the then British Foreign Secretary John Major and the incumbent Foreign Secretary Douglas Hurd at international conferences. I believe that Sino-British relations will continue to develop. As for the discussions on the construction of Hong Kong's new airport, I do not think it will affect the administrative ability of Hong Kong authorities, because, according to Sino-British joint declaration on the question of Hong Kong, China and Britain should closely co-operate on important questions during the transition period of Hong Kong, especially those that span across 1997. I think this kind of co-operation is conducive to Hong Kong's stability and prosperity.

**European Times (France):** France is among the first countries in Western Europe to establish diplomatic relations with China. However, relations between the two countries have fallen to the lowest point since June 1989.

Now both sides are actively making efforts to improve and develop diplomatic relations. Recently it is reported that French Foreign Minister Roland Dumas and Prime Minister Michel Rocard will visit China this year. What's your comment on this? Will China take similar steps to further resume and develop Sino-French relations?

**Qian:** Not long ago, Zou Jiahua, Chinese State Councillor and concurrently Chairman of the State Planning Commission, visited France and conveyed Premier Li Peng's invitation to Prime Minister Rocard to visit China. Rocard accepted the invitation. French Foreign Minister Dumas will soon visit China and attend the opening ceremony of French Consulate-General in Guangzhou. We are looking forward to the visits.

**Radio Moscow:** Soviet Foreign Minister Alexander Bessmertnykh will visit China in a few days. What are the main topics of the talks? Will this visit promote Sino-Soviet relations?

**Qian:** Heretofore I have had no chance to meet with new Foreign Minister Bessmertnykh. This time I will have an opportunity to get acquainted with him. His visit is to be a working one. As permanent members of the United Nations Security Council, China and the Soviet Union bear major responsibilities for world peace. It is natural for the foreign ministers of the two countries to discuss international affairs. Additionally, we will discuss preparation of General Secretary Jiang Zemin's visit to the Soviet Union.

**China TV Co. (Taiwan):** On the reunification of both sides of the Taiwan Straits, the Taiwan side makes it a precondition to have a space to act internationally, while the Chinese Communist Party has consistently muffled Taiwan's activities. Does this affect the reunification? Does the Chinese Communist Party prevent Taiwan from joining the GATT?

**Qian:** We welcome Taiwan authorities' stand that China should be reunified. Taiwan has extensive international economic connections. But the demand for an international "living space" as a political entity is not conducive to the reunification of the motherland, rather the result will be a split China. So we hope Taiwan authorities will think it over and do more things to benefit the development of relations between the two sides of the Straits and state reunification. Taiwan is not qualified to attend the GATT because it is not an independent country. Only with the assent of China can Taiwan attend as a region of China.

**Reuters:** Yesterday in Jerusalem, a senior Israeli official told the radio that the next few months will bring about a very positive development of relations between China and Israel and he said, "We are talking about normalization." Could you please talk about the process of normalization of relations between Israel and China? And how will it affect your relationship with the Palestinian State?

**Qian:** China and Israel have set up an office in each other's country: office of Israel's Academy of Sciences in Beijing and office of China International Travel Service in Israel. There are no political ties between China and Israel. An Israeli official visited China in an unofficial capacity not long ago. However, at present there are no diplomatic relations between China and Israel.

**China Central TV:** How do you evaluate the state of Sino-US relations, and what obstacles do you think should be removed for Sino-US relations?

**Qian:** Premier Li Peng stated in his government work report that China attaches great importance to Sino-US relations and hopes the relations will be restored and developed. US President George Bush has repeatedly stated that the United States also attaches

importance to Sino-US relations. The restoration and development of the Sino-US relations must be based on the principles contained in the three Sino-US joint communiques and, if the principles are observed, Sino-US relations will develop smoothly:

**Sing Pao Daily News (Hong Kong):** Now China and Japan have put aside the issue of Diaoyu Island. However, we saw last October Japan's right-wing forces again taking a very stiff position on the sovereignty over Diaoyu Island, showing that as long as the issue is not settled, it is easy to touch off new conflict. So how does the Chinese government hope the issue will be resolved and what is the optimum opportunity for the settlement?

**Qian:** Diaoyu Island is a part of China's territory. This is our position and we know Japan thinks otherwise. China and Japan have reached an understanding to set aside the issue and not make the situation more tense. We hope Japan can abide by the understanding.

**The New York Times:** The visit in December of the US Assistant Secretary of State for Human Rights is still of interest. Is it correct that China now believes it is acceptable to discuss its human rights situation with foreign countries? Is it now a topic that it is willing to address in bilateral and multilateral discussion? Thank you.

**Qian:** Exactly, China is willing to discuss the human rights issue with other countries bilaterally or multilaterally, but not only discuss China's human rights issue. Though some people advocate that human rights knows no boundary, China considers that this view does not tally with facts. In terms of international law, human rights can only be translated into reality or guaranteed by means of statutes in a given country and the principle of observing a country's sovereignty must not be ruled out. The United States

advocates human rights, but it has neither ratified two international conventions on human rights nor signed conventions against racial discrimination and apartheid, on banning torture and discrimination against women, because the United States argues that the human rights issue comes under domestic jurisdiction and some articles in these conventions are in conflict with domestic laws of the United States. If there are any international standards on human rights, they should be embodied in international conventions. Any sovereign state is free to be a party to these conventions, with or without reservation, or not to be a party to these conventions. In any case, the standards of one country or a group of countries must not be imposed on other countries as international standards on the human rights issue.

**Time Magazine (the United States):** A Chinese thinker once advised that to win victories, it is important to know one's enemies and one's friends. In rapidly changing times who are China's enemies? Who are allies? Is the old theory of "three worlds" still valid? If not, what philosophy guides China's foreign policy now?

**Qian:** Any country in the world wants to have more friends and fewer enemies. The existence of the third world is a reality and it is composed of the overwhelming majority of the countries in the world. China will continue to develop relations of co-operation and unity with other developing countries. It is also the policy of China to develop good-neighbourly relations with its neighbours. China does not hope that any country opposes her. If any country stands against China, we would be left with no choice.

On whether there are superpowers in the world, some countries claim themselves to be superpowers, so I think there are superpowers. As for China's posi-

tion to oppose hegemonism, I want to explain that hegemonism does not refer to a country. Instead, it refers to behavior undermining norms governing international relations. Both Sino-US and Sino-Soviet joint communique contain content on opposing hegemonism and seeking no hegemonism.

**UPI:** Mr. Minister, now that the Gulf war has ended, does China have any second thoughts about being the only major nation that was too nervous to support the coalition in removing Iraq from Kuwait? Do you think that in retrospect this will, in fact, hurt China's ability to be a player in the Middle East and the world in general?

**Qian:** We need not make such introspection, because the norms of international relations state that all international disputes or regional conflicts should be settled through peaceful means and the use of force should be avoided. The Gulf war can in no way change the norms of international relations. On the contrary, after the Gulf war the parties concerned had to return to the negotiation table to resolve their disputes. This shows that the use of force can in no way solve all problems and that the Gulf war cannot be made a precedent for settling international issues by the use of force.

**Economic Daily (Hong Kong):** I would like to ask Foreign Minister Qian, do you feel that you are qualified to be vice-premier or state councillor?

**Qian:** I think in all the countries citizens are running for parliamentarians or representatives, but not for ministers. Ministers or vice-premiers are all appointed.

**Hokkaido Shimbun (Japan):** When a Japanese minister visited China, you told him you understood and sympathized with Japan's position on the northern territories. I am not clear about how China understands and sympathizes with Japan's position?

**Qian:** China's attitude towards the issue of Japan's northern territories has not changed. However, now is the time for Japan and the Soviet Union to start negotiation. Japan and the Soviet Union issued one formula and sometimes a second. Sometimes it is said that Japan would use an amount of money for the territories. Therefore, it is difficult for us to express our concrete views on this issue.

**China Times (Taiwan):** Just now Foreign Minister Qian mentioned that Taiwan is not an independent country and is not qualified to join the GATT. I think that you neglect to realize that before the relations between the two sides of the Taiwan Straits are co-ordinated, the Republic of China in Taiwan and the People's Republic of China on the mainland are both states or political entities respectively recognized by the international community. What difficulties or pressure has Taiwan's pragmatic foreign policy brought upon Chinese foreign policy?

**Qian:** The Taiwan authorities advocate too that there is but one China. The People's Republic of China is universally recognized by the international community, the United Nations and other international organizations. Therefore, I want to correct you here that it is wrong for you to say there are two Chinas.

**Le Figaro (France):** Mr. Minister, was it easier to conduct China's foreign policy when there were two superpowers than it is today in the world? I'd like to know also, for China is it better to have a Soviet Union that is weak on the international scene as it is now, or does China wish a stronger Soviet Union?

**Qian:** I think whether there is one superpower or two superpowers in the world, they cannot monopolize world affairs. I hope that the Soviet Union, as our neighbour, its situation will be stable and *perestroika* successful.

**Newsweek:** In the wake of the Gulf war there has been a great deal of concern about weapons proliferation around the world, particularly about sales to third world countries. Does China have any plan to limit its own weapons exports in the future? Second, will China abide by the missile technology control regime?

**Qian:** An international conference on missile technology control regime was recently held in Tokyo with 15 nations present. China did not attend the meeting, so it is not committed to implementing the agreement concluded by a number of countries. China adopts a serious and responsible attitude towards its arms sales and only sells a very small amount of arms.

Proliferation of nuclear arms is banned by the international community and there is a convention banning biological arms. A convention banning chemical weapons is still under negotiation, but there is no stipulation on the sale of conventional weapons.

China hopes that the large arms-exporting countries will take restrained attitude and effective measures to exercise restraint over their arms sales.

**Saneki Shimbun (Japan):** In his speech on March 25 Premier Li Peng said there is a tendency to revive Japanese militarism by a very tiny number of people. What is the specific meaning of Japanese militarism that Premier Li referred to?

**Qian:** Since World War II Japanese militarism has been hated and discarded by the broad masses of the Japanese people. However, it is also true that a very tiny number of people in Japan are attempting by hook or crook to negate the historical crimes committed by Japanese militarists and expand arms beyond self-defence. People in both China and Japan should guard against the attempt to revive Japanese militarism. This is natural. ■

# Towards Better International Trade

Lu Tailai

*Lu Tailai is China's deputy representative to the 47th session of the Trade and Development Board of the United Nations Conference on Trade and Development (UNCTAD) recently held in Geneva. Following are excerpts from his speech made at this meeting. — Ed.*

**A**lthough protectionism and structural adjustment had been on the Trade and Development Board's agenda for many years, the progress had been slow. In current international trade, protectionism from the developed countries, instead of decreasing, has increased. Protectionism has become the major obstacle to development of international trade. If it went unchecked, world trade, in particular export trade of the developing countries, would come to a halt.

In the Final Act of United Nations Conference on Trade and Development (UNCTAD) VII, developed countries committed themselves to curbing protectionism and promoting structural adjustment in developing countries. These commitments, however, have not always been honoured. Of more importance, developed countries have failed to adequately respond to the measures taken by developing countries and relax trade restrictions. Their actions against developing countries have increased, particularly in areas where developing countries had gained comparative advantage. All this adversely affected the export trade of the developing countries.

Developing countries are understandably worried about regional trade groups. The

Chinese delegation hopes that the establishment of trading groups will result in concern for economic and trade interests of developing countries.

Since the early 1980s, structural adjustment in the developed countries has proceeded slowly, while the difficulties resulting from the structural adjustment have been shifted, to a large extent, to the developing countries. Developed countries should speed up the structural adjustment process to eliminate trade protection, thus promoting fair competition based on comparative advantage.

In recent years, the consideration of protectionism by the Trade and Development Board has been linked with the Uruguay Round because the two forums touched upon the same substantive issues. Up to now the progress in the Round has been unbalanced. On the one hand, very slow progress was made in the market access of agricultural products, textiles and natural resources, which many developing countries have a major stake. On the other hand, negotiations of interest to the developed countries exceeded the mandate of the Ministerial Declaration. Thus developing countries are faced with readjustment difficulties. For developing countries to benefit from trade liberalization, it is

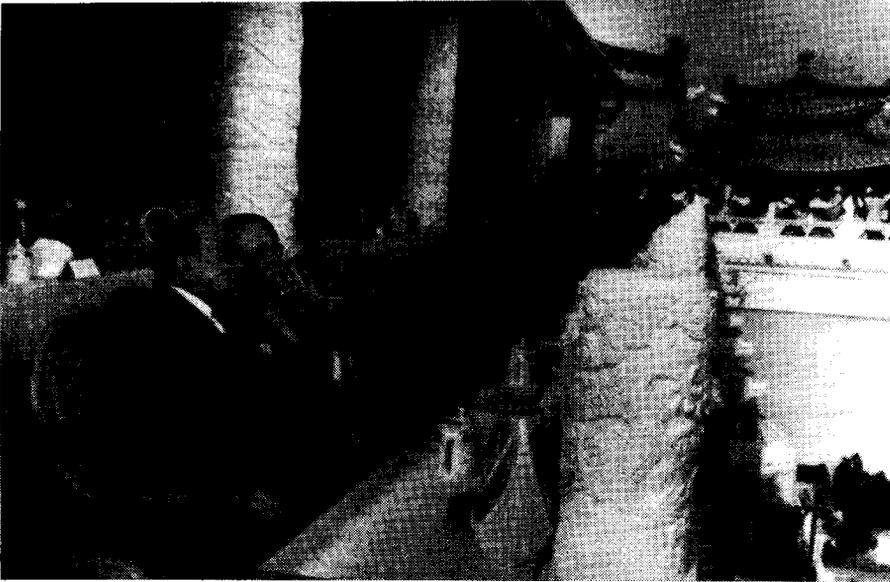
essential to consider their special conditions and needs and give them more favourable treatment. The Chinese delegation hopes that there will be an early resumption of the substantive negotiations of the Uruguay Round and that the negotiations would bring positive results in line with the terms of reference and goals defined by the Ministerial Declaration.

The Chinese delegation expresses appreciation to the United Nations Conference on Trade and Development and United Nations Development Programme (UNDP) for the technical assistance. In view of the fact that the Uruguay Round has not been completed and that there would be follow-up negotiations after its completion, the Chinese delegation believes that developing countries need the help of UNCTAD. Therefore, it hopes that UNCTAD and UNDP would render additional technical assistance.

Like other developing countries, China has suffered from trade protectionism, especially, non-tariff barriers. Chinese products are subjected to even harsher limitations of a discriminatory nature in the markets of certain developed countries. Such unjust practices cause grave concern. China is therefore ready to join others in creating a favourable and just international trade environment. ■

# Development of China's SEZ

by Huang Taihe



Party General Secretary Jiang Zemin (front, second left) with President Yang Shangkun at the tenth anniversary celebration of the founding of the Zhuhai SEZ.

CAI ZHONGZHI

**E**stablishing special economic zones (SEZ) has been China's major steps in implementing the nation's policies of reform and opening to the outside world. Over the past decade, the area of the special economic zones has expanded nearly 100 times. During this time, US\$3.82 billion in foreign investment had been attracted and hundreds of thousands of Sino-foreign joint ventures, co-operative and solely foreign-owned enterprises established. The industrial output value in the zones has increased more than 21 times and the total export value 32 times. The average annual per-capita income for workers and staff members in the zones has increased 5.3 times. The zones will further improve their investment environment

and develop at a steady rate of approximately 15 percent.

After its founding in 1949, China's economic contact with foreign countries was narrow and limited in scale for many years. Economic construction was in a closed or semi-closed state, adversely affecting the national modernization.

## A Great Decision

In 1978, the Third Plenary Session of the 11th Central Committee of the Communist Party of China was convened. The meeting, based on the international political and economic situation in the 1970s and the experience China gained over the previous 30 years, formulated the policy of opening to the outside world on

the basis of self-reliance and arduous struggle. It decided to open the door, expand economic contacts with foreign countries and import foreign funds, technology and advanced managerial expertise to quicken the country's economic construction.

The decision by the CPC Central Committee enjoyed the support of the people throughout China and was answered by local authorities. In June 1979, Guangdong and Fujian provinces in southeast coastal areas handed in their reports to the central

government, asking for special policies and flexible measures for their foreign economic activities. In accordance with Deng Xiaoping's suggestion, they put forward a proposal that Shenzhen, Zhuhai and Shantou cities in Guangdong Province and Xiamen in Fujian Province be built into special economic zones in line with international practice, where overseas Chinese, Hong Kong and Macao compatriots as well as foreign businessmen could invest or establish joint ventures and develop tourist undertakings.

Close to Hong Kong and Macao, the two provinces have many people living overseas, and also have good transport facilities. They had been China's most active regions in trade with foreign countries and also had favour-

able conditions to take the lead in carrying out the policy of opening to the outside world. Therefore, their reports were immediately approved by the Central government. This was closely followed by a series of work on the choice of the special economic zones' address, the formulation of policies and the establishment of management organs.

In August 1980, the Standing Committee of the National People's Congress approved the issue of China's first law on special economic zones—Regulations of Special Economic Zones in Guangdong Province. The regulations were promulgated along with the decision that the Chinese government would establish special economic zones.

In their early days, the four special economic zones including Shenzhen, Zhuhai, Shantou and Xiamen covered an area of about 338.4 square km. Afterwards, the State Council approved the expansion of the Zhuhai, Shantou and Xiamen special economic zones. As a result, the total area of the four special economic zones has been expanded to 632.1 square km.

In order to speed up construction and development of Hainan, China's second largest island, the Seventh National People's Congress held in April 1988 approved it be turned into a special economic zone too. The island covers an area of about 34,000 square km.

The establishment of special economic zones has accumulated experience for China's reform and opening up. In January 1984 when the Shenzhen SEZ was three years old, Deng Xiaoping inspected the city and wrote words of encouragement: "Shenzhen's development and experience indicate that our policy of establishing special economic zones is correct." The CPC Central Committee, in line with Deng Xiaoping's suggestion, de-



Deng Xiaoping inspects Shenzhen in January 1984.

XINHUA

ecided to further open 14 coastal port cities including Dalian, Tianjin, Shanghai and Guangzhou as well as the Yangtze and Zhujiang (Pearl) river deltas and the triangular area in southern Fujian Province. This made east China coastal areas an open belt extending 1,000 km. The open

belt has 291 cities and counties and covers an area of 320,000 square km. The special economic zones in the belt are pioneers in implementing the policy of reform and opening to the outside world. Therefore, establishing special economic zones was China's great decision in carrying

### China's Special Economic Zones

	Area	Population	Time of establishment
Shenzhen	327.5 sq. km.	1,020,000	August 1980
Zhuhai	121 sq. km.	190,000	August 1980
Shantou	52.6sq. km.	60,000	August 1980
Xiamen	131sq. km.	370,000	April 1988
Hainan	34,000sq. km.	6,540,000	April 1988



Premier Li Peng inspects the Haicang Foreign Investment District in Xiamen in February 1990.

LI KAIYUAN

out the policy of reform and opening to the outside world.

### Several Features

China's special economic zones have adopted certain international practice and absorbed the successful experiences from foreign countries which are successful in running export-oriented processing zones and free trading regions. In the meantime, a series of special policies were formulated in light of China's specific conditions, forming a unique style of feature. These special economic zones have the following characteristics:

1) These zones are not a special administrative divisions following the principle of "one country two systems." They still implement socialist system and adhere to the socialist orientation for development. In the econo-

mic activities, the market mechanism is brought into full play under the guidance of the state plan for economic development. Regulation through the market is more flexible and wider in scope than in other domestic areas;

2) Construction and development in the zones mainly depend on attracting and using foreign funds;

3) The zones seek all-round development of an export-oriented economy including mainly industry, agriculture, commerce, finance, tourism, real estate;

4) The zones maintain close economic relations with other parts of the country instead of adopting isolation administrative measures; and

5) The zones serve as the country's trial centre for reform by actively exploring reform measures.

### Preferential Policy

Special policies formulated for China's special economic zones include:

The zone governments enjoy greater economic management power. For example, they enjoy the same authority as the provincial governments in examining and approving projects. Enterprises in the zones have more decision-making power in operation and management; they are allowed, in line with the market situation, to plan production and marketing of their products independently.

The special economic zones enjoy tax reduction and exemption. The enterprise income tax rate stands at 15 percent, far lower than in any other parts of the country. Foreign-funded enterprises engaged in production and scheduled to operate for a period of ten years or so are exempt from income tax in the first and second profit-making years and allowed a 50 percent reduction of income tax in the ensuing three years. Export-oriented enterprises and those with advanced technology enjoy more preferential treatment.

When foreign businessmen remit abroad their share of profit obtained from ventures with their investment, they are exempt from income tax on the remitted amount.

Equipment, instruments and apparatus imported by enterprises in the special economic zones for their use and raw materials for producing export products are exempt from the import duties; the export of products are exempt from export duties.

A proportion of products made by foreign-funded enterprises are permitted to be sold on the Chinese market.

Temporary port visas are instituted in the three special economic zones of Hainan, Shenzhen and Zhuhai. Foreign workers and

staff members may use a one-year entry-exit visa for several journeys.

In addition, some government departments including the Ministry of Foreign Economic Relations and Trade, the General Administration of Customs, the State Bureau of Taxation and banks, in accordance with the general policies formulated by the Chinese government for the zones, respectively have worked out certain specific management measures as well.

### Current Situation

All of the special economic zones had a poor economic foundation and backward communication and telecommunications facilities. For instance, when the Shenzhen Special Economic Zone was established in 1980, it was only a small county town, with an area of less than three square km. The highest building

was a five-storey building. The total annual output value of over 200 small enterprises was only more than 60 million yuan. Export products were only fresh agricultural products, the annual export value of which was less than US\$10 million. The Zhuhai Special Economic Zone used to be a small fishing town, with low houses and narrow roads; its total industrial output value was only 40 million yuan. In the ten years since the two zones were established, great changes have taken place in Shenzhen and Zhuhai. Both have become the beautiful cities in China. Their production increased by more than 100 times what it was in the year before their establishment. This achievement won the admiration of many Chinese and foreigners who had been there before.

The period between 1980 and 1985 was a construction phase for Shenzhen and three other special

economic zones. During this period, they concentrated resources on land development and construction of infrastructure including roads, houses, water and electricity supply systems, flood control and drainage systems, telecommunications and transmission networks. By the end of 1985, all the four zones had basically completed the construction on the designated 60 square km of land. Foreign business people were satisfactory with the investment environment there. In the first five years, the four zones signed contracts for 1,665 projects with foreign firms. Negotiated foreign investment was US\$4.52 billion, with US\$1.17 billion actually made. Of these projects, non-production projects accounted for 45 percent and productive ones 55 percent. The majority were small, labour-intensive processing projects. By 1985, the four zones, by importing foreign funds and with the co-operation of other places, had built more than 900 factories. Their total industrial output value reached 4.86 billion yuan, a six-fold increase over that of the pre-establishment period. Their export value came to US\$810 million, an increase of seven times.

By the end of 1985, the State Council held a national working conference of the special economic zones, which analysed and summed up the construction and development of the zones over the past five years and formulated policies for development in the next five years. The conference acknowledged that a good job had been done in building these special economic zones and during the next phase of development, they should strive to develop an export-oriented economy based on industrial development and the combination of industry and commerce.

Since 1986, the zones have strengthened management over

A packaging workshop of the Pepsi Cola Beverage Factory in Shenzhen. XUE CHAO





XUE CHAO

The No.1 Workshop of the Magnetic Disc Factory of the Zhuhai Changhua Electronics Industrial Co. Ltd.

the flow of the investment and the choice of imported projects. Efforts have been made to develop industrial production and expand the export of products while constantly improving their investment climate. As a result, these zones have become places where the economy develops most rapidly and the standard of living is the highest in China. Major aspects of the development are as follows.

With the improvement in investment environment, the special economic zones have become China's "hot spots" in attracting and using foreign capital. By 1990, the Shenzhen, Zhuhai, Shantou and Xiamen special economic zones had, with a total investment of 35.1 billion yuan, developed 88 square km of land and completed construction of over 50 million square km. During the period, their electricity output increased by 1.1 million kw, their daily water supply capacity by 820,000 cubic metres, and the number of telephones installed by 200,000. They have also started call-phone and mobile telephone services. People in these zones can directly call a dozen or so large and medium-sized cities

in more than ten countries. Each of the four zones has set up its own airports, harbours and trading ports, established various service departments for foreign investment and formulated many laws and regulations related to foreign businessmen. By 1990, these zones approved 6,489 projects involving foreign investment, accounting for 26 percent of the country's total foreign-funded projects approved in the same period. Some US\$4.5 billion in foreign funds have been used, making up 27 percent of the country's total. Businessmen from more than 30 countries and regions have come to invest and foreign-funded productive projects have increased steadily to make up 90 percent of the total number of the foreign-funded enterprises in these zones. Many of these projects are technology-intensive ones, compared with mainly labour-intensive in the past. Many large enterprises from the United States, Japan and Western Europe and transnational corporations have begun to enter China's special economic zones. Some have built large industrial projects armed with advanced technology in Shenzhen,

Zhuhai and Xiamen.

The special economic zones' economy developed by leaps and bounds. The proportion of the second and tertiary industries in these zones is far larger than the whole country's. Over the past decade, more than 3,100 industrial enterprises have been built and put into operation. They form electronics, textile, light industrial, building materials, food processing, chemical industrial and machinery and other trades with advanced equipment and technology. Their industrial production increased at an average annual rate of 37 percent and, in 1990 their total industrial output value reached 28.55 billion yuan, 25 times more than their pre-establishment period. Agricultural production has developed from a self-supporting management to export-oriented intensive farming, with production benefits raised greatly. When compared with the year of their establishment, their output value increased 2.6 times, the financial income of local authorities increased seven times, and the annual income of workers and staff members rose 5.3 times. There has been much improvement in people's living standards.

With the fast expansion of foreign trade, an export-oriented economy has taken shape in the special economic zones. In 1990, the export value in Shenzhen and three other special economic zones amounted to US\$4.46 billion yuan, 41 times that of the pre-zone period. More than 50 percent of the zones' products are for export, accounting for 60 percent of their total export value. Of the 800 export items, household electrical appliances, light industrial products and textiles enjoy brisk sales on the international market. Some large enterprise groups in the zones have to set up production and marketing networks abroad.

Foreign-funded enterprises

play a leverage role in the zones' economy. In 1990, the foreign-funded enterprises accounted for 63 percent of the total industrial output value in the Shenzhen and Shantou special economic zones, 53 percent in Xiamen and 35 percent in Zhuhai. Except for the Shantou Special Economic Zone, the others have all set up foreign investment banks, totalling 28, to deal with international credit operations; this enables economy in the zones to keep close contact with international financial circles.

In order to guarantee the lawful rights and interests of foreign businessmen, various special economic zones, according to the state's policy of opening to the outside world, have formulated many economic rules and regulations. They have also acted according to international practice in economic management and operation. These enable the foreign businessmen to gain from their investment in the zones. Several sample surveys indicate that 80 percent of the foreign-funded enterprises in the zones make profits. They remit their profits earnings abroad or re-invest them in the zones for expansion of prod-

uction. A favourable environment has been created for international capital.

With the increase in contacts with countries and regions throughout the world, the special economic zones have become an important window on China's opening to the outside world and a bridge between China's hinterland and the international market. These zones have good transport facilities. Particularly, the Shenzhen and Zhuhai special economic zones border on Hong Kong and Macao and travellers and vehicles can directly reach the two cities by land. Every day, about 100,000 people and more than 10,000 vehicles pass through the Wenjindu, Luohu and Huanggang ports in Shenzhen and the Gongbei port in Zhuhai. In 1990, Shenzhen attracted 37 million overseas visitors and Zhuhai 25 million. During the period between 1986 and 1989, more than 2,100 foreign groups composed of some 150,000 people came to visit Shenzhen and experience the changes brought about by China's policies of reform and opening up. The special economic zones have become a window by which foreign person-

ages observe China's reform and opening to the outside world.

Domestic provinces and departments under the State Council have set up more than 300-odd offices and over 5,500 enterprises in the special economic zones. Many inland areas, which have no chance of contact with foreign countries, also obtain international market information through them and hold talks with foreign businessmen. All this has allowed these zones to play a positive, promotional role in the inland reform and opening to the outside world.

Since its establishment two years ago, the Hainan Special Economic Zone has made great achievement in developing industrial and agricultural production and construction of infrastructure facilities including highways, harbours, power plants and microwave communication stations. Investment made in these projects over the past two years exceeded the total of the past eight years. The island's investment environment has been improved dramatically. Hainan Island has more than 30 varieties of mineral ores for mining as well as many tropical cash crops,

## The Shantou Longhu Industrial District.

XINHUA



**Major Economic Index, of the SEZ for 1990**

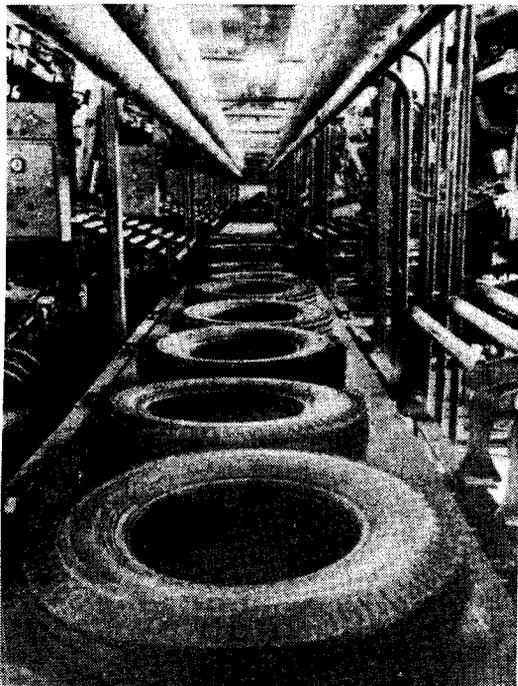
Name	Unit	Shenzhen	Zhuhai	Shantou	Xiamen	Hainan
Total industrial output value	bil. yuan	16.13	4.2	1.5	6.45	2.75
Total industrial output value of foreign-funded enterprises	bil. yuan	10.52	1.6	1.23	3.22	0.29
Total investment in capital construction	bil. yuan	4.943	1.099	0.68	0.468	2.2
Total value of export trade	bil. yuan	2.8	0.488	0.419	0.772	0.41
Number of foreign-funded enterprises		757	411	174	272	220
Total amount of negotiated investment	US\$ bil.	0.671	0.303	0.148	0.513	0.155
Amount of foreign funds used	US\$ bil.	0.51	0.108	0.084	0.073	0.075

which are attractive for foreign businessmen. Some entrepreneurs from Japan, the United States, Europe, Hong Kong, Macao and Taiwan have visited the island province to look into passive investment.

**Prospects**

What prospect is there for the development of China's special economic zones? I think it is bright. My reasons include:

A workshop of the Haikou Tyre Factory.



First, there is no change in the basic international environment faced by these zones and the industrial readjustment of the developed countries has not ended. International financial and trade activities are still brisk. The political situation in East Asian region is stable and its economy is now developing rapidly.

Second, China's policies of reform and opening to the outside world enjoy more popularity among the Chinese public.

Reform and opening up has become a basic feature of China's socialist modernization construction. Chinese leaders have declared many times that China's policy of reform and opening to the outside world will remain unchanged and that basic measures adopted in the special economic zones and coastal open areas will unchange either; further efforts will be made to run the special economic zones better and their role as a window and base in China's opening to

the outside world will be brought into full play.

Third, the special economic zones have become stronger economically when compared with a decade ago.

In the future, these zones will further improve their investment environment to attract more foreign investment. Efforts will be made to speed up construction of the Shenzhen Airport, the Sanya Airport of Hainan, Zhuhai-Shenzhen-Guangzhou Expressway, the Yantian deep-water harbour and a batch of power plants and water works, which are expected to be completed before 1995. The Haicang area of Xiamen, the west coast of Zhuhai and the Yangpu area of Hainan will be further developed so as to provide foreign businessmen with more investment opportunities. In addition, these zones will speed up their formulation of economic regulations and deepen reforms.

In the 1990s, the special economic zones are expected to go a step further, developing their economy at an annual rate of 15 percent, and catch up with the moderately developed countries by the end of the century. Given the current development situation, the attainment of the target will be out of question. ■

*A series of books on China's foreign friends has recently come off the press in Beijing, an indication of the continued friendship between Chinese and foreigners.—Ed.*

## Everlasting Friendship

by Our Staff Reporter Wei Liming

In October 1990, Gao Liang, vice-chairman of the China Smedley, Strong and Snow Society, made a special trip to Madison, Connecticut in the United States to visit Helen Foster Snow, wife of Edgar Snow and an old friend of Chinese people. Although Helen is now 83 years

old and in poor health, she continues to write, hoping that one day China would publish her works and memoirs, and that through them the young people of China could learn more about China's revolution and history.

Helen's wishes have so far been partly fulfilled. The first part of

*Foreign Friends Book Series*, co-published by the China Society for People's Friendship Studies, the Chinese People's Association for Friendship With Foreign Countries, the Foreign Languages Publishing and Distribution Administration and 15 other publishing units, has come off

Some of the books on display (from right to left): *My First Sixty Years in China*, *Ma Haide*, *Fighting in a Chinese Land*, *Hans Muller*.





In 1983 Deng Xiaoping attended the reception celebrating Ma Haide's 50th year in China.

LIAO NING

the press in Beijing. The first part includes 12 books, nine of which were first distributed on March 1 and the remainder will be published in the first half of the year.

Gao Liang, editor-in-chief of the book series, said that many foreign friends gave their support to China beginning with the war of the Taiping Heavenly Kingdom in 1851 (a peasant uprising against the feudal rule of the Qing Dynasty) and during the anti-fascist struggle under the leadership of the Chinese Communist Party and China's revolution and its construction period. Regardless of the potential danger to their own lives, they directly participated in China's revolution. Taking risks, they supported or actively joined the Chinese people's struggle against foreign invaders and, by telling China's real situation to the outside world, some helped the Chinese people win interna-

tional sympathy and support. They worked their hearts out and devoted their precious life to the construction of New China. Many of them made significant contributions to China's revolu-

Sam Ginsburg tutors graduate students.



ZHONG QING

tion and construction. Some laid down their lives.

They are the most worthy sons and daughters of their native peoples, said Gao. Though different in nationality, colour of skin and language, they sympathized with and respected the Chinese people, regarding the cause of the Chinese people as their own. "The Chinese people feel very proud of their many foreign friends and we publish this series of books to remember them forever," said Gao.

Gao said the reasons behind the current publication are many-sided. In June 1988, a symposium discussing *Red Star Over China*, the work of Edgar Snow, a famous American correspondent and writer, was held in Beijing. The symposium was held on the 50th anniversary of the publication of the Chinese edition of the book (published in 1938). At the symposium, co-sponsored by Beijing University, the Chinese People's Association for Friendship With Foreign Countries and other units, many Chinese and foreign experts and scholars read out their articles. Many veteran Chinese revolutionaries had expressed their

hope to attend the commemorative activities. Meanwhile, *Red Star Over China and Me*, an article solicitation by eight newspapers, drew a response from many people throughout the country. Many old people said that Snow's book had given them a new understanding of the Chinese Communist Party and China's Red Army and that, afterwards, they joined the revolution. Some young people said that they learnt more about China's past, its revolution and history from the book.

Many foreign friends have left their autobiographies, diaries and letters, and some Chinese and foreign scholars have written biographies and memoirs. These works record their experiences in China, reflect the deep friendship and expectation of people from foreign countries towards the Chinese people and record the achievements made by the Chinese people as they strove for national liberation and progress of mankind. "We publish these books not only to express our long-standing gratitude and remembrance of these foreign friends but also to educate China's younger generation," said

**President Yang Shangkun (first left) attends Hans Muller's 70th birthday celebration.**



**The Hans Shippe Stature in the Huadong Martyrs Cemetery, Linyi City, Shandong Province, was completed in October 1989.**

SHAN DONG

Gao. "We publish these books with a sense of responsibility." The first book was published in September 1990.

The nine books published to date include:

*Ma Haide*, written by Ma Haide's wife Su Fei, records the entire life of Ma Haide, an American doctor who came to China in 1933 and served the Chinese people for more than 50

years.

*My First Sixty Years in China* by Sam Ginsburg, a Jew of Russian descent and a professor at Shandong University, describes his experience in China. The book's ending is moving. The author says, "I choose this beautiful, rich and vast country as my motherland. Here, on this land, I've never felt I'm a Jew. I feel a Chinese citizen. The country attracts me because it makes me feel I belong to China. I live as one with the Chinese people."

LIAO NING

*Life of Red Aristocrats* is a memoir narrated by Saionji Kinkatsu and written by Minamimura Shiro. It depicts the significant contribution made by Saionji Kinkatsu, a former senator who was born into a Japanese noble family, to the maintenance of world peace and the restoration of diplomatic relations between China and Japan.

*The Rugged Way I Passed* is a memoirs by Jiro Yokogana, a Japanese expert who once worked in the Foreign Languages Publishing and Distribution Administration. It describes how a Japanese intellectual changed his belief in bourgeois democracy,

# Friendship Studies: Goals and Prospects

by Israel Epstein

I would like to make a few remarks bearing on the purpose and long-term prospects of our organization.

The friendship between the peoples of China and other countries has a history that deserves to be known, understood, and commemorated in order to strengthen their links for further mutual progress.

People's friendship is based in reality—real persons, real acts. The reason we study our foreign friends is not only that we do not want to forget them. It is also to learn how their society came about, to learn about the history of China and to understand the history of other countries. These goals are in the best tradition of coming together to promote the long-standing friendship between

A veteran journalist and Chinese citizen, Israel Epstein first came to China as a young man. Later, his residence and work alternated between China and the United States. He is now a member of the Standing Committee of the National Committee of the Chinese People's Political Consultative Conference and a vice-chairman of the China Society for People's Friendship Studies, predecessor to the China SSS Society.

the peoples of China and other countries.

People's friendship is on-going. Contacts between peoples are increasing. Knowing the history and roots of people's friendship will help deepen people's friendship today—such knowledge is necessary both for the general public and, in particular, to those doing friendship work.

People's friendship has a future—to be carried forward by new generations in China and abroad. To understand and hear the voices of friends of the past is to add strength and life to understanding and friendship in both the present and the future.

Friendship has a vast expanse. As Chairman Mao said, the Chinese people "have friends all over the world." Therefore we have long planned to widen, and actually have been widening, our work. Some years ago, with the enthusiastic participation of our late beloved and honoured colleagues Rewi Alley and Ma Haide, we gathered together the names of several hundreds of China's close friends from many lands in order to expand our

scope from the shining examples on which we had concentrated—Agnes Smedley, Anna Louise Strong and Edgar Snow—to others in the glorious tradition of friendship.

The subject is large, both in time and space. Some examples. As early as the Taiping revolution there was an Englishman, Augustus Lindley, who not only told a story—making him the "Edgar Snow" of the Taipings—but served in their ranks when the British government was fighting against the Taipings. Also with the Taipings were an Italian, Major Moreno, a number of Indian soldiers in the British army who came over to the Taiping side and other foreigners. Some Americans such as the famous writers Mark Twain and Stephen Crane stood up for the patriotic Yihetuan, even as their government supported its suppression. Before and during the 1911 Revolution there were Americans, Englishmen, Canadians, Japanese, Filipinos and Indians who helped Sun Yat-sen—just as he had helped the national revolutionaries of other

accepted Marxism and participated in China's revolution and socialist construction until the end of his life.

*Right in Her Soul* by Tracy Strong and Helene Keyssar and *Biography of Smedley* by Mackinnon and his wife of the United States are two books which depict the legendary and colourful lives of Anna Louise Strong and Agnes Smedley, foreigners high-

ly esteemed by the Chinese people.

*Fighting in a Chinese Land* is a collection of a dozen of works by Hans Shippe, a German who paid close attention to China's revolution beginning in the 1920s, along with memoirs written by Chinese who fought shoulder to shoulder with him. It narrates the whole life of this internationalist fighter who died

during China's War of Resistance Against Japan.

*Hans Muller* is a biography describing Muller, a doctor who came to China in 1939 and worked longer than any other foreigners in the frontlines. He is now an adviser to Beijing Medical Sciences University.

*People's War* by Israel Epstein was published in 1939. The book describes China's Anti-Japanese

Asian nations. In the Great Revolution of 1924-27, there was a great deal of help from the Soviet people, friends and sympathizers in Eastern countries, including Korea and Viet Nam, and from friendly Westerners, not only from the major countries. The anti-imperialist "Hands off China" movement of that time was worldwide. In the Anti-Japanese and Liberation Wars the scope of people's friendship widened more and more as many more individuals and organizations became involved. These were the seeds from which the still wider friendships of New China have grown.

Not only did they come from many countries but they were also from many fields. Some died for China's revolutionary and national struggle. Doctors cared for the wounded and the sick and relief workers delivered supplies amid difficulties and dangers. Among scientists, the American Nobel prize winner Dr. Linus Pauling, who was against US intervention on behalf of Chiang Kai-shek, sent the liberated areas their first samples of penicillin along with instructions for production. Staunch friends of China's progress came from the diplomatic and military services of other countries, even though policy shifts exposed them to slanders and career hardships. Dr. Joseph Needham of Eng-

land, a world renowned historian of Chinese science, was active for decades in friendship work in his own country. Many noted journalists supported China through their writings.

Some friends of high merit are well known, others less known, and still others unknown, yet to be discovered. It is a field where we can work fruitfully with council members, scholars and publicists. We can make our organization an umbrella one—the SSS will continue as one part. We are, for example, in touch with the friends in the USA and in Chongqing about a special study of the friendship for China of General Joseph Stilwell. There is work to be done with every country and in every field—by ourselves, in co-operation with friends abroad and with friendship organizations both within and outside China.

We have promoted, through friends in the publishing field, the printing and reprinting of works by foreign friends, in both the original languages or in a Chinese translation. You will hear more about this and be able to get some examples here.

The historic people's friendship includes not only that of foreign friends for China, but also of the Chinese friendship towards people of foreign lands. Chinese people have fought for the liberation of Cuba from the

Spanish yoke, the independence of the Philippines and other Southeast Asian countries, in the ranks of the anti-fascist fighters in Spain in the 1930s, and, of course, in the ranks of the Soviet October Revolution. More research has to be done to highlight these valuable contributions.

The economic field should also be stressed. Foreigners have helped build China's economic development and independence and Chinese labour and enterprise have brought great economic benefit to the Americas, Southeast Asian and many other places.

We have had some successful exhibitions, for the SSS, on Rewi Alley and Ma Haide in Beijing, Shanghai and Chongqing. We have sponsored videotapes. For both, more work can and should be done.

Personally, I look forward to a time, though the limit of human and financial resources may prevent it from happening soon, when there is a Museum of People's Friendship in Beijing. Such a museum could bring to life people's friendship through pictures and objects which the public could see and touch, helping thus to inform and educate young Chinese in both patriotism and internationalism and remind visitors from abroad of the roots of people's friendship between their countries and China. ■

war and was once praised by Soong Ching Ling.

*Daughter of Earth*, the work of Agnes Smedley and *Inside Red China* by Helen Snow, are two books whose Chinese edition were once published in China and which are now being reprinted. The book *Red Star Over China and Me* is a collection of articles by many Chinese and foreign scholars.

All the above-mentioned books will be published in foreign languages.

Gao Liang said that the name of the Smedley, Strong and Snow Society established in 1984 was changed to the China Society for People's Friendship Studies as of March 1 this year. Huang Hua, a veteran diplomat and former vice-chairman of the Standing Committee of the National Peo-

ple's Congress (NPC), is president of the society. The society will conduct research on foreign friends who have contributed to China's revolutions and construction in every historical period and publish their works. In addition, the society will continue efforts to promote China's friendship towards peoples around the world. ■

## Economic Reform: A Long Way to Go

ZHONGGUO JINJI TIZHI GAIGE  
(China's Economic Structure Reform)

China has undergone broad and deepening reforms in its state-owned economy over the past 11 years and progress has been made both theoretically and practically. Even so, China still has a long way to go, points out Liu Guoguang, vice-president of the Chinese Academy of Social Sciences.

Liu makes a concrete analysis as to how to separate the ownership from the managerial rights in the reform. This analogy is undoubtedly a significant breakthrough in the traditional state-ownership theory. Actually, it has become a major theoretical basis for various reform experiments such as the contract responsibility system. However, the effect is not as evident as the designers have expected, and some reforms have even resulted in side-effects.

The deficiency in the analogy finds expression in three aspects. First, it fails to touch on the institutional roots of administrative interference in state-owned enterprises, that is, the government concurrently plays the function as both owner and manager of enterprises. This is the root cause of why it is difficult to separate ownership from managerial rights. Second, the analogy fails to solve the problem of how to ensure the dominant position of state ownership. Third, the analogy fails to get to the question of efficient operation after the managerial rights are separated from the ownership. Generally speaking, the theory proves more the necessity of separating ownership and managerial rights than the

practical feasibility.

From the point of Liu, the new theoretical frame for the reform of state-owned economy should include three basic aspects—separate the government's function as manager from its function as owner of enterprises, establish an ultimate ownership and a legal person system, and enable enterprises to effectively exercise their autonomy in management.

(Issue 11, 1990)

## Should a Government Be 'Large' or 'Small'?

ZHONGGUO XINGZHENG GUANLI  
(China's Administration)

There has been a long-standing controversy as to whether the state should have a "large government" or a "small government."

These theories are not accidental, for each is closely related with the development of social productivity and the relations of production in a particular time as well as other social relations that are based on productivity. When new production relations emerge due to the development of a particular productivity, less interference by the government is expected. When the development of productivity is hampered by difficulties or production relations confront challenges, more government interference is to be expected. The former case means a "small government" and the latter a "large government." In history, both "small government" and "large government" have promoted the development of productivity. The crux lies in the social and historical conditions during a particular time. This is an indication that no theory has a perpetual application.

It is of no use to argue which

is better. It is more correct to make a concrete analysis of concrete conditions. For example, we should have a clear picture of what functions of the government should be large and what should be small, what it should interfere with and to what extent, and what it should not put its finger in. Through such an analysis, we know the government should administer what should be administered and have its hands off what should not be interfered with.

(Issue 11, 1990)

## Rural Education On the Rise

ZHONGGUO TONGJIXINXI BAO  
(China Statistical Information)

With the development of the rural economic and educational undertakings, the overall education level in China's countryside has risen steadily. In 1989, the farmers' average education level reached 6.03 years, up 0.43 year over that of 1985, or a rise of 7.7 percent. Meanwhile, the illiteracy rate dropped. Illiterate and semi-illiterate persons accounted for 22.57 percent of the total rural manual labourers, down 5.3 percentage point compared with 1985.

The sample survey team of the State Statistical Bureau analysed materials collected from 67,000 rural households. In 1989, manual labourers with a primary school education or above accounted for 77.43 percent of the rural population. Among them, 38.67 percent attained a primary school education, 31.43 percent have a middle school education, 6.81 percent received senior middle school training, 0.45 percent attained a technical secondary school education, and 0.08 per-

cent attended a community college or university. These figures, compared with those of previous years, are indicators of the rise in the quality of rural education.

The rise in the education level of farmers has subsequently increased their income capabilities. According to the survey, the households with someone holding a technical secondary school education earned an average net income of 740.9 yuan annually, up 300 yuan from 1985. They are the households enjoying the largest and quickest increase in income level. The average net income for illiterate households in 1989 was 442.84 yuan, an increase of 139 yuan as compared to the figure for 1985. Clearly, those farmers with a higher education level tend to earn more than those who have less education. In 1989, the farmers with at least seven years of education earned an average net income of 696.29 yuan. Meanwhile, those with four years education or less averaged 427.39 yuan annually.

(October 8, 1990)

## Babysitters in Beijing

ZHONGGUO QINGNIAN BAO  
(China Youth News)

**D**uring the 1980s, many young countrywomen found their way to Beijing as babysitters. At first, they came from Sichuan, Anhui and Henan provinces, but now their numbers expand to more than a dozen provinces.

The purpose of their trip to Beijing was at first to experience the big city's life, visit Beijing's scenic spot, while making a net income of 70-80 yuan monthly. Originally it didn't matter what type of family they served. However, now they do choose those families who enjoy

a high salary, have less chores, spacious homes and are close to downtown. They prefer to look after seniors instead of looking after babies and prefer not to work with illiterate individuals.

It is common knowledge in the Beijing household labour market that babysitters receive two days off monthly to satisfy sightseeing and travelling.

Some babysitters came to Beijing also with the aim to learn practical techniques. The largest family service market in Beijing—Beijing March 8 Family Labour Service Co.—has recently opened hair styling and tailoring classes, which are free of charge for the babysitters. Many of them have become the backbone in assisting their fellow villagers to prosper after returning to their hometowns.

A manager with the Chongwen District labour market stated, "Beijing is a social university. After a few years of working here, many young women have improved their individual qualities."

(November 13, 1990)

## Farmers' Cultural Life

JINGJI CANCAO BAO  
(Economic Reference Daily)

**W**ith the improvement of living standard and the enhancement of educational level, farmers in Zouxian County, Shandong Province, have found a variety of ways to enrich their cultural life. They now find much enjoyment in calligraphy, photography, stamp collecting, horticulture, caring for fish and birds, landscaping, knitting and sculpture. The young farmers' cultural life is more colourful than previous years. They closely follow popular songs and disco dancing. One day they would hold a billiard match, the next an artistic

display.

Body building, popularized in film and TV, is now common in farm houses. When Lu Hongmei, a young woman in Guandong Village, took a liking to body-building exercises, her husband at first did not support her and neighbours gossiped. However, a year later, after she had become slender and healthier, her overjoyed husband and neighbours admired her very much. Many women joined in and soon a 37-member women's body building team was set up. The team has even performed on the Shandong TV Station.

There are more sports activities throughout the county. Liu Qingguan, a basketball fan in Nanguan Village, encouraged his sons and nephews to take part in basketball matches, while his wife and younger children cheered the players on. His action helped stimulate the village's sports activities. In the past two years, a 200-member "sports family" has emerged. Those who regularly exercise numbered more than 2,000, some 50 percent of all village residents.

Paying increased attention to the cultural activities, the county government created convenient conditions by which farmers could enrich their cultural life. It holds song, photograph and calligraphy competitions and has set up cultural centre in many cities and towns, training more than 700 farmers.

Today, Zouxian County has some 500 households which boost "special cultural feature" and more than 300,000 farmers who can show their special talents in family cultural activities.

(January 5, 1991)

## Training Classes for Foreign Technicians

To help developing countries strengthen their ability to develop agriculture and utilize natural resources, the Chinese government continues to run training classes for technicians from developing countries in 1991.

This year China plans to hold seven technical training classes, according to an official from the Ministry of Foreign Economic Relations and Trade. They include two classes for training middle- and high-ranking managerial officials of agricultural economy. Fourteen students for each class will come from English- and French-speaking developing countries. The one-month classes will start on May 24 and May 26 at the South China Agricultural University in Guangzhou and the Central China Agricultural University in Wuhan respectively.

Two rice-growing training classes will be organized at the South China Agricultural University in Guangzhou and the Hubei Agricultural University Offi-

cial Training Centre in Wuhan. The three-month classes will enrolled 26 students each from English- and French-speaking countries. Classes are scheduled to commence in July of this year.

The technical training class will cover the cultivation of food grains other than wheat and rice in arid areas. The 20 students will come from French-speaking African countries. The three-month class will start on July 5 at the Northwest Agricultural University in Yangling, Shaanxi Province.

The class on application of solar energy and firewood-saving technique and the class on the use of marsh gas will be held by the Gansu Natural Energy Institute in Lanzhou and the Chengdu Asian-Pacific Area Marsh Gas Training Centre in August and September respectively. Two classes of 25 and 16 students will be taught in English with a term running from three weeks to one month.

The official also stated that the Chinese government will cover the trainees' accommodation and food and their governments or the United Nations Develop-

ment Programme (UNDP) will be responsible for their round-trip fare to China.

The Chinese government and UNDP jointly ran three training classes for rice-planting techniques and for maintenance of small farm machines in 1990. A total of 46 students from 25 countries including Gambia, Yemen, Zambia, Fiji, Sri Lanka, Niger, the Congo, Cameroon and Zaire took part in the classes. After three months training, all students thought that China's experience in agricultural development was a help to their countries and its technology in rice-planting and the use of small farm machines was worth popularization.

by Yang Shuzeng

## Fashion Show to Be Held in Beijing

In order to show off China's clothes and ornaments and publicize them on the international market, the Huaxin Fashion Show Festival will be held in Beijing from April 20 to May 3 this year.

Sponsored by the China Huaxin Corp., the Beijing Foreign-Funded Enterprises Service Centre and other units, the show will include academic exchanges, exhibitions, talks and live performance.

Fang Weiguo, secretary-general of the show's organizing committee, said that in early April about 100 domestic and international clothing experts and scholars will gather in Beijing to discuss the development trend in the world and the designing and production of China's clothes.

Some 200-300 clothing producers (including Sino-foreign joint ventures) will display a variety of high-grade clothes and ornaments.

During the festival, fashion models from China, the Soviet

A lecturer from the Central China Agricultural University in Wuhan explains how to use farm equipment.

YAO GONG



Union and other countries will show off their skill. In addition, a special group of models from universities in Beijing will also display recent fashions they designed and tailored themselves. The styles are certain to depict the elegance and current fashion flavour of China's university students.

by Li Ming

## Haikou Branch of Chartered Bank Opens

The Standard Chartered Bank of Britain officially opened its branch in Haikou, Hainan Province, on March 12, the third banking institution in the city run by foreign businessmen since Hainan Province was established in 1988.

The opening of the Standard Chartered Bank, Haikou Branch, was approved by the head office of the People's Bank of China. The solely foreign-owned branch handles foreign exchange loans, remittances from abroad, Hong Kong and Macao, cash collection, bank savings as well as international import and export trade.

So far, the Standard Chartered Bank of Britain has opened 11 branch offices on China's mainland. Expanding its business territory to Haikou is a demonstration of its confidence in China's future and determination to play a role in Hainan's modernization. ■

## Beijing Hosts 2nd International Fair

The 2nd Beijing International Fair, sponsored by the China Council for the Promotion of International Trade, will be held from April 8 to 15 at the China International Exhibition Centre.

It is the largest of its kind organized by China so far and has

received applications from over 4,000 Chinese businesses and 300 firms from 23 countries and regions to participate in the exhibition. The main products include machinery, electrical and telecommunication equipment, computers, automatic office equipment, precision instruments, metallurgical materials, energy technological equipment, textile materials, light industrial machinery and their products, arts and crafts and furniture.

Some 106 companies from Hong Kong are expected to take part in the fair. Their main theme at the exhibition will be Hong Kong—China's Trade Window. In conjunction with the fair they will hold fashion shows, sales and trade talks.

This fair will be held once every two years. At the first fair in 1989, some US\$400 million in business was conducted. ■

## News in Brief

- Under guidance from the city of Shanghai, the Foreign Investment Work Committee on March 10 published a catalogue of enterprises and products for attracting foreign funds in 1991. The catalogue includes 220 products of seven trades, such as machines, electrical appliances instruments and meters. Foreign investment is restricted for more than 100 products including motorcycles and air conditioners and is prohibited in news publication and foreign trade dealings.

The catalogue points out that foreign businesses may run financial companies, real estate business, retail commerce and the tertiary trade in the Pudong New Development Zone. Previously, the investment in financial companies was not allowed.

- The Fuyanjin capsule, a new gynaecological medicine produced by the Wuzhou Tradi-

tional Chinese Pharmaceutical Factory in the Guangxi Zhuang Autonomous Region, has caught the attention of Singapore, Thai, Hong Kong, Macao and Taiwanese businessmen. Huang Dejian, deputy director of the factory, said that exports had reached 800,000 yuan in 1990 and are expected to reach one million yuan this year.

The Fuyanjin capsule, Huang said, is made with Chinese medicinal herbs using up-to-date technology. In 488 clinical cases in five hospitals in the region, the medicine eased pain and cured leucorrhoea and boils in 98 percent of cases observed. In 1989, it won the scientific and technological achievement awards from the region and from the State Traditional Chinese Medicine Administration.

To meet the great demand of both domestic and foreign clients, the state has decided to expand its production. The aim is to increase the present yearly output of 1.5 million bottles to 3 million bottles.

- A set of informative Beijing maps for domestic and foreign businessmen and tourists will be published in August of this year. The maps will provide useful information on industries, commerce and trade, scenic spots, science, education, public health, and communication and transportation facilities in the capital, clearly showing roads and addresses of enterprises, government offices and organizations. They will be of great help to visitors and residents alike.

They are being edited and published by the Nanfengchuang Periodical Development Centre in Guangzhou. The English edition is now being drafted and is scheduled to come off the press by the end of this year.

by Yao Jianguo

## TV Series Depicts the Story Of the Soong Sisters

The 12-episode TV series, *Soong Ching Ling and Her Sisters*, entertained Beijing TV viewers this past February. It is the first TV series which centred on the lives of and relations between the Soong sisters, Soong Ailing, Soong Ching Ling and Soong Meiling, all great and influential figures in modern Chinese history. Apart from portraying their individual disposition and charm, the TV production also focused on their ideological conflicts resulting from their different political beliefs and their marriages.

The film, creative both in subject and form, became an instant success and caused a sensation among the viewers and critics.

The series starts with the life of the Soong sisters as teenagers. At the beginning of this century, the three sisters, daughters of Soong Jiashu, a wealthy businessman in Shanghai, finished their studies in the United States and returned home. All three sisters all chose their ideal husbands. Soong Ailing, the eldest daughter who was interested in finance, married Kong Xiangxi (who would later hold many important positions in the Kuomintang government), son of a financier; Soong Ching Ling, the second sister, paying no heed to her family's strong opposition, married Sun Yat-sen, the leader of the 1911 Chinese Revolution whom she admired from her early childhood, and Soong Meiling, the youngest, married Chiang Kai-shek who ruled

China for over two decades. After their marriages, the close relationship among the three sisters became subject to political upheavals.

Soong Ching Ling is the heroine of the TV series. In the series, her outstanding personality and celebrated revolutionary spirit are portrayed against a complicated family and political background. Soong Ching Ling loved her sisters, but she put the national interest above her family relations. Li Ling, who played Soong Ching Ling in the series, was outstanding in her ability to portray the complicated inner feelings of Soong Ching Ling who was caught between family love and political beliefs.

Li Ling is a young actress who has played several successful leading roles in film and TV productions. Although she resembles Soong Ching Ling in physical features, she did not stop there. She was able to successfully reveal the admirable inner qualities such as elegance, generosity and gentility of this great Chinese woman.

Wang Fuli (Soong Ailing) and Zhang Xiaomin (Soong Meiling) both demonstrated their acting talents in the series. Different from other productions, the series gave a more detailed and realistic revelation of the two sisters' important roles in historical events. For example, there were many scenes depicting their active participation in the Anti-Japanese War. The sisters made speeches, raised funds and paid

visits to hospitals. When Soong Ching Ling was in danger because of her severe attack on Chiang Kai-shek, her two sisters offered help many times. Such detailed depictions have been seldom seen in previous film or TV productions.

Pan Xia directed the series. She believes that credibility of biographical productions is achieved from the faithful representation of important historical events and the environment in which they occurred. For example, one part of the series dealt with the re-burial ceremony of Sun Yat-sen after his body had been transported from Beijing to Nanjing. Such a scene has never appeared in film or TV. Pan insisted that the props including the costumes of the pall bearers, the funeral flags and the coffin all be in authentic detail; and related scenes were filmed using real landscapes. Another important scene in the series—the wedding ceremony of Soong Meiling and Chiang Kai-shek, was filmed exactly according to the description written in historical records.

Critics praised the TV series as one of the best TV productions combining romanticism with realism. Although it emphasized character and feelings, it did not avoid important historical events in the first half of this century. Through the historical events, it demonstrated how personal fate can be closely connected with that of the nation. "This is history in an artistic form. The image of Soong Ching Ling is of great significance in the education of our children," said one critic.

The success of the Chinese TV series has attracted attention of artists and businessmen abroad. Japan and Singapore have bought the copyright of the TV series.

by Cui Lili



CHENG ZHIXI

On February 25, Xie Jun defeated Alisa Maric of Yugoslavia to win the right to challenge reigning women's world champion.

## The Chinese Challenge in Women's Chess

Chinese grandmaster Xie Jun defeated Alisa Maric of Yugoslavia in the seventh of the eight-game world chess finals in Beijing last month to win the right to challenge reigning women's world champion Maya Chiburdanidze of the Soviet Union, thus making her the first non-Soviet to have a shot at the world crown.

The finals attracted great attention from world chess circles. For the past 40 years, the right to challenge the world champion has remained a domestic affair among Soviet players.

Commenting on Xie's success, Florencio Camponanes, president of the International Chess Federation, said, "This is historically significant. Xie's success symbolizes the rapid progress of

world chess."

The last three games held in Beijing were all stiff competitions. Xie Jun reacted better to chance. When the situation was favourable to her, Xie would instantly seize the opportunity and carry it onto her final victory. When she was in difficult situations, she would take it easy and turn peril into safety.

Maric, though showing strong power in defense, was somewhat conservative. She avoided head-on confrontation with her rival, preferring to win the game by her unusual persistence. Such a tact led to her final downfall.

Apart from her aggressiveness in playing, Xie Jun is able to maintain her mental and physical equilibrium under pressure. She had a good appetite and slept

well before the matches which contributed to her vitality during competition.

Xie started playing Chinese chess at the age of seven and transferred to play chess at ten. She excelled quickly in the new game and became a national master at 14 years of age and world grand master at 18.

Seasoned by long years of experience in important national and international competitions, Xie has developed a calm, self-confident attitude. When asked how she prepared for the games, Xie answered, "I always try my best. I am satisfied with whatever the result may be so long as I have tried my best." When asked how she dealt with unfavourable situations, Xie said calmly, "I often prepare for the worst and fight for the best." However, the game usually comes out in her favour.

by Cui Lili.

## Evidence of China's Maritime Culture

**A**t the International Seminar on the Maritime Silk Route held recently in Quanzhou, a coastal city in China's southeast, latest archaeological reports made by scholars from various countries show that China, like the Mediterranean countries, is also a birthplace of maritime culture in the world.

A Japanese scholar said at the seminar that about 350 pieces of Chinese bronze bells from the Spring and Autumn period (770-476 BC) discovered in Japan's western coastal areas of Yamakage and Hokuriku are similar to those unearthed in Korea. These discoveries prove that China opened a route from Shandong Peninsula to Japan via the Korean Peninsula 2,700 years ago.

Archaeological discoveries also show that during the Warring States period (475-221 BC), China opened a route to Japan's Kitakyushu via Tsushima Island. Archaeologists from various countries have discovered bronze swords of the Warring States period along the route from the Korean Peninsula, Tsushima Island, Hakata Bay to Kitakyushu. They have also found knife-shaped copper coins among the relics of the sites of the Warring States period. In order to navigate the rapid waters, Chinese navigational technology had reached a sophisticated

level during the Warring States period.

In recent years, China's ancient boats unearthed in various countries along the silk route show that China, bordering on the west coast of the Pacific Ocean, like the ancient countries along the Aegean Sea, began to use primitive boats and rafts 7,000 years ago. China, a large coastal country in the east, and the Arabian empire, a power relying on navigation in the west, pushed maritime trade to a new height. Ships of the Song Dynasty (960-1279) unearthed from China's Quanzhou and Ningbo cities are considered to be the heaviest and best built ships in the world at that time.

K. Mcpherson, an Australian professor at the Centre for Indian Ocean Regional Studies, said that during the Han Dynasty (206 BC-220 AD), Chinese traders and navigators made frequent visits to Southeast Asian countries as far as the Malay Peninsula. China's trade activities spread to Sumatera Island, the Bay of Bengal and northern India up until the Tang Dynasty (618-907). The Chinese oceangoing vessels made up the largest fleet on the Indian Ocean at that time.

Scholars from various countries have also offered evidence of China's navigation to Southeast Asian countries. Chion Sin Min,

professor of the Southeast Asian Research Institute of Singapore, said his country discovered over 300 Chinese cultural relics made in the 13th or 14th centuries, which include porcelain and pottery items, coins and ornaments. The most interesting discovery was the cooking charcoal. Professor Chion also pointed out that certain maritime nationalities, such as the Thais, Burmese and Malaysians, originate from the boat people of southern China who came to these countries in ancient times via sea routes. These people continue to preserve their Chinese cultural traditions.

Professor Wolfgang Franke from Hamburg University, Germany, and Ho Chui Mei from the Field Museum of Natural History in Chicago, said in their reports that in recent years, many discoveries found in Southeast Asian countries came from China, such as epitaphs dating back to 1264 discovered in Brunei, big bells from 1469 found on Sumatera Island, hundreds of Chinese tombstones dating back to the 17th century found in Malaysia and Indonesia, as well as large numbers of Chinese porcelain and pottery articles found in Thailand. These discoveries prove that the Chinese people sailed to Southeast Asian countries long ago. ■



## ART PAGE



### Opera Facial Makeup by Li Jiqing

Peking Opera is of a unique and local style among all of China's traditional operas. The painted faces used in the opera are also valued as pieces of art highlighting China's rich tradition. The facial makeup portrays the various roles, types, natures, qualities and ages of the characters in colourful and elaborate patterns.

These works were created by opera makeup artist Li Jiqing, a teacher of the Beijing Opera School who was born in Tianjin in 1949.



Li Jiqing puts on the final touches.



# BEIJING REVIEW

A Window on China



Beijing Review, China's only weekly foreign language current affairs magazine, was first launched in English in March 1958. It is now available in English, French, Spanish, German and Japanese. As well as the regular English edition, a North American edition is printed and distributed in the USA.

In January 1988, Chinafrique, a monthly in French, was published by Beijing Review for distribution in African countries.

The six editions are essentially similar in content but vary to cater for the readership in different regions of the world. The magazine aims to

- provide information on political, economic, cultural and social developments and trends in China;
- offer insight into the theories, lines, principles and policies of the Chinese Communist Party;
- acquaint readers with Chinese views on major international issues.

Beijing Review is an important source of information for overseas government officials, experts, scholars and business people interested in recent developments in China. It is often quoted by foreign media and is used by professors as a source of reference for students of overseas universities.

The back cover of Beijing Review carries colour advertisements.

Beijing Review is airmailed to over 150 countries and regions. It is distributed by the China International Book Trading Corporation (Guoji Shudian), P.O. Box 399, Beijing, China.