

# BEIJING REVIEW



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Concerns mount over the preservation of wetlands

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北京周報 英文版 2009年 第32期 ISSN 1000-9140 廣告許可證 01711號 北京市期刊登記證第733號 郵發代號2-922 國內統一刊號 CN11-1576/G2 國內零售價: 人民幣6.00元  
CHINA.....RMB 6.00 U.S.A.....USD 1.70 AUSTRALIA.....AUD 3.00 UK.....GBP 1.20 CANADA.....CAD 2.60 SWITZERLAND.....CHF 2.60  
JAPAN.....JPY 188 EUROPE.....EURO 1.90 TURKEY.....YTL 5.00 HK.....HKD 9.30 NEPAL.....RS 100



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# BEIJING REVIEW

A News Weekly Magazine  
Published Since 1958

<http://www.bjreview.com>

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## Redeeming the Weeping Wetland

By ZHANG ZHIPING

Renowned as the "Kidneys of the Earth," wetlands are one of the three major ecosystems of the planet, along with forests and seas. With 10 percent of the world's wetlands, China ranks number one in terms of the area of wetlands in Asia, and fourth in the world. China's wetlands are abundant in type (containing all-natural and man-made types listed in the Convention on Wetlands of International Importance) and large in number, with a wide coverage, dramatic regional differences and notable biodiversity. So finding ways to protect and properly use them is a tough and urgent job for China, a country still in the beginning stages of wetland protection.

Since the 1950s, due to a lack of knowledge of functions and values of wetland ecosystems, the area of China's wetlands has decreased dramatically owing to all kinds of irrational exploitation and utilization activities. With the continuous increase in population and rapid economic development, the reclamation and overuse become even more ravishing. According to official statistics, the area of wetlands has dwindled by more than 50 percent. Many of them keep degrading so badly that they result in soil erosion—and desertification. Forty percent of them are polluted to different degrees by agricultural and industrial wastes.

The Chinese Government attaches great importance to wetland preservation. Since joining the Convention on Wetlands in 1992, China has taken many measures to strengthen the protection of existing wetland resources. Meanwhile, international cooperation for this purpose has also been intensified. After 10 years of implementation, the Project of the Biodiversity Conservation and Sustainable Use of Wetlands in China was completed in late June. The project, which totaled \$12 million, was the largest of its kind in the history of the country.

Due to its large population and booming economy, China's ecological environment has become rather fragile. In this regard, more efforts are required. Fortunately, the Chinese Government and the public have established a consensus in restoring and protecting wetlands, and are willing to invest large amounts of labor and money in it. Therefore hopefully our land, as well as the environment as a whole, can be allowed some breathing space to recover from the heavy pressures of industrialization. ■

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**General Editorial Office**  
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**English Edition**  
**Tel:** 86-10-68996259  
**Advertising Department**  
**Tel:** 86-10-68995813  
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**Distribution Department**  
**Tel:** 86-10-68310644  
**Fax:** 86-10-68328738  
**E-mail:** [circulation@bjreview.com.cn](mailto:circulation@bjreview.com.cn)

Published every Thursday by  
BEIJING REVIEW, 24 Baiwanzhuang Lu,  
Beijing 100037, China.

**Overseas Distributor:** China International Book Trading Corporation (Guoji Shudian), P. O. BOX 399, Beijing 100044, China  
**Tel:** 86-10-68413849 **Fax:** 86-10-68412166  
**E-mail:** [fp@mail.cibtc.com.cn](mailto:fp@mail.cibtc.com.cn)  
**Website:** <http://www.cibtc.com>

**General Distributor for Hong Kong, Macao and Taiwan:**  
Peace Book Co. Ltd.  
17/F, Paramount Bldg, 12 Ka Yip St, Chai Wan, HK  
**Tel:** 852-28046687 **Fax:** 852-28046409

*Beijing Review* (USPS 2812) is published weekly in the United States for US \$85.30 per year by Cypress Book (U.S.) Co., Inc., 360 Swift Avenue, Suite 48, South San Francisco, CA 94080  
News Postage Paid at South San Francisco, CA 94080  
POSTMASTER: Send address changes to *Beijing Review*, Cypress Book (U.S.) Co., Inc., 360 Swift Avenue, Suite 48, South San Francisco, CA 94080

#### SUBSCRIPTION RATES (1 Year)

Australia	AUD 148.80
New Zealand	NZD 144.00
UK	GBP 53.80
U.S.A.	US\$ 85.30
Canada	CAD 126.90

Printed in China by  
C&C JOINT PRINTING Co. (BEIJING) Ltd.

## Ailing Worker Defends Rights



ZHAO PENG

**Zhang Haichao**, one of China's more than 600,000 sufferers of pneumoconiosis (an occupational lung disease caused by the inhalation of dust), has resorted to extreme measures to make his condition known to the public.

Zhang, a 28-year-old migrant worker from central China's Henan Province, underwent a biopsy in June to prove he was suffering from the disease after having worked at a local brick factory for three years until 2007.

According to Chinese laws, sufferers of occupational diseases are entitled to compensation and those who are exposed to the risk of occupational diseases are also entitled to subsidies.

However, Zhang failed to receive compensation from his former employer because the Henan Occupational Disease Prevention Institute had never confirmed his disease. In order to justify his claim, Zhang finally decided to go under the knife.

Media exposure of the surgery immediately drew public concern and prompted a government-led probe. After medical experts confirmed Zhang's disease as an occupational injury on July 27, the Henan local government sacked two officials involved, and also suspended a third official and three doctors for dereliction of duty.

## First Female Division Commander

**Cheng Xiaojian**, a veteran pilot, has recently been appointed a division commander of the Chinese armed forces.

According to national TV broadcaster CCTV, Senior Colonel Cheng now commands an airlift division based at Chengdu, southwest China's Sichuan Province.

Cheng, 46, joined the Air Force of the Chinese People's Liberation Army in 1981 as a trainee pilot. She is one of the country's fifth-generation female pilots. In the past 28 years, Cheng has flown six types of warplanes logging up more than 3,240 hours.

After an 8.0-magnitude earthquake jolted Sichuan last May, Cheng was assigned to direct the airlift of emergency relief supplies for affected areas. She successfully performed the mission.



LIU YINXIN

## Swimming Into History

**Zhang Lin** now ranks among China's greatest athletes after he won the country's first ever men's gold medal at a major international swimming competition.

Zhang beat Australian swim sensation Grant Hackett to take first prize in the men's 800-meter freestyle at the World Aquatics Championships in Rome, on July 29. His world-record-breaking speed, which was 6.5 seconds faster than the previous mark of 7:38.65, added to his achievement. Before that, he clinched a bronze medal in the men's 400-meter freestyle on July 27.

The 22-year-old Zhang began his swimming career at 6. After being recruited in the national swimming team in 2002, he rose to be one of China's fastest freestyle swimmers.

Last August, Zhang became the first male Chinese Olympic swimming medalist at the Beijing Games. He took a silver medal in the men's 400-meter freestyle with 3:52.44.

Since late 2007, Zhang has been coached by Denis Cotterell, who is the former coach of Hackett.



ZENG YI

**"There will be no major breakthrough with his trip alone but I believe it will provide a fresh momentum for nuclear disarmament talks."**

Kim Yong Hyun, a North Korean professor at Dongguk University of South Korea, saying that former U.S. Bill President Clinton's visit to Pyongyang to free two U.S. journalists may signal warmer relations between the longtime foes

**"Democracy might be regarded as desirable during takeoff but in practice it has not proved to be a realistic option for most countries. If we choose to ignore this historical context, we stand guilty of being hypocrites: requiring of others what we did not practice ourselves."**

Martin Jacques, a columnist with British newspaper *Guardian*, in his commentary "Don't Judge China by Our Standards"

**"Waiting for the [global financial] crisis to disappear to conclude the Doha Round would mean depriving the world economy of a powerful engine for recovery."**

Pascal Lamy, Director General of the World Trade Organization, calling for a swift conclusion to a new world trade pact in an interview with the Indian newspaper *Business Standard*

**"Just as we affirm our endorsement of the option of peace, we maintain our right to resort to legitimate resistance as guaranteed by international law."**

Palestinian President Mahmoud Abbas, in his policy speech at the first General Assembly of the Fatah party in 20 years in the West Bank city of Bethlehem on August 4

**"We were under fire from the start. The ayatollahs of the Lisbon Treaty in Brussels and Paris wanted us to fail in order to prove their argument that the rotating EU presidency didn't work and that the EU couldn't function without a new treaty."**

Alexandr Vondra, former Czech Deputy Prime Minister for European Affairs. The Czech Republic held the EU rotating presidency in the first half of 2009

## OPINION

**Fighting Discrimination**

Cui Fuqiang, Director of the Office of Viral Hepatitis at the Chinese Center for Disease Control and Prevention, said in late July that the Ministry of Health would no longer test for Hepatitis B in conventional medical examinations. However, Deng Haihua, a spokesman for the ministry, immediately clarified this did not represent an official statement, but was just an expert opinion.

Some 100 million people are infected with Hepatitis B in China, and there is widespread discrimination against them. People carrying the virus find it very hard to enter kindergarten, school, or get a job.

Fighting against discrimination on Hepatitis B is difficult for many reasons.

For example, the current cost to employers who break the related law is a fine of only 1,000 yuan (\$146), and many medical centers prefer cooperating with employers in exchange for financial rewards, rather than implementing governmental policies.

In order to eliminate discrimination against carriers of Hepatitis B, the government should aim to further medical literacy and promote anti-discrimination policies, such as formulating and implementing laws and regulations that protect Hepatitis B patients, while pursuing more public control.

We hope for such action in the near future.

*Chongqing Times*

**Changes in Taxation**

A change in the consumption tax on liquor officially took effect on August 1, and some of the high-end liquor brands have already undergone a price hike. In Guangzhou, southern Guangdong Province, prices of many liquor brands increased by 6 to 9 percent. In Beijing, retailers also received notices from renowned liquor producers, such as Moutai and Jiannanchun, to raise prices.

Though the levy of a consumption tax on liquor is targeting producers, it has not put much burden on these enterprises, since they can easily pass the cost to consumers by raising their prices. Some of the companies even raised their prices markedly before the tax levy to ensure more profits. This goes against the original intention of taxation authorities.

Some tax policies need adjustment, but any new consumption tax or change in the existing tax rate should not bring about only one result—increasing burden on consum-

ers. It's the responsibility of the government departments concerned to evaluate whether a tax policy can regulate consumption without adding burdens on the consumers.

*Guangzhou Daily*

**Official Accountability Needs Reform**

On July 30, more than 1,000 villagers from Zhentou Township in Liuyang City, central China's Hunan Province, gathered at the local government building and police station to protest pollution problems. On August 1, the legal representative of the polluting plant involved was detained and two leading officials of the Liuyang Environmental Protection Bureau were suspended from their posts pending further investigation.

Similar incidents are happening more often these days. But the existing accountability system is not an effective way to solve these problems—and its "passiveness" may even lead to serious consequences.

It may suggest to the public that the normal procedure of protecting their rights by taking legal action is futile, and not draw any attention from the government. Instead, only by resorting to mass protests can people exert pressure upon the local government, and then have their demands answered. But if the government remains slow in reacting to all protestors' demands, mass incidents could happen more frequently—with greater threats to social stability.

It may also leave local officials feeling that if their misconduct didn't result in mass protests, they would not be held accountable. This may lead them to resort to

coercion—and even violence—to prevent people from protesting.

This could even lead to a vicious circle, whereby officials coerce people into silence, and more mass incidents of unrest will happen.

To avoid this pattern from happening, a more rigid accountability system is needed, and it should never be focused on mass protests.

*Zhujiang Evening News*

**Unreasonable Charges**

Recently, some transportation experts suggested Guangzhou, capital of southern Guangdong Province, introduce congestion charges to curb growing traffic demand.

Are the charges reasonable? As we know, a citizen pays taxes to the government in order to "purchase" public products that the market or individuals cannot supply, such as transportation and education services.

Thus, when car owners pay various kinds of taxes from a purchase tax to a fuel tax to "purchasing" the right to use roads and other transportation facilities, the government has the responsibility to provide sound and free services. To charge money on public products should be the last resort of the government after making other efforts.

In cities with the worst traffic problems, such as New York and Tokyo, their governments don't charge citizens, but instead developed the public transit system as much as possible.

Good solutions to a public concern should be both technically feasible and consistent with interests of the majority of people.

*The Beijing News*



**EXPENSIVE LIQUOR:** A woman buys liquor in a Carrefour outlet in Hefei, Anhui Province. The Chinese Government reworks the alcohol taxation policy on August 1



## Seeing Is Believing

A stunning three-dimensional painting was unveiled in Shanghai's Meilongzhen Plaza on August 5. The 300-square-meter work featuring cascading water is the largest of its kind in the world. It was painted by German street artist Edgar Müller to celebrate the 2010 Shanghai World Expo.

Organizers announced that 241 countries and international organizations had confirmed their participation in the Shanghai Expo as of August 3.

## SOCIETY

## Plots Broken up

Police forces and state security agencies have thwarted five organized terrorist attacks on civilians in China's Xinjiang Uygur Autonomous Region, a spokesman for Xinjiang Uygur Autonomous Regional Government announced on August 3.

Separatist "East Turkistan" terrorists both at home and abroad had been plotting attacks against civilians since the July 5 riot that left 197 dead and more than 1,600 injured in Urumqi, capital of Xinjiang.

The five terrorist plots were planned to take place in the Xinjiang cities of Urumqi, Kashgar, Aksu and Ili.

Antiterrorism agencies had captured "a group of suspects involved in the terrorist activities" and confiscated "guns, knives, explosives and materials advocating violence and terrorism."

## Water Pollution

Chifeng City's chief public utilities official in north China's Inner Mongolia Autonomous Region was fired on August 4 over a tap water pollution incident that has sickened more than 4,000 residents since July 25.

The Chifeng Municipal Committee of the Communist Party of China (CPC) held a meeting on August 4 to remove the official, Guo Mingda, as the Party chief of the municipal construction commission that is in charge of the construction and management of public utilities. The CPC municipal committee also proposed the removal of Guo as the director of the construction commission.

Local residents have complained of fever, diarrhea, stomach ache and vomiting after drinking tap water and they sought medication for gastrointestinal illnesses after the tap water supply was contaminated by rainfall on July 23.

The well that was contaminated provides tap water for a 17-square-km area that has a

population of 58,000 people.

## Plague Under Control

China's actions in northwestern Qinghai Province to control the pneumonic plague, which broke out on July 30, have been effective and the disease is unlikely to spread from the center of the epidemic, experts from the Ministry of Health said on August 5.

Health authorities in Qinghai promptly uncovered the chain of disease transmission, which is the key to effective control, said Liang Wannian, Deputy Director of the Emergency Office of the Ministry of Health in Qinghai.

The local government has sealed off 3,500 square km around Ziketan Township and established 23 quarantine stations that are working around the clock.

No other infections were found after the 12 patients in Ziketan who were quarantined on July 31. Three had died and one was in critical condition as of the evening of August 4.

## Flooding Warning

The Chinese Government issued an alert on August 5 and urged stepped-up efforts to fight what is expected to be the worst flooding in the upper and middle reaches of the Yangtze River since August 2004.

Continuous heavy rainfall in the region has caused recent flooding.

The maximum water inflow into the Three Gorges Dam would be 56,000 cubic meters a second, the Office of State Flood Control and Drought Relief Headquarters (SFDH) warned. The Three Gorges Dam is capable of reducing floodwaters by between 27,000 and 33,000 cubic meters a second.

The SFDH ordered the Danjiangkou Dam, located at the junction of the Hanjiang and Danjiang rivers, the two main tributaries of the Yangtze River, to open one of its sluices on August for the first time this year to ease flooding.



GUO GANG

**FRIENDLY GREETINGS** Chinese navy sailors aboard the *Zhoushan* missile frigate say hello via light signals to Saudi Arabia's *Abha* missile frigate on the Gulf of Aden on August 4. Two frigates and a supply ship from the Chinese navy are on an escort mission to deter Somali pirates



XIA LIN

## DANGEROUS RAIN

As the water flowing into the Three Gorges Dam reservoir increased to 55,000 cubic meters per second on August 6, the world's largest hydropower project witnessed its biggest flood crest since 2004



XIA CE

## BUSY AGAIN

Fishing boats leave their Taizhou docks in Zhejiang Province on August 1 after the two-month mandatory ban on catching fish and crab in the East China Sea is lifted

## ECONOMY

### 'No' to Tire Protectionism

China's Ministry of Commerce reiterated on August 3 that the United States should heed the call from its own industries and not impose protectionist measures on tires imported from China.

The U.S. Tire Industry Association, the American Coalition for Free Trade in Tires, the American Automotive Trade Policy Council, and the Retail Industry Leaders Association have all expressed strong opposition to the planned sanctionative moves.

The comment came after the U.S. International Trade Commission (ITC) issued a statement on June 29 recommending decreasing tariffs to 55 percent, 45 percent and 35 percent over the next three years on motor vehicle and light truck tires from China.

### Tightening Control

China will modify rules on domestic banks' derivatives operations after financial institutions suffered losses during the global downturn, said the Chinese Banking Regulatory Commission (CBRC) on August 4.

Banks are required to explain or introduce the use of derivatives products to their clients in an "understandable and clear" way, so that they would fully realize potential risks, said CBRC.

Banks should be responsible for providing institutions and companies with timely information about products, and reassess their value for clients.

CBRC said it would keep a close eye on lenders' activities and strictly monitor derivatives products transactions.

### Supporting Dairy

The Ministry of Finance has planned to continue subsidizing dairy companies that are stuck in a fiscal predicament.

The government will pay for bank loan



DENG LIANGKUI

**THE GAS MISSION** By early August, restoration of the main pipelines for transporting natural gas from Sichuan to Shanghai have been completed. The picture shows a factory for purifying natural gas in Sichuan Province

interests of up to 75 million yuan (\$11 million) for dairy companies that purchase raw milk from farmers whose interests were hurt by the melamine-tainted milk scandal.

The subsidy covers 3.11 percentage points of the loan interest rates, the ministry said on July 27.

The Chinese dairy industry suffered a major setback after milk powder produced by Sanlu Group was contaminated by melamine, which caused the death of six children and resulted in more than 300,000 others falling ill.

### To Be Listed

HSBC Holdings Plc. could soon be listed in the Chinese mainland stock market next year, HSBC Chairman Stephen Green said, but the proposal is still waiting for government approval.

Industry insiders expect HSBC to raise \$3-5 billion in the Shanghai stock market.

HSBC, the biggest foreign lender in China, said it aims to increase its branches on China's mainland from 87 to 100 by the end of this year.

Earlier this year, the Chinese Government

had come up with rules allowing foreign companies to be listed in China's mainland stock markets. HSBC is expected to be the first foreign company to launch initial public offerings in the mainland.

### Toshiba's New JV

The Japanese loss-making Toshiba Mobile Display Co., which makes small and midsize LCD monitors, reportedly planned to set up a joint venture with Chinese LCD maker Greentech Group.

The venture's goal is to tap the vast potential of the Chinese market by producing high-resolution displays using low-temperature polysilicon and organic light-emitting diode technology.

The company is likely to take less than a 20-percent stake in the joint venture. Greentech is expected to take a 60-percent stake, while a Hong Kong investment fund will take the remainder, according to the *Nikkei Business Daily*.

Toshiba Mobile Display reported an operating loss of 36.2 billion yen (\$380 million) in the fiscal year ending in March and vowed to break even this year.



ZHANG JIANGAO

**ELDERLY EXPRESS** Shanghai launched its first bus line for senior passengers over 70 years old on August 5. The buses can provide passengers with commonly used drugs and other forms of assistance



CHEN WEIHUA

**AMATEUR PUPPETRY** In Brasilia, capital of Brazil, a child plays with a leather shadow puppet belonging to a Chinese performance troupe after its presentation at a puppet festival

**1. THE UNITED STATES**

Freed U.S. journalist Euna Lee (first left) meets her husband and daughter after she arrives with Laura Ling (right rear) from North Korea at the airport in Burbank, California, with former U.S. President Bill Clinton on August 5. Following talks in Pyongyang with Clinton, North Korean leader Kim Jong Il pardoned the women who were sentenced to hard labor for entering the country illegally



**2. THE PHILIPPINES**

Soldiers carry the flag-draped coffin of late President Corazon Aquino to a gymnasium for her funeral wake in Manila on August 1. Aquino died on August 1 after a battle with colon cancer

**3. IRAN**

President Mahmoud Ahmadinejad is sworn in for a second term as he stands next to judiciary chief Mahmoud Hashemi Shahroudi in Tehran on August 5



#### 4. SWEDEN

An empty raft floats in the waters off the Swedish west coast after a Norwegian cargo ship with a crew of six sank on July 31. The ship got into difficulties after being battered by stormy weather

#### 5. MONGOLIA

Chinese Ambassador to Mongolia Yu Hongyao (second right) and Director of the Civil Aviation Authority of Mongolia G. Davaa (center) attend the ribbon-cutting ceremony for the first flight from Ulan Bator to Hailar, north China's Inner Mongolia Autonomous Region, in Ulan Bator on August 5

#### 6. MALAYSIA

Demonstrators flee as anti-riot police fire tear gas shells near Merdeka Square in Kuala Lumpur on August 1. Malaysian police fired tear gas and water cannons, and arrested dozens of demonstrators in an attempt to disperse a mass street protest against the country's Internal Security Act



# The End of a Market

The shutdown of the Cherkizovsky Market in Moscow hurts Chinese entrepreneurs and Russian consumers alike

By **GUAN XUELING**

In June, without warning, Russian officials shuttered the Cherkizovsky Market in Moscow. The closure caused not only massive economic losses for Chinese businessmen across Russia, but also jeopardized bilateral trade between the two powers. So why did Russia insist on closing the market—and keeping it closed? How will the shutdown influence merchants and consumers on each side? And where will the bilateral non-governmental trade go?

## The closure

The exact reason the Russians shut down the Cherkizovsky Market is complicated. Seemingly, it is a government action against something called “gray customs clearance.”

For one thing, gray customs clearance has existed in Russia for nearly 20 years—and has led to considerable losses of tariffs in the past. Since 2008, though, the Russian economy has suffered greatly from the global financial crisis, coupled with the steep fall in oil prices. Under these conditions, the Russian Government has resorted to cracking down on gray customs clearance once again.

Gray customs clearance, more specifically, is a non-standard form of trade, and can be traced back to the early 1990s—during Moscow’s most difficult stage of economic transition, amid serious shortages of daily necessities for its people.

During Russia’s reform of trade liberalization policies since then, goods flooded in from a number of other countries, including China. To protect its domestic light industry, Russia responded by imposing heavy taxes on these imports, while implementing lengthy and tedious customs clearance procedures on foreign goods.

Against this backdrop, Russia’s State Customs Committee accepted the irregular behavior by some of its less transparent



**SHUTDOWN:** A sign reading “market closed” hangs at the entrance of the Cherkizovsky Market in Moscow at the end of June. The closure caused massive economic losses for Chinese business people in Russia

clearance companies, allowing them needed legal formalities, including declaring at customs, paying taxes and taking commodity inspection for their consignors.

On the other hand, reliant on good relations with the government, these companies were able to apply high taxes on goods with low tax rate values, thus greatly shortening the time needed for transactions and shipping.

Consignors once enjoyed great convenience—by paying customs clearance companies, they were able to clear all procedures quickly. The consignors were also at a disadvantage, provided only part of a duty-paid certificate, or even no certificate, by the clearance companies, hence the term “gray” customs clearance.

This put them into the unenviable position of facing various government inspections and possible economic losses. Therefore, this is an internal situation unique to Russia. It not only leads to a loss of government tariffs, but also endangers the economic benefits of Chinese merchants and other enterprises. It also hinders the healthy

development of China-Russia non-government trade, too.

Since 2000, the recovery and growth of Russia’s economy, along with the advancement of its market-driven system establishment, has been coupled with a powerful crackdown on gray customs clearance.

After Vladimir Putin became prime minister, on multiple occasions he advocated reinforcement of customs control and the abolition of gray customs clearance. Last year, the breakout of the global financial crisis and the fall in oil prices threw the Russian economy into turmoil again. Russia’s official statistics show that from January to June of 2008, Russia’s GDP dropped by 10.1 percent.

Since the beginning of the financial meltdown, gray imports have since taken up a larger part of total import volume—a sharp increase to 13 percent from January to May 2009, up from 8 percent from January to August 2008. Currently, severe economic situations and collapsing incomes once more make the gray customs clearance, well known for its low tariffs, an enforceable policy.

The author is the director of Research Center of Russian Studies with Renmin University of China

Also important is the fact that, as Russian incomes decline alongside a spike in unemployment, Moscow has begun to take a series of measures to protect the economic interests of its citizens. Consequently, although consumption does not represent a large part of the GDP decrease, its continuous shrinkage can be problematic.

According to statistics, Russians' actual salaries dropped by 2.8 percent in the first half of this year, while the delayed payment of salaries increased by 50 percent at the end of May from the beginning of this year. It is estimated that the number of unemployed has reached 6.3 million, accounting for 8.3 percent of the total working population. As a result, expulsions of waves of migrant workers have resumed.

In fact, as early as November 2006, the Russian Government decreed that the numbers of foreigners participating in retail trade would be completely eliminated in the period between April 1 and December 31, 2007. Further, last June bore more bad news for migrant workers in Russia, when the government publicly cited their presence as a cause behind Russia's continued economic misfortunes.

Therefore, it is not difficult to understand why local authorities chose to reorganize the Cherkizovsky Market.

## Influences

The impact of the Cherkizovsky Market closure has been profound. In the short term, it has brought heavy losses to Chinese merchants and companies. Over the long term, the ensuing commodity shortage has led to price increases, negatively affecting the lives of ordinary Russians. Also a long-term problem is the fact that, if improperly handled, bilateral trade will fluctuate, hindering joint efforts to stop the global financial crisis, and develop bilateral strategic and cooperative partnerships.

Chinese merchants have borne the brunt of the economic loss from the closure, of course. But they have suffered a long history of such losses, too, since Russian authorities have frequently broken up markets run by foreign merchants in recent years—with the earliest shutdown dating back to 1998.

Since then, losses by Chinese merchants in these closures have totaled billions of dollars. On June 29, Chinese merchants suffered losses of more than 2 billion dollars following official accusations of "smuggling" and "violation of health and fire prevention safety."

But the closure has also had negative influences on Russian consumers, too.

With the deepening of China-Russia economic and trade relations, Beijing has become Moscow's top trading partner. For Russia, which is still in an economic transition, refusing cheap quality Chinese goods

by cracking down on gray customs clearance has cast a cloud over people's lives.

An investigation by the Russian Independent Institute for Social Policy shows 45 percent of the Russian people are willing to buy Chinese goods. Indeed, the non-governmental trade between China and Russia is win-win situation for both sides. If Russia closes its border and Chinese merchants stop supplying goods to Russia, there are sure to be price rises along with the emergence of social problems inside Russia, causing more pressure for the Russian Government.

Furthermore, if the two sides cannot deal with the closure properly, it might trigger sharp fluctuations in bilateral trade, hindering their

## Closing a single market itself cannot root out gray customs clearance, because the soil on which it grows is still fertile in Russia

joint treatment of the global financial crisis and development of bilateral strategic and cooperative partnerships. China is now Russia's top trade partner, while Russia is China's ninth.

Their bilateral trade volume reached \$56.8 billion in 2008, up 18 percent from 2007. Bilateral trade volume in 2007 had increased 44 percent from that of the year before. In the first five months of this year, this trade saw a decrease unprecedented at any point in the last 10 years, owing to the global economic crisis.

Statistics from the Chinese Ministry of Commerce bear this out. Moreover, Sino-Russian trade volume during the first five months of 2009 was \$13.5 billion, a decrease of 39.2 percent from the same period last year.

Overall, China has imported \$7.43 billion in goods from Russia, down by 29.3 percent, while it exported \$6.06 billion to Russia. This represents a drop by 48 percent from the same period last year.

If the two countries cannot resolve the market shutdown properly, their strategic and cooperative partnership will lose its base of non-governmental cooperation. This bilateral relationship should meet not only strategic interests, but also the practical interests and livelihoods of their peoples.

## Solutions

Beijing has already dispatched a delega-

tion headed by Vice Minister of Commerce Gao Hucheng to Russia for negotiations regarding the closure. The two sides negotiated a series of agreements on the issue, including a framework for building a large Chinese trade center in Moscow. This meeting gave tens of thousands of Chinese merchants in Russia reason for optimism.

But soon after, the Russian side reneged on its promise, denying the possibility of such a Chinese trade center in downtown Moscow. It seems clear that the common understanding was meant to ease tensions while comforting Chinese merchants.

To solve the problem at its roots and guarantee the healthy development of this private sector trade, the Russians must perfect their market orders step-by-step, while Chinese merchants must do their business in full accordance with current Russian regulations.

Although Russia has generally altered the nature of its market economy mechanisms after a decade of reforms, its flexibility remains limited.

The gray customs clearance is a notable reflection of current aspects of Moscow's foreign trade. Though formulated when Russia was shifting its economic policies amid shortages of daily necessities, times have changed and it is no longer needed.

But closing a single market itself cannot root out gray customs clearance, because the soil on which it grows is still fertile in Russia. Besides, the problem of gray customs clearance can hardly be terminated within a short time due to the complicated economic situation and the furious fighting among different interests groups in Russia.

The latest report issued by the World Economic Forum, a non-governmental entity, categorized Russia as having one of the most closed trading environments in the world—putting Russia's trade mechanism under the global spotlight. To cut the gray customs clearance problem at its core, Russia's tariff level will have to be lowered, thus standardizing the country's trade order. None of these will be realized, however, until Russia joins the World Trade Organization.

Likewise, Chinese merchants in Russia must change their ways and do business in accordance with Russian laws and regulations to accommodate growing risks.

The shutdown of the Cherkizovsky Market will inevitably influence bilateral trade for some time to come, especially against the backdrop of the international financial crisis and recession.

But if Beijing and Moscow can appreciate the closure as an opportunity to strengthen cooperation, starting customs cooperation mechanisms and establishing a normal trade order, bilateral non-governmental trade will benefit from the incident eventually. ■

# Never Too Late

California's apology to Chinese Americans creates better understanding between China, Chinese Americans and the United States



ZHANG YUWEI

**CHINESE CHIC:** Los Angeles Mayor Antonio Villaraigosa takes part in the annual Golden Dragon Parade in Los Angeles on February 24, 2007

By ZHANG GUOQING

**B**y signing into law a bill apologizing for historical discrimination against the Chinese-American community on July 21, California Governor Arnold Schwarzenegger took a bold step that will herald a new era, not just for Chinese Americans—but for Sino-U.S. relations as well. The legislation also recognizes the vital contributions Chinese immigrants have made to the Golden State.

Despite their reputation for being hardworking, kind-hearted and polite, the Chinese have been the only ethnic group to be systematically banned by the federal government from entering the United States in America's history. Even Japanese, German and Italian immigrants were not subject to such a ban during World War II.

In fact, it was under pressure from California that the U.S. Congress passed the Chinese Exclusion Act. In 1872, California first adopted its law barring Chinese immigrants from entering the United States while

denying them naturalization—a full 10 years before the federal Chinese Exclusion Act was signed—legislation that would go on to serve as a shameful legal precedent for an anti-Chinese movement across the country.

It unfairly treated and deeply marginalized Chinese Americans for more than five decades to come. In this sense, California's apology, though long overdue, is highly meaningful, as it offers rectification of the state's past mistakes.

## Rising to power

Chinese immigrants poured into the United States with the California Gold Rush in 1848. In many ways, this first wave of Chinese immigrants in California epitomized the experience of all Chinese newcomers to the United States. Moreover, the first hundred years following the Gold Rush paralleled a stark first phase of Chinese Americans' history—it was a struggle to survive.

**“Nations, like individuals, make mistakes.”**

—FDR

In those years, for Chinese Americans, staying alive was the most pressing concern—because they were so denied any kind of political or economic rights. The infamous Chinese Exclusion Act came into force at the height of this painful, depressing period.

In the second phase, Chinese Americans made great efforts to seek their economic rights. And, over time, they were rewarded: As they made increasingly remarkable contributions to America's economic development and prosperity, they saw their social profile greatly enhanced.

Political participation was another goal of Chinese Americans in the third phase of their history. Given their growing influence in the realms of business and scientific communities, Chinese Americans became increasingly aware of political participation.

In addition, their commitment to harmony and cooperation, modesty and high efficiency were greatly valued in American society. All these enabled Chinese Americans to assume high-profile positions as mayors, governors and members of congress, among other prominent posts. More recently, even President Barack Obama's cabinet has included two Chinese Americans—U.S. Secretary of Commerce Gary Locke and Energy Secretary Steven Chu.

Obama himself enjoys huge political popularity among Chinese Americans. In the presidential elections last year, the vast majority of Chinese Americans voted for him, in the hope that he would advance reform of America's immigration policy, which had stagnated during the Bush administration.

Obama has family links to the Chinese, too: He has a brother-in-law and niece of Chinese origin, as well as a Chinese sister-in-law. In addition, his father was an immigrant, and he spent his early years in Hawaii and Indonesia, thus acquiring a deep knowledge of the Asian culture. The sense of cultural identity surely influenced his decision to appoint Chinese American officials and heed China's opinions on major issues.

The global financial crisis is also changing the status of Chinese Americans. Mired in economic difficulties, the U.S. Federal Government and state governments are giving top priority to social stability. California's bill of apology appears to be

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aimed to promote social harmony.

The bill was adopted just as Judy Chu from California became the first Chinese American congresswoman in the United States—and when Commerce Secretary Locke and Energy Secretary Chu were in Beijing for a joint visit. In this context, California's apology seemed more important than ever.

### New opportunities

The improvement of Chinese Americans' social status is attributable to their hard work over past generations. Their growing political awareness also contributed to the change. For example, California State Assembly member Paul Fong is a major advocate for a state apology to California's Chinese Americans. With unremitting efforts, he has gathered the support of other assembly members.

It is worth noting that Chinese Americans have rapidly increased their standing as the relationship between Beijing and the United States has gained strength. This burgeoning relationship gives impetus to Chinese Americans' pursuit of higher social and political standings. The growing popularity of the Chinese culture, meanwhile, also helps them expand room for their development.

Deepening economic and trade cooperation between China and the United States presents a multitude of opportunities for Chinese Americans. Against the backdrop of the worldwide financial crisis, Washington is eager as ever to work more closely with China. Chinese Americans, who can communicate effectively with China thanks to their cultural bonds, will have a big role to play.

It is predictable that the Obama administration will take a positive stance toward historical and current problems concerning Chinese Americans. As they gain influence in American society, Chinese Americans will help bring Sino-U.S. relations into an upward trajectory.

U.S. President Franklin Roosevelt repealed the Chinese Exclusion Act on December 17, 1943. In a letter to Congress, he courageously called for measures, which he believed long overdue, to "correct an injustice to our friends."

"Nations, like individuals, make mistakes," he wrote. "We must be big enough to acknowledge our mistakes of the past to correct them."

It is never too late to do the right thing. We expect the U.S. federal government will follow California's example and apologize to Chinese Americans in all the states—a move that will undoubtedly contribute to strong development of Chinese-U.S. relations. ■

# A Seal of Promise

UN Secretary General Ban Ki-moon receives assurance from China on new climate change agreement

By YAN WEI

China is poised to make constructive contributions to the global efforts to combat climate change, while supporting the UN in leading these efforts, Chinese leaders told visiting UN Secretary General Ban Ki-moon during his recent visit to Beijing.

Climate change was at the top of Ban's agenda during his Asian tour, which also took him to Mongolia.

During his four days in China from July 23 to 26, Ban also visited Xi'an, capital of Shaanxi Province and an ancient city known for its terracotta warriors.

"I was pleased that President Hu Jintao and Premier Wen Jiabao assured me that China wants to seal an agreement in Copenhagen in December," he said at a press conference at UN headquarters in New York on July 29, "and that China will play an active and constructive role in the negotiations to achieve this end."

Representatives of countries from around the world will gather in Copenhagen, Denmark, this December to work out a new treaty to reduce greenhouse gas emissions when the first commitment period of the Kyoto Protocol expires at the end of 2012.

Prior to the Copenhagen conference, the UN will also host a climate change summit in September at its headquarters on the sidelines of its annual General Assembly.

"The climate change issue is both an environmental and a development problem," Wen said while meeting with Ban.

He noted that industrial nations should offer more assistance to developing countries in terms of funding, technology and capacity building—things, he emphasized, which are conducive to the sustainable development of the world as a whole.

The Chinese Government supports the UN's leading role in promoting international cooperation to curb climate change, said Wen, in a news release from China's Foreign Ministry.

At the same time, the Chinese premier

urged the international community to pay close attention to the impact of the global financial crisis on developing countries. Also important, he added, will be paying close attention to their interests and concerns—and to take effective measures to ensure the fulfillment of the UN Millennium Development Goals (MDGs).

The MDGs are eight international development goals world leaders agreed to achieve by 2015 at the UN Millennium Summit in 2001. These include halving extreme poverty, reducing child mortality rates, fighting epidemics such as HIV/AIDS and developing a global partnership for development.

The UN should bolster its role in handling the international financial crisis, achieving sustainable development, dealing with international and regional flashpoints and safeguarding world peace and security, Hu said at his meeting with Ban.

As a permanent member of the UN Security Council and the world's largest developing nation, Hu said, China has always observed the purposes and principles of the UN Charter, while supporting the efforts of the UN and its secretary general in improving security, promoting development and safeguarding human rights.

Further, he added, Beijing has supported the UN in carrying out reforms through democratic consultation to enhance its authority and efficiency.

Apart from meeting Chinese leaders in Beijing, Ban helped launch a program to promote solar energy conservation in China that, he said, could reduce China's energy consumption by up to 8 percent. He also visited the U.S. Applied Materials Inc.'s solar panel testing facility as well as a sewage treatment plant in Xi'an.

This was Ban's third trip to China since assuming office in 2007. He paid a three-day visit to China in early July last year. Two months earlier, he visited quake-stricken areas in Sichuan Province shortly after the devastating May 12 earthquake. ■

# A Prelude to Military Expansion

The 2009 White Paper on Defense underscores Tokyo's drive to adjust its defense policy

By ZHENG DONGHUI

**O**n July 17, Japan's cabinet approved the country's White Paper on Defense. The document, released annually, displays Tokyo's stance on defense. The paper has long been a hallmark of Japanese defense policy, though the latest framework offers some important departures from years past.

The 2009 white paper, not unlike the previous ones, introduces Japan's security environment in the context of other regional military powers. Equally outlined are Japan's basic defense goals and the makeup of its 240,000-strong Self Defense Forces. In addition, the document highlights the ongoing overhaul of the Japanese Ministry of Defense.

But when it comes to the biggest changes in the 2009 paper, regional and international observers would do well to take note.

Moreover, this year's publication includes significant pledges by Japan to develop military technology that can operate in space—coupled with a commitment by defense officials to support Tokyo's desire to build an ocean exploration plan.

In one chapter, the paper illustrates what it calls a comprehensive need for space exploration—underlining accelerated research regarding guaranteed security fields such as missile defense interceptors, in addition to military surveillance and early warning satellite systems.

The Ministry of Defense is cited as actively seeking equipment development and personnel training for an ocean exploration plan.

The white paper explicitly cites opportunities for Japan's military in these theaters of operation and the acknowledgment of this by senior officials—in addition to a near-guarantee that future military construction will see a push in these new directions.

The paper, meanwhile, also underlines Tokyo's self-awareness of “international responsibility” when it comes to battling piracy and terrorism off its coasts and in international waters. Having posed a grave threat to Japanese and regional security, Japanese defense officials,

the document says, feel they bear an obligation to help reduce the threat of piracy.

Indeed, Japan's anti-piracy law, passed in June, coupled with its deployment of destroyers and other ships to the waters off the coast of Somalia only mirror these assertions.

These pledges are in step with a trend Japan has been following in recent decades in which it has dispatched its combat forces further from home—as opposed to using its military for purely defensive purposes.

In fact, ever since the Gulf War of 1991, Japan has eagerly deployed its Maritime Self-Defense Forces (JMSDF) overseas in a “shortcut” under the auspices of “international cooperation.” Moreover, whether aiding in minesweeping operations in the Pacific, providing oil supplies to the U.S. Navy in the Indian Ocean and the Arab Sea or fighting piracy in the Gulf of Aden, Japan has been steadily abandoning its longtime posture of self-defense.

And the JMSDF is developing important experience and technical abilities further afield, too. As a result, future missions of the JMSDF will evolve from current, limited operations, which are carried out by a few warships, to comprehensive missions by the combined fleet with information guarantee.

The 2009 white paper goes on to strongly condemn North Korea's military policy and aggressiveness. Pyongyang, the paper notes, is now actively pursuing a nuclear weapon, which, coupled with an increased ballistic missile capability, could provide the regime unprecedented power in the region.

North Korea had previously launched ballistic missiles on several occasions and, in the past year, conducted its second nuclear

**It is serving more as a road show a planned outline—clearing the way for a long-term path for an increase in Japan's defense budget in the coming years**

XINHUA/APP



**ON BOARD:** Members of the Japanese Coast Guard climb up the gangplank of a Japanese navy destroyer on February 20 for a piracy combating exercise

test. Meanwhile, the possibility of North Korea realizing its ambition to deliver a nuclear warhead via a long-range ballistic missile in a short period of time, notes the paper, can hardly be ruled out.

Such endeavors, along with other belligerent activities, according to the document, have not only jeopardized Japanese security, but have endangered peace across North Asia and the world beyond.

North Korea's missile, the paper notes, offers a prime example. Although the missile itself can fly across Japan, it is incapable of a direct strike. Nonetheless, the white paper continues to identify North Korea as Tokyo's principal threat.

The Japanese Government also propagandizes the “North Korea threat” to rally public opinion behind the government's strict sanctions regimen and sea blockade north of the 38th parallel.

On another important note, the paper reflects Japan's deep-seated suspicion of China's drive toward defense modernization. Analyses and commentary about China's defense policy and technical improvements are highlighted throughout.

This year, more attention is devoted to China's military strength and intentions with charts and graphs. Likewise, the document contains far-fetched guesses and specious



**TASKS OVERSEAS:** A file photo of 3C patrol aircraft. Japanese Defense Minister Yasukazu Hamada has ordered Japanese Offshore Self-defense Troops to send two P-3C patrol aircraft to attack pirates off the Somali coast on May 15



**SAILING OFF:** Japanese naval officers of the Maritime Defense Force board a destroyer in Kure in Hiroshima Prefecture on March 14, before setting off for an anti-piracy mission off Somalia in which the nation's armed forces could face combat abroad for the first time since World War II

condemnations about China's achievements in the realm of defense modernization—in particular, the development and construction of space and ocean capacities.

This conjecture and criticism clearly shows many in Japan continue to lack a basic understanding of China's true long-term goal: to build a well-rounded, modernized society—one that is both independent, yet peacefully diplomatic to help establish a har-

monious world.

In ways, the document itself reflects Japan's contradictory attitude—one in which prevention, precaution and diversion are on full display while Tokyo seeks to develop a relationship with Beijing.

Even the timing of the release of the new white paper has had significance—days before the dissolution of Japan's lower house of Parliament. Many observers believe the

new contents of the white paper will provide participants in the coming general elections an opportunity to discuss the future direction of Japan's defense policy.

Domestic economic growth and the ongoing reform of Japan's system of social guarantees and entitlements will remain the primary focus of voters. But Japan's main parties must face the inevitable task of providing their own blueprint for the country's security policies during the election campaign.

Currently, the long-standing popularity of the incumbent Liberal Democratic Party (LDP) is in a steady decline—while the Democratic Party (DP) remains ascendant. Thus, the likelihood of dramatic change—or at least a newly empowered opposition—is very real.

How a new cabinet will tailor or approve the views of the new white paper to the opinions of different political parties remains to be seen. Irrespective of which party predominates though, it is unlikely Japan's defense policy will see its considerable of manpower and hardware lessened in to any degree.

By the end of 2009, Japan will redraw its national defense policy to guide the country's defense construction over the next five years. It is worth noting how much this year's white paper will influence the outcome. Many observers believe that it is serving more as a road show than a planned outline—clearing the way for a long-term path for an increase in Japan's defense budget in the coming years. ■



# For the Birds

A Chinese nature reserve is providing a safer and better home for a precious species

By TANG YUANKAI

**O**n a morning not long ago in Zhalong, northeast China's Heilongjiang Province, a farmer named Wang Yuyan found a red-crowned crane standing alone while she worked in her cornfield. She called the police.

Zhalong National Nature Reserve officials contacted by police officers on the scene said the bird was bred at the reserve and had disappeared two days before. The officers escorted the crane back to its home, where breeders were happy to see its return.

Red-crowned cranes are native inhabitants of Zhalong National Nature Reserve.

Of the world's 15 species of crane, six live in Zhalong. Their home is a 210,000-hectare wetland about 27 km from the province's second largest city of Qiqihar. Consisting of many small lakes, swamps and vast meadows, the wetland is the most intact, pristine and vast marsh in north China.

The wetland is the ideal habitat for



**PRISTINE VIEW:** Zhalong National Nature Reserve on July 29

many species and a resting place for many cross-border migrating birds. Some 290 bird species and other wildlife call it home.

The marsh was established as a nature reserve in 1979 and was promoted to a nationally important place in 1987. In 1992 China joined the Convention on Wetlands of International Importance especially as Waterfowl Habitat (the Convention on

Wetlands), and Zhalong was listed in its international wetland catalogue.

Red-crowned cranes living in the marsh feed on fish and shrimp, grass roots and other aquatic organisms. They use the reeds as a natural shelter to reproduce. Their long legs, necks and beaks are adapted to a life in shallow water. However, their habitat is facing increasing threats due to human activities.

### The breeding problem

Currently, red-crowned cranes can be found only in a few countries like China, Japan, North Korea and Russia. A recent survey of the birds in Zhalong found some 300 wild red-crowned cranes living there.

"It's vital for us to increase the population of wild red-crowned cranes," said Wang Wenfeng, Vice Director of Administration of ►►



the Zhalong National Nature Reserve. “The most effective way to increase its population is by artificial breeding and returning bred birds to the wild,” he said.

Zhalong is the largest artificial breeding center for red-crowned cranes in the country. Artificial breeding has been going on there since the reserve’s establishment in 1979. More than 800 such cranes bred by humans over the past 30 years are living, and their genes are no different from wild birds.

The red-crowned crane is considered more vigilant than other cranes. They can detect even the weakest sounds and the slightest signs of danger. They form long-term mating pairs that engage in “monogamous marriages,” which are not broken until death. If one of the birds dies before the other, the surviving partner will remain single for the rest of its life.

The red-crowned crane is also a bird that maintains high standards for choosing a mate. It will not intermarry and the male will usually choose a female that is one or two years older than him. When two birds pair up, they will sing and dance to each other before the bond becomes permanent.

Two methods have been adopted in Zhalong to release the artificially bred cranes into the wild. The first is called scat-

tering breeding. As the human-bred cranes reach their sexual maturity and find mates to become reproductive couples, they are let out of the breeding cages and return to the wild.

Breeders feed them in the daytime with food and when night falls they go back to the lakeside to spend the night.

“They spend the whole winter this way. The next spring they have babies in the wild, and they live with the wild cranes. In autumn they migrate to the south, finishing the process of becoming wild if there are not any human disturbances,” said Wang. There have so far been 12 couples in the scattering-breeding program that have produced more than 10 baby cranes.

The second method to release bred cranes is by freeing them. To ensure their smooth return to the wild, breeders at the reserve train the baby cranes to fly everyday. The 163 baby cranes are teamed up in five age-based groups. The training is open to bird-watching tourists, who number 150,000 each year.

Wang said the next important bit of research is to understand the connection between scattering-breeding cranes and wild ones. “Scattering-breeding cranes will occupy the nests of the wild ones. Too many

bred cranes might affect reproduction rates of wild birds,” he said.

“Work must also be done to monitor the hydrology, birds, and green vegetation,” said Wang. Researchers will monitor the places where cranes reproduce, where they stop along their migratory routes and where they overwinter. Those results, he said, will be evaluated to promote and improve their methods.

### Saving the wetland

From 1999 to 2002, a severe drought hit Zhalong and the Wyuer River basin, its water supply. Only 130 square km of the 700-square-km core area remained wet. In 2000, a wildfire lasting a dozen days almost destroyed the wetland ecosystem. The next year, the local government raised funds and diverted 35 million cubic meters of water to the Zhalong wetland, which saved the shrinking 130-square-km wet area. In April 2002, the water diversion project was completed, and added 350 million cubic meters of water to Zhalong.

According to hydrological records of the past 100 years, Zhalong wetlands and its nearby Nenjiang River basin were not supposed to be in a drought period. Experts said the drought was caused by human activities.

Beginning in the early 1990s, the local

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**1. RARE BIRDS:** Red-crowned cranes are native inhabitants of Zhalong National Nature Reserve

**2. A LITTLE HELP:** Breeders train red-crowned cranes to help them adapt to a future life in the wild on July 29

**3. MAKING ROOM:** In the future, villagers who live inside the Zhalong National Nature Reserve will be moved out to create a better wetland environment for wildlife

government boosted economic development by turning wetlands to farmland and using lakes to breed fish. Even the small ponds were used for agricultural purposes. The newly constructed ditches, small dams, roads and drainage systems around and inside the wetland changed its hydrology and characteristics and damaged the integrity of its ecosystem. Marshes turned into dry grasslands. Salty and alkaline lands emerged, which lost their plant diversity, fish stocks and many rare birds.

Experts say the Zhalong wetland, if kept in good condition, can store and purify floodwater, regulate the local climate, replenish underground water supplies and preserve biodiversity and productivity. It can also significantly contribute to preventing the western desert from spreading east, and protecting the area from drought and salinization.

"The severe shortage of water puts pressure on the reproduction of wild red-crowned cranes in Zhalong," said Wang.

At the end of their incubation period in mid-May 2008, there were still more than 80 wild cranes who had not mated yet. "It's a rare occasion," Wang added.

In November 2008, experts observed a group of 70 red-crowned cranes who had

not yet begun to migrate south. Only six chicks were born that year. And the number of breeding nests is below 20 this year. "It's obvious that the breeding success rate is decreasing," Wang said.

This year, the provincial government is rushing to establish a long-term water supply mechanism. Each year a fund of about 2 million yuan (\$294,000) from the provincial government and 1 million yuan (\$147,000) from municipal governments of Qiqihar and Daqing will be allocated to construct water supply projects. More than 250 million cubic meters of water will be diverted into Zhalong annually to solve the water shortage.

### Make room for the cranes

Zhang Changfu, who migrated to Zhalong in 1958 from Shandong Province, saw the wild red-crowned cranes as soon as he arrived. Over the last 50 years, he made a living fishing and selling reeds.

"Now I realize that I am stealing food from the red-crowned cranes," he said.

There are more than 1,500 households in 13 villages living in the core area of the Zhalong wetland. Reed harvesting, overfishing and turning grassland to farmland almost destroyed the area's environment. Every

year, many waterfowl abandon their eggs and nests and leave because of disturbances by humans.

If these households move out of the core area, rare birds like the red-crowned cranes can inhabit the area safely. It is reported that the provincial government has made a resident relocation plan that will be implemented in the near future.

"People have to live their lives, and the wetland also has to be preserved," said Li Changyou, head of the Administration of Zhalong National Nature Reserve. "The best way is for the 1,500 families to move out of the core area. That way, the villagers' lives can be improved and the precious wetland can be saved."

"I'm looking forward to moving to a better place," Zhang confessed, saying the worsening environment has meant that the reeds have not been growing well and his income has been falling.

Many residents said they understand why they need to be moved and others said they would move if a better place were offered. On the walls of the Zhaokai Primary School, whose students were relocated out of the wetlands in 2007, there are still slogans painted saying, "It is honorable to love and protect the cranes." ■



FLOURISHING AND INTACT: Ulansuhai Nur, the largest wetland in north China's Inner Mongolia Autonomous Region

WANG XIANG

# Keeping Swamp as Treasures

Chinese wetlands are slowly getting protection under the law

By TANG YUANKAI

For many years, 66-year-old Beijing resident Liang Yu wanted to visit the city's famous Yeyahu Lake in Yanqing County. Recently his wish came true.

Yeyahu, which means wild duck lake, is Beijing's first wetland park and only wetland reserve for birds. Its protected wetlands have grown to 10,000 hectares, accounting for more than 5 percent of the county's total area.

A wetland is a natural reservoir and considered to act like one of the Earth's kidneys. It is considered one of the three major ecological systems along with forests and oceans.

Wetlands have many special ecological functions and play an important role in preserving the environmental balance. When water flows through wetlands, substances being carried in it slowly separate out from the flow and are deposited in silt. Wetland plants take up those substances and some even ab-

sorb toxic particles.

"Wetland plants can absorb abundant amounts of nitrogen and phosphorus from polluted waters. The removal rates of total nitrogen and phosphorus can reach 70 percent and 90 percent, respectively," said Xian Ping, Director of the Department of Environmental Engineering at Guangxi University's School of Chemistry and Chemical Engineering.

## Beijing's Wetlands

According to a report released by Yanqing County, the immense surface area of wetlands can effectively prevent sand and dust from entering Beijing from the northwest, and the enormous amount of aquatic plants is capable of absorbing carbon dioxide, a greenhouse gas. Yanqing's wetlands work to purify Beijing's atmosphere.

But with more media coverage of the health of wetlands over recent years, more people have been raising concerns about los-

ing these valuable resources.

"People, including government officials, do not understand the importance of wetland preservation. They believe the most important thing is to prevent and control droughts, floods and sandstorms, but wetland preservation can be considered in the future," said Hou Baokun, former Director of the Wildlife Protection Office of the Beijing Forestry Bureau.

"Actually, the solution to such problems lies in the wetlands. Experts say that 80 percent of sand is generated locally; a moist surface environment like in a wetland can hold such sands. In the 1990s, sandstorms became more frequent while the severe loss of wetlands happened at the same time," Hou said.

The Beijing Forestry Prospect and Design Institute organized an investigation to the area's wetlands in 2007. After 18 months of investigation, experts developed a clear understanding of the wetlands' area, distribution and wildlife species that call it home.

They developed a detailed distribution chart and set up a database, creating a foundation with which authorities could develop preservation plans for the city's wetlands.

"Beijing currently has 51,400 hectares of wetlands, which account for 3.13 percent of the total area of the city," said Liang, who lives near the Summer Palace and always cares for Beijing's wetlands.

Beijing will build six or seven more wetland parks by the end of this year and the total number will reach 14 within two years, authorities said.

Beijing authorities recently published an evaluation guide for wetland parks. "The wetland area should be more than 30 percent of the total area of the park, which must be no less than 8 hectares," said Yin Junjie, Director of the Wildlife Protection Office of the Beijing Municipal Bureau of Landscape and Forestry.

He said wetlands are mainly conservation areas and restrict the number of people who can enter. "The guide aims to combine wetlands and city functional parks, letting citizens enjoy both and relieving Beijing's urban heat island effect, which means the urban area of Beijing is warmer than its surrounding rural areas," Yin said.

The Convention on Wetlands is an in-

ternational treaty for the conservation and sustainable utilization of wetlands. It was developed and adopted by participating nations at a meeting in Ramsar, Iran on February 2, 1971, and came into effect on December 21, 1975. China ratified the Convention in 1992. Since then, the Chinese Government has invested more in protecting and restoring wetland resources. In September 1994, the State Forestry Administration and 16 other ministries and administrations began working out the China National Wetlands Conservation Action Plan, which was put into effect in November 2000. In June 2004, the General Office of the State Council issued the Circular of Further Strengthening Wetland Protection Management, putting wetland protection into the national agenda.

Today, China has more than 38 million hectares of wetlands. By the end of 2008, China had built 80 wetland parks, more than 550 wetland nature reserves and 36 internationally important wetlands, thus putting 17.9 million hectares of natural wetlands under protection.

### Legislative intentions

Authorities recently began seeking opinions on a draft of the Regulations on

Wetlands Protection, which will be sent to the Legislative Affairs Office of the State Council for approval.

The Wetland Conservation and Management Center's Bao Daming said that a lag or lack of laws added difficulties to establishing effective management systems.

"The protection of wetlands must be cooperative between different departments," said Bao. If cooperation cannot be formed between concerned departments, the full protection of wetlands will not be achieved, even if legislative resources are developed separately by the agencies, he said.

In recent years, some local authorities have achieved progress in wetland protection legislation. Eight provinces and autonomous regions, including Heilongjiang, Liaoning, Inner Mongolia, Hunan, Guangdong, Shaanxi, Gansu and Ningxia, have now approved protective legislation and most of the others are taking up the same work.

The eight provinces and autonomous regions cover 30 percent of China's total area. Due to the difference in wetland types and different problems facing each, each of the set of laws and regulations is also differ significantly. ■

## New Life for Xixi

Xixi National Wetland Park is located in west Hangzhou, east China's Zhejiang Province.

The formerly 60-square-km Xixi wetlands have an 1,800-year history, though it has only been in the last 20 years that the wetland's area has dramatically shrunk due to habitat destruction from urban encroachment. Today, the area is only 10.08 square km. In August 2003, the Government of Hangzhou decided to rescue the wetlands.

"When I was at primary and secondary schools, I often went to play around Xixi. It was a beautiful place," said Wang Guoping, Secretary of the Hangzhou Municipal Committee of the Communist Party of China. He said real estate development threatened to destroy the Xixi wetlands. "Nobody wants such a result, so we decided to forbid development within 11 square km around the wetland," he said.

In the last six years, the local government has invested 10 billion yuan (\$1.5 billion) into dealing with the Xixi wetlands. The project is divided into three phases and is expected to be completed by the end of this October.

The project emphasized preserving the integrity of ecological systems, improving the environment and the water quality, protecting the animal and plant resources and their habitats, keeping cultural heritage intact, coordinating facility construction and environmental protection and strengthening science education to



WU GUOFANG

**NEW ATTRACTION: Hangzhou's Xixi National Wetland Park shows its new face. The natural area has become a draw for tourists**

protect the area. Three ecological protection and recovery areas including Feijia Pool, Xialong Beach and Chaotianmu Lake were set up inside the wetlands.

But the project did not abandon the tourism interests. Wang said that the government is now trying to find the best balance between economic, ecological and social concerns. "I believe the protection of the Xixi wetlands and economic efficiency can be achieved at the same time," Wang said.



## Sanctuary In the Marsh

Of the world's 15 species of crane, six live in Zhalong National Nature Reserve, a 210,000-hectare wetland in China. Consisting of many small lakes, swamps and sprawling meadows, the wetland is the most intact, pristine and vast marsh in the north. The wetland is an ideal habitat for many species and a resting place for many cross-border migrating birds. Some 290 bird species and other wildlife call it home.

*(For more, please visit  
[www.bjreview.com.cn](http://www.bjreview.com.cn).)*



# The World Outside

An international gathering of anthropologists and ethnologists opens Chinese academics to more conversations about cultures

By LI LI

The International Union of Anthropological and Ethnological Sciences (IUAES) held its congress in China for the first time on July 27-31 since the gala of anthropologists and ethnologists was founded 75 years ago. Scholars believe the milestone congress, which takes place once every five years, will boost international recognition of China's anthropology and ethnological study while prompting Chinese researchers to open further to the outside world.

Anthropologists study the origin, behavior and development of humans. Hao Shiyuan, the 16th International Congress of IUAES Organizing Committee Vice Director, said although anthropology was imported from the West to China in the 1920s, its development has been dynamic in the country.

He said Chinese anthropologists and ethnologists have begun to use their academic findings to solve the country's practical social problems, such as protecting the environment, finding suitable economic development paths for ethnic minority areas and protecting endangered languages.

Hao, who also directs the Institute of Ethnology and Anthropology under the Chinese Academy of Social Sciences, said China, a developing country going through industrialization, has rich materials for

anthropological and ethnological studies. And the country's scholars have launched studies into the four major branches of anthropological studies—physical and cultural anthropology, linguistics and archaeology. He said more international exchange would help the country's scholars to ease social problems and better understand the knowledge structure and social responsibility of the two sciences.

"This congress has provided an unprecedented opportunity for Chinese scholars to learn from their foreign counterparts and for the international anthropology and ethnology arenas to study the level of Chinese scholarship," said Hao.

The China Union of Anthropological and Ethnological Sciences, which joined IUAES in 1992, successfully bid in 2003 to host the organization's 16th International Congress in Kunming, capital of the ethnically diverse Yunnan Province.

The IUAES was founded under the guidance of UNESCO in 1948 as an organization of social and anthropological scientists and institutions.

Outgoing IUAES President Luis Alberto Vargas, a Mexican physical anthropologist, said he was impressed with the rise in stature of Chinese scholars in the IUAES. Vargas said China had gone through a slow progression,

from sending a few scholars to IUAES congresses to hosting it, which has helped the world to better understand the country's academia.

Jing Jun, a Tsinghua University sociology professor who presided over this congress, said Chinese anthropologists and ethnologists have a language disadvantage in making their works known internationally. Jing said that the most renowned academic journals in the world are all in English, marginalizing many Chinese scholars conducting studies who do not write in the language.

"That does not mean their research and studies are not up to the best standards," said Jing, who received a doctoral degree in anthropology from Harvard University. He has conducted research on AIDS in China over the past nine years and co-authored a paper titled *China and AIDS—The Time to Act Is Now*, which was published in the journal *Science* in 2002.

According to Jing, scholars from Hong Kong and Taiwan are more proficient in English compared to their mainland counterparts, he said, which allows their studies to be published internationally.

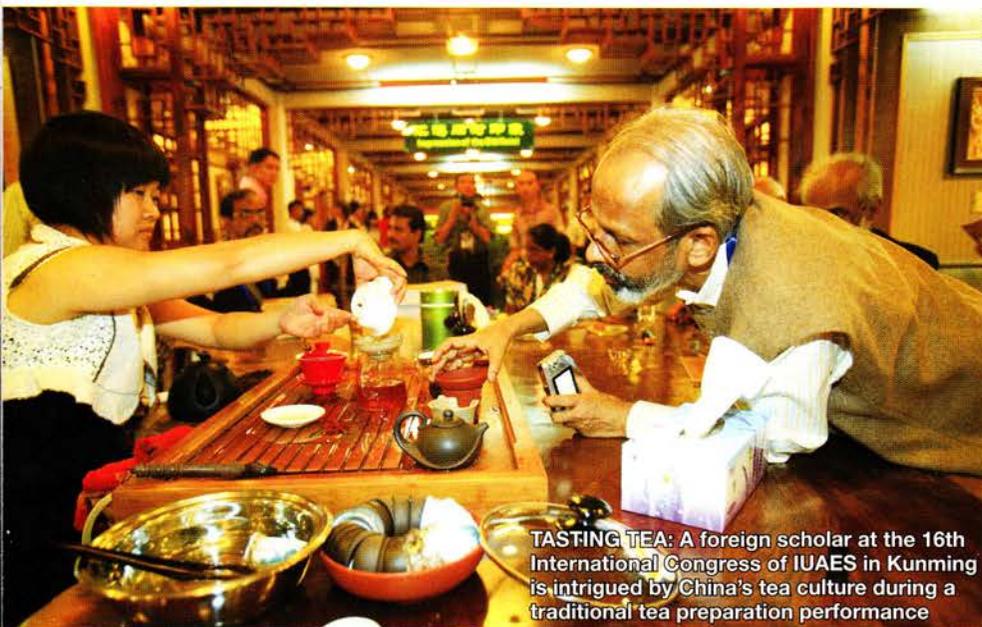
To overcome the language barrier, Vargas suggested that China's anthropology groups select the best papers by Chinese scholars every year and post them on the IUAES website with translations. He said enlarging scholar exchange programs with foreign institutions would also enhance the international recognition of Chinese scholars.

Robert Moore, an anthropology professor at Rollins College in Florida who chaired a panel discussion at the congress on contemporary Chinese culture, said that China has a number of anthropologists whose research and studies are up to international standards. Moore, who spends a lot of time in Beijing for his research, knows several Chinese ethnological professors who were invited as visiting scholars to renowned universities like Stanford, Harvard and Cambridge.

Other scholars believe that studying the cultures of other countries can also improve the openness of Chinese researchers. Jing said China's curiosity toward other cultures could prove its own self-awareness and confidence.

But developed countries have many more scholars working to understand developing countries' cultures than the other way around, he said. He believed that an important reason for this phenomenon is that developed countries are more financially capable to finance such programs.

"Westerners can look at China and China can also look at the West. We see different things. That makes anthropology very interesting and diverse," said Peter J. M. Nas, an urban anthropologist from the Netherlands and also the President-elect of IUAES. "Thus we can learn from each other." ■



TASTING TEA: A foreign scholar at the 16th International Congress of IUAES in Kunming is intrigued by China's tea culture during a traditional tea preparation performance

# Family Condemnations

Separatist leader Rebiya Kadeer's family members write to apologize to Urumqi riot victims and ask her to stop the violence

By YUAN YUAN

Officials released two letters on August 3 from family members of Rebiya Kadeer, who is believed the mastermind behind the July 5 Urumqi deadly riot, condemning her separatist activities and apologizing to victims of the violence.

The eldest son, daughter and brother of Kadeer, leader of the World Uyghur Congress, wrote the letters on July 24.

"We were very angry and ashamed after the riot happened. Those who committed crimes should take responsibility. We were not involved in the riot. We are innocent and we are victims as well. As her family members, we are very angry about the riot that was organized by our mother (and sister) to separate the country," said the letter, which was originally written in Uyghur language.

The authors of the letter also admitted that they received a phone call from Kadeer six hours before the riot took place warning them there would be a "big incident."

"She told me something big would happen in Urumqi," said Memet, Kadeer's brother who used to live and work with her, to Xinhua News Agency. "From what she said on the phone, she knew about this accident beforehand. If she helped incite the riot, she will be punished no matter where she is."

Rebiya's eldest son, Khahar, witnessed the riot on July 5. He told Xinhua, "I saw the whole thing from the balcony of my apartment on the 12th floor. Mobs came from the south. They smashed shops, burned police vehicles and buses and beat passers-by. I believe no one in Xinjiang expected such violence to occur."

"We were worrying that there might be a misunderstanding that we, as her children, were also involved," he said. "That's why we thought about writing a letter to families of the riot victims."

"We feel sorry for the victims and their families. You must still be feeling deep sorrow for losing your loved ones though more than half a month has passed. We can do nothing but apologize. In addition, we hope our Uyghur brothers do not believe what our mother (and sister) said. We, from different ethnic groups, should be friends with one another and contribute to creating a stable, beautiful and happy Xinjiang," they wrote.

Abdurehim. They divorced in 1977, when all the children were still young. Khahar, the eldest, was 13 years old, while the youngest, Alim, was only eight months old.

"My memories of my mother are blank before the age of 17," said Alim, 33.

After graduating from medical school in 1999, he began to run his mother's company, which later came under investigation for tax evasion. Alim was put in jail in 2007 for evading taxes of more than 7 million yuan (\$1.02 million).

"When the company was investigated, my mother called me from abroad and told me that I could go into the street to demonstrate and set myself on fire with gasoline so as to threaten the government," said Alim, who learned about the July 5 riot through media reports. He could not understand how a mother could teach her son to do that, he said.

"She might not know how many people died, how many were injured and how badly the city was affected," said Khahar. "What

should we do as her children?"

A letter to Rebiya signed by 12 of her family members voiced anger over her betrayal of promises not to take part in separatist activities and indignity over the riot.

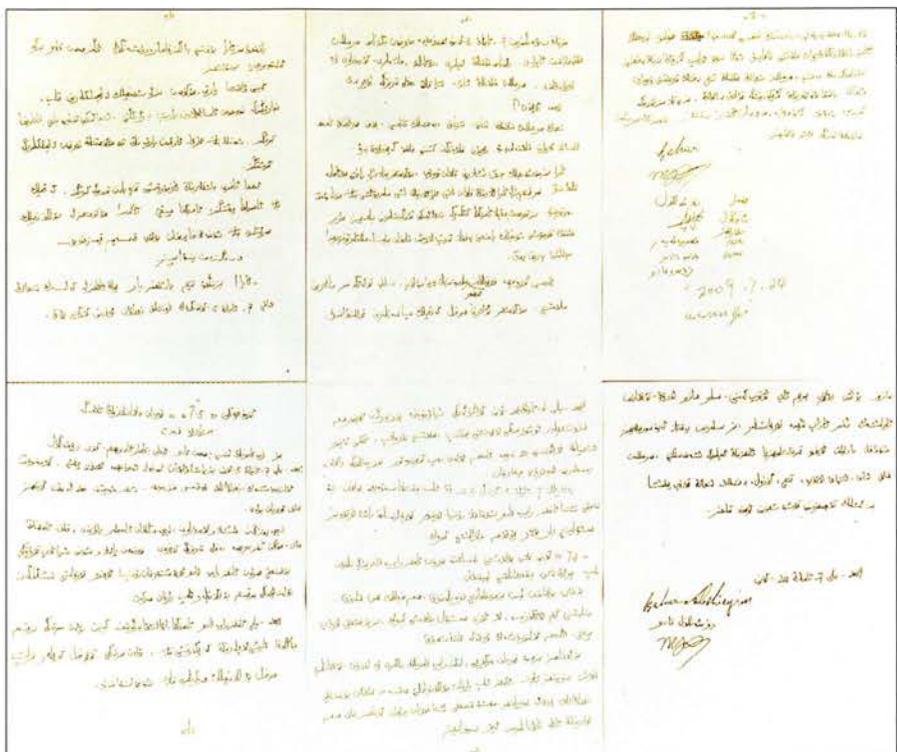
"Because of you, so many innocent people lost their lives in Urumqi on July 5, and so many houses, shops and vehicles were burned or damaged," they wrote. "Harmony and unity among ethnic groups were undermined."

"Please think about our happiness and that of your grandchildren," they said. "Don't destroy the stable and happy life in Xinjiang. Don't follow the provocations from some people in other countries."

They also wrote that the local government did not harass them because of their relationship with her. "The government treats us very nicely. We are often told, 'Your mother is responsible for things she did. It has nothing to do with you.'"

Her daughter, Roxingul, who has been working in a local school for more than 20 years, said she "gets along very well" with others, though many know Kadeer is her mother. "At first I was afraid people would hate me very much," she said.

"She is my mother. It is not good to say things bad about her. But we just hope she can pull herself out of these (separatist) activities," said Khahar. "Maybe she will listen to advice from her children." ■



**AN INDICTMENT:** Family members of separatist leader Rebiya Kadeer wrote two letters on July 24. The top one is to Kadeer and the bottom one is to the victims of the July 5 riot

## A broken family

Kadeer had six children with ex-husband



### Hilton Beijing Wangfujing

Showcasing an array of brunch favorites and international selections, complemented by a free flow of premium champagne, Beijing's newest champagne brunch—"fizztastic"—offers a culinary discovery and hint of the forbidden at Penta Dining Haven, the fifth floor collection of restaurants and bars at Hilton Beijing Wangfujing every Sunday starting on September 13.

Titillate the palate of your family and friends with the appetizing selection of brunch traditions plus international gastronomic sensations of fresh seafood, assorted carvery, charcuterie and much more! Master chefs will tempt you with an eclectic mix of Western and Asian live cooking stations primed on the spot. The culinary discovery continues with boundless delightful desserts of pies and tarts, crepes and soufflés, and heaps of ice cream and sorbet. An even bigger menu of finely selected, free-flow premium bubbly and beverages completes the Sunday feast.

Be mesmerized with the gracefulness of the tea master and interact with the calligrapher as you journey and dine around the Penta floor with music of the hotel's resident jazz band Casablanca. Sip back and feel the fizz, let the "tots" journey into the "Kidz Paradise" with their own buffet hovering around cartoon movies and playful knick knacks!

"Fizztastic" champagne brunch is priced at 398 yuan per person plus a 15-percent surcharge, every Sunday from 11:30 a.m. to 3 p.m. starting on September 13, 2009. For more details and reservations, please call 86-10-58128888 ext. 8411.

### Shangri-La's Kerry Center Hotel, Beijing

China Film premiered its new movie *On His Majesty's Secret Service* on July 23 at Shangri-La's Kerry Center Hotel, Beijing. Many leading film stars from China's mainland and Hong Kong attended the ceremony.

Film director Wong Jing (left) had photos taken with the

hotel's director of sales and marketing, Lim Sor Hoon.

### Loong Palace Hotel & Resort

Recently, the famous subway magazine *Fast Lane* launched its "2009 White-Collars Most Preferred Restaurant" selection among the white collar workers using the subway system in Beijing. Urashima Japanese Restaurant at Loong Palace Hotel & Resort was awarded "The Best Value Authentic Japanese Restaurant."

"Urashima will continue to create joyful, unforgettable and fresh Japanese cuisine catering to global Japanese cuisine lovers at reasonable prices," said Japanese Executive Chef Zeng.



The editor of *Fast Lane* Wang Wei said, "All our award winners offer something more than just very good food."

### The Great Wall Sheraton Hotel Beijing

The official press conference of a new martial arts comedy *Tracing Shadow* was held at The Great Wall Sheraton Hotel Beijing. In attendance for the event were the director, main actors and actresses. Francis Ng (right), the film's director and actor, was welcomed by Niels Pantenburg, director of food and beverage of the hotel.



### InterContinental Beijing Beichen

The most buzzing and trendy wedding show this summer was held in the ballroom of the InterContinental Beijing Beichen on August 1. All the participants had opportunities to win prizes.

The InterContinental Beijing Beichen wedding services team provides excel-

lence and personalized service of the highest standards. Wedding celebrations will unveil exquisite cuisine, unsurpassed service, elegant floral creations and table settings, supported by advanced sound and illumination facilities for a dazzling wedding ceremony.

The magnificent ballroom and seven multi-function meeting rooms of the hotel have been renovated since October 2008 and started to receive caterings and events since May 2009. For meetings and banquets, the InterContinental Beijing Beichen has more than 1,700 square meters of meeting and function space, all with state-of-the-art technology ideal for wedding ceremonies.

### Grand Mercure Xidan Beijing

Grand Mercure Xidan Beijing successfully held its "Colorful Summer Night" appreciation party by receiving about 300 guests on July 15. Conveniently located in the heart of Beijing, Grand Mercure Xidan Beijing is part of Accor Hotels Worldwide, each expressing the spirit of their location. This highly stylish hotel, in the business and commercial shopping district of Xidan, offers a personalized hotel experi-



ence whether you are traveling on business or leisure.

### The Peninsula Hotels

Portraits of Peninsula—the collaboration of two legends which originally debuted in October 2004 with the launch of The Peninsula Hotels' award-winning global advertising campaign featuring the work of renowned portrait photographer Annie Leibovitz—continues in 2009 with the second collection of Leibovitz's images commissioned by the hotel group. The photo show will take place at The Peninsula hotels in Chicago and Tokyo.

A collection of black-and-white images, Portraits of Peninsula goes to the heart of the guest experience that distinguishes Peninsula hotels as the finest in the world. With the photos, Leibovitz departs from her tradition of celebrity portraiture to focus on people and personalities behind the Peninsula brand. Though not famous, the faces of Peninsula pageboys, housekeepers and bellmen are just as compelling as those of celebrities when seen through her lens.

"So much of what makes Peninsula's style of hospitality special is the personal connection our staff has with guests," said Peter C. Borer, Chief Operating Officer of The Peninsula Hotels. "Our culture of warm and genuine service is expressed through every one of our family of employees. To us, service is an art, which is why we chose a true artist to represent it. Annie Leibovitz captured the spirit of our employees with sincerity. Through the honesty of her images, we have created a campaign that will resonate with our audience for a very long time."



### The Ritz-Carlton Hotel Co., L.L.C.

The Ritz-Carlton Hotel Co., L.L.C. is reaching out to corporate executives, meeting planners and conference attendees in an effort to encourage the scheduling of meetings from educational seminars, incentive trips, customer appreciation events to annual retreats. With the message, "It's not extravagant, if it produces results," the award-winning hotel company is highlighting the value-added proposition of selecting a Ritz-Carlton hotel or resort, even during the current challenging economic environment.

"Meetings Within Reach" includes the following value-added components for groups booking 10 or more nights at Ritz-Carlton hotels all over the world:

- \*Daily continental breakfast;
- \*General session meeting room;
- \*High-speed Internet access in one meeting room;
- \*20-percent savings on audio visual needs; and

\*Select suite upgrades  
Meetings must be booked by September 30 and held by December 31.





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## THE 13TH CHINA INTERNATIONAL FAIR FOR INVESTMENT & TRADE

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By LAN XINZHEN

**W**eihai Huadong Automation Co. Ltd., a machine tool maker listed on the Shenzhen Stock Exchange, issued its midterm report on July 10, the first company to do so in China this year. The company generated operating revenue of 243.36 million yuan (\$35.63 million), a year-on-year increase of 23.14 percent, with net profits standing at 40.43 million yuan (\$5.92 million), up 108.13 percent year on year. The earnings per share for the company were 0.34 yuan (\$0.05). The report also estimates that from January to September 2009, the company's net profits will increase 100 to 130 percent compared to the same period last year.

Listed companies began issuing their midterm financial reports in July, adding confidence to the recovering economy as Chinese markets continue to show signs of improvement. For the most part, reports showed an increase in financial gains and the promise for continued progress in the second half of this year.



**STEEL SPRING:** The infrastructure spending spree and recovering domestic demands have delivered a boost to major industries, including the steel-making sector

# Recovering Confidence

Corporate and governmental determination set on establishing solid foundation for economic comeback

A total of 157 listed companies had issued their midterm financial reports by July 30, releasing further news of progress and growth in the first half of this year. In the second quarter, 136 companies achieved a higher performance than in the first quarter, of which 52 saw their growth rise above 100 percent. Only 21 companies suffered from a worse performance in the second quarter than the first.

## Recovery plans

A research report released by the China Securities Co. Ltd. (CSC) indicates that during the pick-up process of the real economy, it is government policies that push up and enable the infrastructure, resource and consumption industries to recover first.

The auto industry, selected to receive the first revitalization plan from the state, has experienced a decline in industry inventory since the fourth quarter of 2008, while its year-on-year growth of production-sales ratio has been expanding steadily. Growth in the recovering auto industry has outperformed expectations, with continued progress likely as the economy becomes more stable and real demand begins to increase.

Since the early months of 2009, sales of housing have been growing, mainly benefit-

ing from favorable policies and the release of inflexible demand. Plentiful liquidity has also supported a revival in the real estate market.

The fast growth of credit also plays a vital role in accelerating economic recovery, the CSC report points out. Credit in large scales offers more financial support to the real economy, ensuring enough liquidity during economic recovery following the global financial crisis.

According to statistics released by the People's Bank of China, in the first half of 2009 the country's banks granted a record high of 7.37 trillion yuan (\$1.08 billion) in loans, up 34.4 percent year on year. The growth was 4.92 billion yuan (\$720.35 million) higher than that in the same period last year.

The CSC report holds that in 2009 cyclical consumption industries, such as real estate and automobiles, will recover first, followed by resources industries, including petroleum and power, and the mechanic industry. The iron and steel industry is expected to be the last to recover.

Among listed companies on the Chinese stock markets, most are state-owned enterprises administered by Central Government (central SOEs) or their holding companies. According to statistics from the State-owned Assets Supervision and Administration Commission

(SASAC), since the outset of 2009 performance of central SOEs has been recovering. Compared with the first quarter, the pickup in the second quarter was also more apparent.

## Stabilizing the banks

On July 14, Bank of Ningbo, a local bank, issued its mid-term financial report, the first one issued by listed banks this year and the only one issued by August 1. The bank report amended previous expectations on its mid-term performance in 2009, saying that the net profits in the first half of this year decreased less than 5 percent year on year, while in the report for the first quarter the bank predicted a mid-term performance decrease of 30 percent.

According to Bank of Ningbo published papers, the growth of loans granted by the bank increased slowly in the first quarter, but by the end of the second quarter it had finished its credit plan for the whole year, particularly through loans granted to individuals.

Bank performance is also recovering in those financial institutions that operate nationwide. Bank of China's first quarter financial report showed that quarterly earnings per share of the bank were just 0.07 yuan (\$0.01), a year-on-year decline of 22.22 percent. By August 3 the bank still had not



increase rapidly as well, and the growth of infrastructure investment in central and western regions and in northeast China's old industrial base will be much higher than that in the coastal areas of east China, greatly improving the performance of companies in related industries, the report stated.

### Further efforts needed

Despite the economic improvements, many officials and economists warn that the foundation for the economic pickup is not sound.

Li Rongrong, Chairman of the SASAC, warned at a conference held in Beijing on July 21 that there are still some problems that cannot be ignored in the production and operational processes of central SOEs. The foundation for the growth of economic returns is not yet solid, Li said, as revenues of some enterprises are still dropping sharply. Still other enterprises have reported financial losses due to the large amount of funds held by current inventories, mismanagement and the inability to quickly adjust to the economic situation.

Li also warned that there are still many uncertainties and unstable factors at home and abroad. The situation surrounding the world economic recession has not yet changed, the global economy may linger at a low level for a longer time than anticipated and there is even the possibility of a reversal of the current positive economic growth, Li said.

Growing inventories and export slump are also major contributors to Chinese enterprises' troubles.

China had faced inflation before the global financial crisis broke out and inventories of companies had been high. According to financial reports by the country's top eight listed steel companies, their inventories increased from

27.96 billion yuan (\$4.09 billion) at the end of last year to 28.98 billion yuan (\$4.24 billion) at the end of the first quarter of this year. Quarterly reports of 26 listed textile and garment companies for the first quarter showed that their combined inventories jumped up to 9.48 billion yuan (\$1.39 billion) at the end of the first quarter of this year from 6.53 billion yuan (\$956.08 million) at the end of last year, surging 45 percent.

The consumption market has remained stagnant after the financial crisis, with inventories increasing so that many companies are operating under capacity. Reducing these inventories will be the major problem Chinese companies face in the coming months and years.

Exporting also presents an obstacle blocking Chinese companies' growth and development. "The European and U.S. markets are hard to recover, and in the next two or three years, it will be difficult for Chinese exports to pick up. Even if this round of financial crisis should pass, it is impossible for Chinese exports to recover to the previous high level," said Cao Jianhai, Director of the Research Office of Investment and Market of the Institute of Industrial Economics under the Chinese Academy of Social Sciences.

"Now many export-oriented companies are suffering reduced orders and operating under capacity. The situation in which profits of Chinese companies, especially those small and medium-sized ones, are declining is hard to be reversed in a short term," said Li.

On numerous occasions, high-ranking Chinese officials have stated that the government will not change its easy monetary policy and proactive fiscal policy to stimulate the economy. The policies of stimulating exports will remain unchanged as well. ■

released its midterm report, but the CSC report predicts that the bank's earnings per share for the first half of 2009 will be 0.14 yuan (\$0.02), a year-on-year decline of 17.6 percent, which is an improvement from the decrease experienced in the first quarter.

A total of 12 banks are listed on the Chinese stock markets. According to the CSC report, in the first half, five banks achieved better performances over the same period last year and four achieved equal performances, while three reported worse performances, but their decrease in the second quarter slowed down more than in the first quarter.

### Prospective growth

Among the 157 companies that issued mid-term reports of 2009, some 69 provided performance forecasts for the third quarter, with 51 predicting better performance, four wiping out deficits, three equaling current performance and 11 expecting a decline.

The report on the 2009 Chinese economic outlook, released by the Center for Forecasting Science of Chinese Academy of Sciences, predicts that the third quarter will be a time of recovery for listed companies. The report holds that investment in infrastructure will continue to grow in the third quarter, with certain listed companies fully benefiting from the infrastructure boom.

The real estate and auto industries may be the leaders in the new round of economic growth in China, said a report of the China Asset Management Co. Ltd. With sales of houses improving, real estate investment will rise again in the second half of this year. Infrastructure investment will continue to



**HOLDING UP:** The Lianyungang Port in east coastal Jiangsu Province has effectively pulled out of the economic slump, with cargo shipments in the first seven months increasing 11 percent

# Rising Waters

A roaring wave of water price hikes sweeps through China

By HU YUE

So far this year, more than 30 Chinese cities, including Beijing, Shanghai and Guangzhou, have announced plans to increase prices for household water supplies by a range of 0.4 yuan (\$0.06) to 1 yuan (\$0.15) per cubic meter. On the forefront of the tide was Luoyang of Henan Province, which held a hearing on July 30 to solicit public opinions about a proposed price increase by a staggering 50 percent.

The local governments have been pushing up prices, with a view of encouraging more recycling and efficient water use. The motivation is reasonable, given how dire the country's water needs have become.

China's annual per-capita water availability stands at 2,200 cubic meters—25 percent of the global average. As the growing population living off the meager endowment enjoys higher levels of consumption, the demand for water has exploded. While rapid industrial expansion and severe pollution put a heavy strain on water supplies, fears are emerging that the buoyant economic growth could dry up. In many big cities, depleted groundwater levels are causing the ground to sink.

Over the past 20 years, the government has allowed water prices to gradually increase, but at an alarmingly sluggish pace over concerns of inflation. At the end of 2008, the average household water price in 36 large and medium-sized cities was 2.35 yuan (\$0.34) per cubic meter, about 12 percent higher than in 2005.

The annual water consumption by Chinese is comparable to barely 2 percent of their annual per-capita disposable income, well below the worldwide average level of 3 to 4 percent, said the World Bank in a report issued earlier this year.

Low prices can reflect neither the scarcity value of water resources nor the delivery nor pollution treatment costs, and tend to discourage investments in water treatment, recycling and reuse. Moreover, the poor water quality and inadequate services posed a threat to the public health, said the World Bank report.

In the face of a daunting challenge to protect clean water and feed the galloping economy, the country has to wield the

price leverage.

It is necessary to take a step-by-step approach to press ahead with the water price reforms, which is helpful with sustainability of the economic momentum, said the National Development and Reform Commission (NDRC), the top economic planner, in a statement released on August 3.

But a series of measures should be taken to make the price changes acceptable to the public, such as subsidies to the low-income groups and an increase in the transparency of domestic water suppliers, said the NDRC.

## Murky water

Analysts raise concerns that the water cost inflation may swiftly ripple through a number of sectors like steel and power generation that use water as vital resources

in their operations. Besides this, the price increase may not be an effective catalyst for the rich to avoid waste, and instead would put a squeeze on the well-being of the poor, they said.

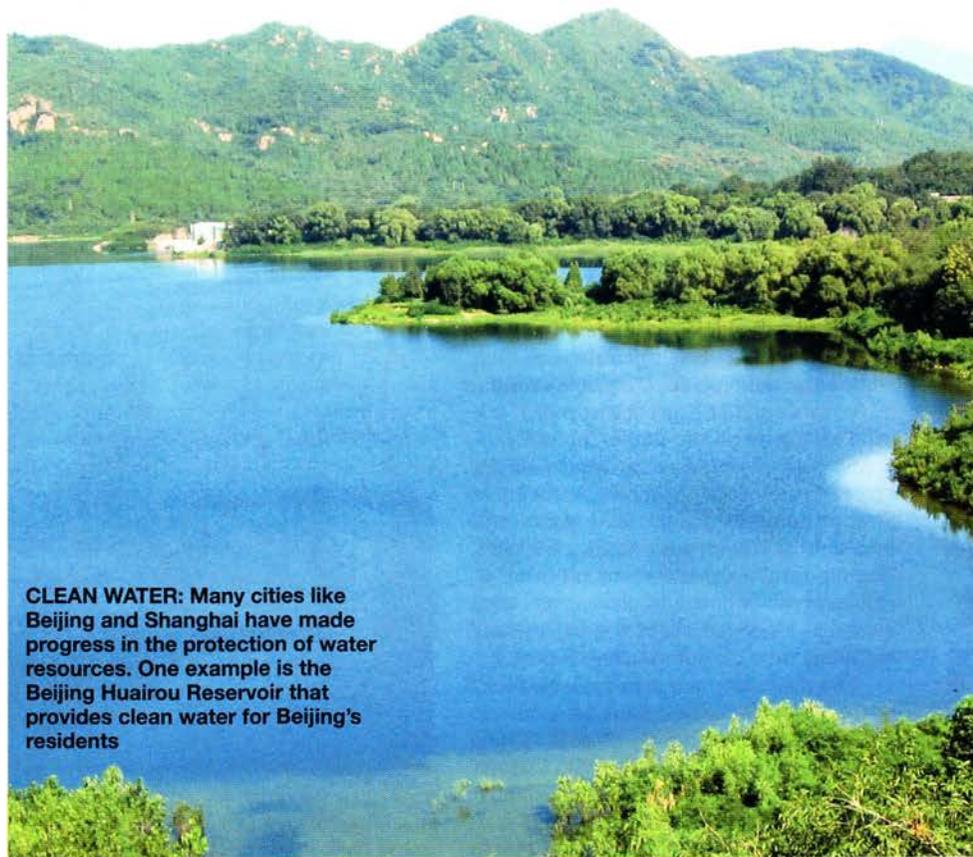
Meanwhile, after going through continuous price hikes, the consumers have been asking questions about how the increased collection of fees was being used.

An effective mechanism needs to be established to ensure that the fees are properly used to improve water treatment facilities or raise consumer awareness of conservation, said Li Ziran, a researcher with the Chinese Academy of Social Sciences (CASS), in an interview with the *Economic Information Daily*.

"If this is not adequately handled, it will definitely be a stumbling block to further price rises, and cast an ominous shadow over the industry in the long run," Li said.

More importantly, suspicions arise that the price increases may be driven more by corporate greed for higher returns than a so-called need to restore the supply-demand balance. This obviously goes against the nature of the water supply as part of their public goods that are subject to a stringent cap on its profit margins, said analysts.

Many water companies push for changes



**CLEAN WATER:** Many cities like Beijing and Shanghai have made progress in the protection of water resources. One example is the Beijing Huairou Reservoir that provides clean water for Beijing's residents

to the under-pricing, which they claim have dragged their businesses into the red, said Fu Tao, a water resource expert with Tsinghua University, in a statement. But the excuse sounds flimsy as most of the suppliers have kept their balance sheets in the black, he added.

Their losses, if any, may have other causes, such as mismanagement in delivery networks or inefficiency of water treatment, he said.

It is obviously not fair to make consumers foot the bill for their mistakes, he added.

While uncertainties still linger over the local suppliers, there is no doubt about the profit-chasing instinct of their foreign investors. In the late 1990s, China started to lift most of the protectionist barriers that kept foreign firms out of the water sector. Since then, dozens of foreign companies have poured in, building footholds in the less competitive and potentially high-paying sector.

Analysts fear that foreign investors, wary of trickling revenue streams, may be pressuring their Chinese partners to juice up profits. The speculation is not unfounded. Since 2005 when the French water affairs giant Veolia Water S.A. bought a 49-percent stake in Kunming Water Supply Group Co. Ltd., water prices

in the southwest city have jumped a dizzying 90 percent so far. In another case, the price in Lanzhou, capital of northwest China's Gansu Province, has become nearly 40 percent higher than in 2007 when Veolia snapped up a 45-percent interest in Lanzhou Water Supply Group.

The foreign investors may not be the decision-makers, but they are definitely advocates of higher bills, said Li Zhihui, a senior water resource consultant with the Goran-Chise International Finance Consulting (Beijing) Co. Ltd., in a report.

### Finding a way out

To smooth the way for the price adjustments, the NDRC required local governments to take full responsibility for bearing the capacities of consumers, the low-income populations in particular. If necessary, subsidies to the poor households can be increased, it noted.

The NDRC also suggested promoting a ladder structure pricing regime in the statement. The regime allows subsidized prices for a certain amount of water use that can meet basic living needs, with rates applied to excessive consumptions gradually increasing to reflect the true costs of water supplies.

In order to have rational pricing, it is

also necessary to streamline cost accounting of the domestic water companies and proceed with public hearing systems to strengthen transparency of the price moves, it added.

The World Bank report said Chinese consumers should be granted better access to reliable and complete information on water qualities, decision making and behavior of related stakeholders as a way to overcome the public resistance to price hikes.

The water companies should also strike a balance between interests of their foreign investors and their concerns for their consumers, said Xu Guangjian, an economics professor with the Renmin University. It's also imperative for them to make progress in delivery, maintenance and corporate management, instead of passing the buck to consumers, he added.

The government is also expected to strengthen supervision over the industry and coordination with water supply companies, said Fan Mingyuan, a senior environmental engineer with the World Bank in the report.

Price increases must additionally be accompanied by greater investments in more efficient technologies, recycling facilities and pollution control, Fan added. ■



PU XIANGDONG



CHEN FEI

**COSTLY WATER:**  
A number of cities across the country plan to raise water supply prices to encourage conservation

# Tourism Boom

Beijing's sights and attractions continue to draw increasing travelers as marketers develop new advertising campaigns



GONGLEI

(BTA) to stimulate interest in the Chinese capital's sights and attractions, said Zhang Huiguang, Director of the administration, at a press conference on July 28.

Tying in with the holiday celebrations, Beijing has been committed to actively fostering consumer interests. To celebrate the Spring Festival, the Chinese New Year which falls on the lunar January or February, a special tourism package was promoted with the theme "Beijing invites you for the New Year." During the 2009 Spring Festival, Beijing received a total of 3.2 million visitors, a jump of 20 percent year on year, with its tourism revenue amounting to 2.16 billion yuan (\$317.6 million), up 32.6 percent year on year.

Viewing festivals as golden opportunities to attract tourists, Beijing launched various celebrations with distinct characteristics during the Pure Brightness Day, Labor Day and the Dragon Boat Festival. "During the festivals and holidays this year, Beijing hit record highs in both the number of tourists and tourism revenue," said Zhang at the press conference.

To promote local tourism, Beijing has also established cooperative efforts with its neighboring regions. The Beijing-Tianjin Inter-City Railway, which opened in October 2008, has drawn the two cities closer together, creating a joint force for their tourism development. For the 2009 Spring Festival, the two cities' tourism administrations launched the program of "Traveling Beijing and Tianjin by Express Railway" to encourage travel between the two cities. The two cities' tourist enterprises and administrations have also paid exchange visits to further deepen regional cooperation.

Still in its early stages, the Beijing-Tianjin Tourism Cooperation has already achieved fruitful results. In the first quarter of 2009, tourist traffic from Beijing to Tianjin increased 78 percent, and from Tianjin to Beijing, 48.6 percent. During the three-day Labor Day holiday, visitors from north China accounted for 70 percent of Beijing's total domestic visitors, an increase of 6 percent year on year.

To encourage residents to travel, Beijing also launched a leisure travel action plan including a series of tourism projects with different themes, such as ecology, culture, countryside, technology and fitness. More incentive policies were also launched to entice potential travelers. BTA this year handed out 2 million free tickets for tourist spots to attract tourists from other provinces to travel to the capital.

"The free tickets have dramatically promoted visitor growth," said Zhang. "Some of the grade-A scenic spots have maintained a growth of more than 60 percent for five consecutive months."

According to Zhang, each free ticket brings in about three actual ticket sales, or

**HEAVENLY HOLIDAY:** During the three-day Pure Brightness Day holiday in April this year, Beijing earned a total tourism income of 810 million yuan (\$119.1 million), an 11.3-percent increase from last year

By LAN XINZHEN

The momentum and energy that built up prior to the opening ceremony of the 2008 Summer Olympic Games may have subsided as the Olympic flame burned out last summer, but the desire for tourists to visit the Olympic venues across Beijing has not been extinguished. While Olympic crowds of 91,000 may no longer fill the National Stadium, commonly referred to as the "Bird's Nest," the athletic arena has now become a major tourist spot, attracting 20,000 to 30,000 visitors per day, according to the Beijing Tourism Administration.

In the first six months of 2009, some 85.4 million tourists visited Beijing, an increase of 20.8 percent year on year, generating a total tourism income of about 127.1 billion yuan (\$18.7 billion), a 14.6-percent

increase year on year.

From October 2008 to May 2009, the Bird's Nest alone generated an operational income of 260 million yuan (\$38.2 million).

The popularity of the Bird's Nest has been the epitome of Beijing's tourism industry, which has witnessed a substantial growth against the background of the global financial crisis and the A/H1N1 flu epidemic.

In response to the negative effects of the financial crisis and flu epidemic, Beijing's tourism administrative body carried out various advertising ventures to tap the domestic market, promote inbound travel and increase the city's exposure in international markets.

## Looking inward

Three major measures were implemented by the Beijing Tourism Administration

in a broader sense, each free ticket could potentially add to the tourism consumption 40 times more than its ticketed price.

### International promotion

Causing foreigners to cut back on leisure expenses, the financial crisis has resulted in a sharp drop in international tourists traveling to Beijing. The number of holiday makers visiting the capital fell 11 percent in January and February 2009, according to BTA.

To entice travelers, BTA launched advertising campaigns during major international sports events, including the Barcelona Football Club in Spain, the NBA games in the United States, and the Chinese F1 Grand Prix in Shanghai, to promote the city as an appealing tourist destination.

Hosting the Summer Olympic Games last year helped establish Beijing's international reputation, an image of excellence the city looks to utilize as it promotes its tourism in Spain, Germany, Turkey, the United States, Japan and South Korea.

"Benefiting from these international promotions, Beijing has seen inbound tourism gaining steam since this May," said Zhang.

According to statistics from BTA, Beijing received 364,000 overseas tourists in May, an increase of 5.1 percent from the same period last year, and this June, the number of overseas overnight tourists totalled 325,000, an increase of 8.8 percent over the year.

After stepping up tourism promotion in Hong Kong, Macao and Taiwan, Beijing

experienced a substantial increase in visitors from the three regions. In the first half of 2009, the number of Hong Kong and Macao visitors to Beijing rose 51.6 percent and 61.8 percent, respectively, year on year, while the number of travelers from Taiwan jumped 41.1 percent, according to Zhang.

BTA acknowledged that the Internet has been an important platform for issuing promotions. The 2 million free tickets to tourism locations in Beijing were distributed nationwide through the Internet. An interactive Web activity—"My Travelogue in Beijing in Picture, Video, Writing and Paintings"—launched by the Beijing Municipal Government has been accessed more than 400 million times.

"This event has won broad participation from all over the world," said Zhang.

### Reaching the goal

Earlier this year, BTA set a goal of attracting 154 million tourists, while accumulating 236 billion yuan (\$34.7 billion) in revenue. The two goals are respectively 5.6 percent and 6.3 percent higher than those set last year.

Meeting the goal will require Beijing to further enhance its planning and investment in tourism-related projects, as well as vigorously developing new tourism resources, Zhang said.

Currently, there are more than 100 tourism projects under construction, with completion dates scheduled for later this year. The new attractions will include en-

tertainment, leisure and fashion venues, in addition to theme parks, countryside tours, tourist blocks and numerous hospitalities.

"These projects feature broad coverage, rich types and adaptability to market demand," Zhang said at the press conference.

Beijing will soon be host to the China Wedding Celebration Festival to promote the city as a wedding destination. "Welcome to Beijing for the New Year" will build Beijing's winter tourism market, Zhang said.

The city has also utilized incentive programs for travel agencies in Hong Kong, Macao and Taiwan that organize visits of more than 5,000 tourists to Beijing, awarding them 100,000 yuan (\$14,705.90). Those agencies that organized 10,000 tourists receive 200,000 yuan (\$29,411.80), according to BTA.

Special transport subsidies will also be offered to the Beijing-Tianjin Tourism Cooperation, with 1 million yuan (\$147,058.8) awarded to travel agencies in Tianjin who have arranged for large groups of Tianjin residents to visit Beijing.

To expand the scope of Beijing's tourism industry, about 50 members from the city's hotels and scenic spots will travel to Taiwan. A local website will also be launched to publish tourism information about Beijing.

An Internet campaign, Beijing's New 16 Top Spots Contest, is currently underway, encouraging netizens to vote for their favorite scenic spots. A new tour itinerary will be promoted to travelers based on the 16 spots selected. ■



LUO XIAOQUAN

**MERRY-GO-ROUND:** An amusement park is built on the vacant lot north of the Bird's Nest, which has now become a new spot for tourists

# French Automotive Arrival

One of Europe's dominant carmakers aims to expand business and form a partnership in the world's largest auto markets

By DING WENLEI

American tastes dominated the global automobile market for more than a century, but the shifting automotive landscape may see this focus move to the other end of the Pacific Ocean. In the first half of this year, China outperformed the United States, taking the top spot as the world's largest auto market.

Among many other auto giants, Europe's second-largest carmaker, France's PSA Peugeot Citroën, is taking steps to allow the Chinese market to deploy its global strategy.

The European group opened its first technical and styling center outside France at the China Tech Center in Shanghai last September in a bid to satisfy local demand and cut costs by taking advantage of China's growing automotive design and engineering labor force.

"We are totally convinced that China is the cradle of the auto industry in the 21st century," said Claude Vajsman, President of PSA China business during an interview with *Beijing Review* in Shanghai on July 25. "Being 'the workshop of the world' is not the future of China's auto industry and instead it should be a future of independent research and innovation."

As their latest move, the group is considering the establishment of a second joint venture to boost overseas sales and gain a larger share in the world's fastest-growing auto market.

## Lion's share

"Everyone in the auto industry knows that sooner or later China is going to be the biggest auto market," said Eric Apode, General Manager of PSA's China Tech Center. "When taking into account the per-capita car ownership, we know obviously China will keep growing in the future."

Private car ownership in China equates to less than 20 cars per 1,000 people—one of the lowest rates in the world.

Strong sales in China and Russia helped to balance a stagnant performance in the European market for PSA in the year's first half. The group sold a total of 117,300 ve-



**LION'S VISION:** French carmaker PSA Peugeot Citroën aspires to be a mainstream market player in China

hicles in China, up 13.8 percent, but posted a net loss of 962 million euro (\$1.37 billion) on the global sales slump.

The French carmaker has been in China since 1992 but fallen behind international rivals such as General Motors and Volkswagen.

In order to enhance its market share, the group launched more models this year, including Peugeot 207 hatchback and saloon, and Citroën's C-Quatre and C-Elysée.

In addition to the China Tech Center, the construction of a state-of-the-art platform in Wuhan was finished in June, ready for high-end models, such as Citroën's C5, to roll off the line later this year.

Meanwhile, PSA is considering a second joint venture with Chinese carmaker Harbin Hafei Automobile Industry Group Co. Ltd., one of the options to increase its presence and rival major competitors in the market.

They signed a memorandum of understanding on June 29 to start a feasibility study of a 50-50 joint venture creation, to manufacture small people movers, mass transit systems generally serving relatively small areas such as airports or theme parks, in Shenzhen.

## China's design competence

The establishment of the new center, part of PSA's 2010 blueprint, aims to integrate Chinese elements into the design and styling of its vehicles to better serve the demands of Chinese customers while strengthening its engineering capability for faster expansion on the Chinese mainland.

The group, still heavily reliant on European sales, set a midterm sales target of 1 million units in China by 2015 in order to be a mainstream player in China.

The group pledged to inject 1 billion yuan (\$146 million) and recruit 500 engineers for the center by 2010. Now already staffed by a team of 230 designers, digital mold architects and auto mold stylers of 10 nationalities, the center is also the first design-oriented technology center established by a global auto giant in China.

"We want to be a global player and obviously the China Tech Center will help us achieve the vision," Apode said.

About 85 percent of the staff are experienced Chinese workers in auto design and styling, with the other 15 percent coming from France, Italy, Spain and the United States, according to him.

"We are greatly impressed by everyone on the team as well as their achievements in the past year, especially the designer team, their competence, innovative spirit and always taking initiative," he said.

Designers and engineers in the center are entrusted with the creative task of designing

new models for the group's global market, not just redesign or adaptation work to make mature models more suitable for local production, Vajzman said.

"The most important thing is that we offer them enough room for free innovation," he said. "We are not only introducing our European market-based experience to the center, but also encouraging European colleagues to learn more from their Chinese peers, such as different work styles and their fresh ideas and creative thinking."

In a move to attract more Chinese talent, the center signed an agreement of strategic cooperation with the College of Automotive Engineering of Tongji University last July to offer jobs or training opportunities in France to their graduates and teachers.

Vajzman admitted difficulties in recruiting the 500 engineers by 2010 because auto design, research and development, as well as auto marketing and sales, are brand new areas in China's burgeoning auto market. Still, he said he was confident because "an increasing number of graduates in automotive engineering and design from many Chinese universities could meet our demand in terms of number," Vajzman said.

### Ample leg room

While PSA's joint venture in Wuhan produces cars for both Peugoet and Citroën models, the center is entrusted to design new models for both brands for Chinese and worldwide customers.

"We are dedicated to everything in the car industry, from all the range of vehicles which are going to be launched in China and worldwide to new engines and airbrakes," said Apode.

On the product line front, the group will continue to focus on the lower-medium and upper-medium segments of passenger cars in China, although Chinese local carmakers were the largest winners of the country's first-half auto sales booms boosted by stimulus policies that encouraged sales of small-engine cars and provided subsidies to car purchasing in rural areas.

"Sub-compact cars, where either domestic or foreign carmakers can hardly make a profit, don't have a future in China," said Vajzman.

"It was also because of the resemblance between U.S. and Chinese customers: They in general prefer sedans rather than hatchbacks or notchbacks for bigger and more comfortable space within the car," he said.

But PSA's China chief is thinking about how to cash in on China's craze for sport utility vehicles (SUVs).

He noticed that affluent urban residents are pushing demand for SUVs, as China witnesses a growing population fond of self travel. ■

## CRISIS FOCUS

# Blowing Bubbles

The Chinese stock and property markets have been outperforming expectations, fueled by an unprecedented surge in bank lending. **Xie Guozhong**, an economist and board member of Rosetta Stone Advisors, argues the robust Chinese economic figures are only propped up by bubbles, whose bursting will lead to a hard landing for the economy. Xie published his opinion in a related article in *Caijing Magazine*. Edited excerpts follow:

I believe that Chinese stocks and properties are 50 to 100 percent overvalued. The odds are that both will adjust in the fourth quarter of this year.

Chinese asset markets have become a giant Ponzi scheme. Prices are supported by appreciation expectations and as more people and liquidity are drawn into the mix, the resulting surging prices will validate the expectations, which in turn will prompt more people to join the party. This sort of bubble ends when there isn't enough liquidity to feed the financial beast.

The origin of the asset bubble in China is excess liquidity as reflected in the high level of foreign exchange reserves and the low loan deposit ratio.

When the dollar becomes strong again, liquidity could allow China to take advantage of dollar appreciation. That's when the bubble will burst. But it is still difficult to tell when the dollar will turn around.

How far the bubble will expand depends on the government's liquidity policy.

A far less risky approach is to adopt a stop-and-go policy. In it, the government would release a wave of liquidity, as is the current case, and then turn off the tap. The markets will run out of steam when the liquidity is completely absorbed. When these markets fall low enough, the government could release another wave to replenish them. This approach would limit the bubble size.

I expect that this financial maneuver would be the government's preferred policy. If the global downturn continues for the next few years, we could see China's property and stock markets ex-

perience major fluctuations every year. I suspect there will be a major slump in both stock and property markets around the National Day holiday (October 1-7).

The stock market once again finds itself in a frenzy, as a growing number of young people, uninterested in real jobs, become addicted to stock market speculation. They witness their holdings' value changing on a daily basis, resulting in profits greater than their monthly salary and creating the illusion that they can become millionaires overnight. But the truth is most of them will lose everything if the markets plummet, with serious social consequences ensuing in the aftermath.

The current trend won't last long, even as ignorant individual investors are continually drawn into the frenzy by the rising momentum. The turnaround may happen in the fourth quarter, with a large loss to investors as liquidity begins to leave the country. The recovery of the dollar, possibly in 2012, could result in a collapse of China's property and stock markets similar to that experienced during the Asian financial crisis in 1997-98.

I want to make myself perfectly clear on China's asset markets today: There are a considerable number of bubbles and their bursting will bring dire consequences to the country.

The belief that the government wouldn't let the market fall is rooted in Chinese market psychology. However, in reality, the government can do very little to reverse the market trend once it turns. The Chinese stock market has gone through many upswings and downturns in the past, only reinforcing the notion that the government is unable to stop the market from falling. ■



**TO THE POINT:** China's power consumption in the first half of 2009 fell 2.24 percent year on year. The National Bureau of Statistics explained the drop was due to power efficiency improvement in many energy-depleting sectors. The real estate market continues to burn hot, but a number of uncertainties lingered to quench the fire. Newly approved funds in July flew into markets to catch fading glows of the stock euphoria. The Aluminum Corp. of China Ltd. raised spot alumina prices by 4.35 percent, in a reflection of the healing markets. Apple Inc. agreed with China Unicom to officially launch the iPhone handset on the Chinese mainland this autumn.

By HU YUE

## MARKET WATCH

### Power Progress

As the deep economic gloom loses ground to a vibrant upturn in a number of sectors, China's economic comeback appears to be on the horizon. But there is one indicator seemingly out of place in the warming economic climate—power consumption.

Widely seen as a gauge of economic activities, the country's power consumption surprisingly fell 2.24 percent year on year in the first half of 2009, according to data from the National Development and Reform Commission. So does the power crimp signal a shaky foundation of the economic upswing? Probably not.

A recent report from the National Bureau of Statistics (NBS) attributed the decreasing figure to tempered growth in several energy-guzzling industries. For example, momentum of steel-making, non-ferrous metal, chemical materials and electricity have fizzled appreciably, putting a curb on power depletion, said the report. But a sharp uptick in other areas, such as agriculture and the service sector effectively picked up the slack, it added.

More importantly, the downturn is accelerating a quiet shift of the industries, already unnerved by rising costs and heavy pollution, toward more promising energy-efficient productions. The power consumption per

ton in terms of cement and steel output have both seen a significant drop, according to the NBS.

Economists believe the rapid improvement in power efficiency highlights the quickly recovering health of the real economy. At a time when power shortages grip the planet, the energy-efficient sectors will be bright spots in the future economic landscape, they said.

### Worries Over Property Market

Coming off a very low fiscal floor about a half year ago, China's real estate market is riding an upward spiral. Potential homebuyers are jumping off the sidelines for fear that they may miss out on the start of a new bull market, and real estate developers are bumping up prices to make a considerable profit. But analysts point out three underlying risks that may reverse the housing gains at any time.

The first are sales fluctuations. When sales started to gain momentum this April, a virtuous self-reinforcing cycle of optimism was quickly set in motion. Consumers began spending more on homes as rising prices made them feel richer. But the latest report of China Index Academy showed housing

areas sold in July in 15 cities fell appreciably month on month, signaling the inability of the demand to sustain price rises.

The second is policy environment. At a time when inflationary pressures are building up, investors are piling into the real estate market to ensure their asset value. That was likely exaggerated by easy access to mortgages in the boom, which could be used to fund expenditures.

However, it is less likely for the regulators to turn a deaf ear to the soaring mortgage loans. The China Banking Regulatory Commission has recently warned commercial banks of simmering mortgage risks. The Chinese Academy of Social Sciences also has found that the unaffordable house prices are choking off consumptions as many bread-earners save every penny to buy a home. If the policy makers actually tighten the mortgage policies, a return of the housing gloom may not be a long way off.

Third, signs are emerging that wholesale investors are cashing out, which could initiate a panicked sell-out in the markets. A recent report of the Shanghai-based Centaline Real Estate Consultant Co. Ltd. said an increasing number of foreign property owners are taking the assets in the city off their hands. Though it remains to be seen how serious the selling can be, it is definitely

## Numbers of the Week

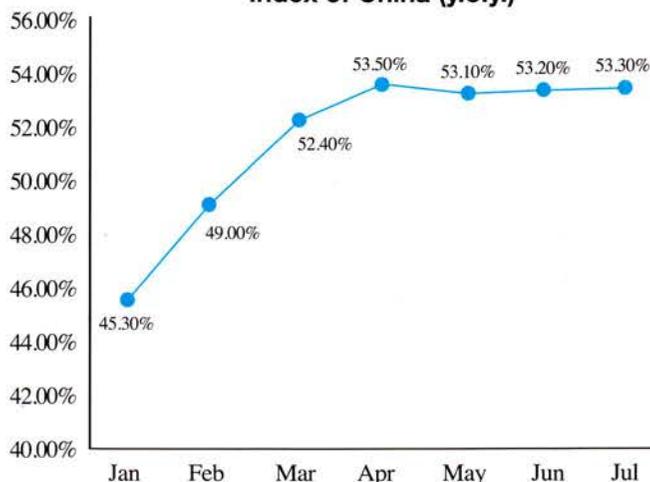
# 3.35%

China's energy consumption to produce per unit of GDP dropped 3.35 percent year on year in the first half, said the National Development and Reform Commission.

# 4.3%

China's registered urban unemployment rate was 4.3 percent at the end of June, staying flat at the end of March, according to the Ministry of Human Resources and Social Security.

## Growth Rates of Purchasing Managers' Index of China (y.o.y.)



(Source: National Bureau of Statistics)

a concern that deserves particular attention.

## New Funds Rushhour

Although a clearer picture of the mainland stock markets has yet to be displayed, fund management companies seem to have been convinced of a bleak prospect. By rushing out a number of new funds in July, they are grabbing last-minute opportunities to buy into the big rally before it is too late.

The four newly approved funds this July spent no more than two weeks between obtaining the green light to getting officially issued, according to a report by the *China Business News*. The fastest was the Franklin Templeton Sealand CSI 300 Index Strengthened Fund that waited for a minimum five working days.

The China Securities Regulatory Commission stipulates that the new funds have a maximum of six months to prepare for issuance after receiving approval. That leaves the fund manager ample time to pick up their best entry points. One example was the China Strategy Fund, which was granted approval on April 27, 2008, but did not proceed with official issuance until October 20, so as to sidestep the prolonged bear market.

The lightning speed of fund issuance reflects a brewing pessimism that the stock euphoria is fading fast, with the newspaper

quoted some analysts as saying, "In a market that is topping out, the sooner you jump in, the better you will be positioned," they said.

## Chalco Sees Rising Demand

With domestic demand bouncing back, the Hong Kong-listed Aluminum Corp. of China Ltd. (Chalco) is hoping to spill less red ink this year.

The Chinese aluminum giant recently announced to raise spot aluminum prices by 4.35 percent on the back of recovering aluminum demand from the automobile, transportation and building sectors.

Analysts believe the market turnaround is likely to help the aluminum titan rebound after taking a heavy blow last year. Losses in the first quarter of 2009 stood at a dizzying 1.9 billion yuan (\$278 million). Aluminum was not the only base metal that has sagged under the heavy weight of withering demand, but its ailment appears to be the worst because of a record high inventory that has pushed down prices.

But for Chalco, crossing the threshold from negative to positive growth may still be an uphill battle, said Shang Fushan, Deputy Director with China Nonferrous Metals Industry Association, in a statement. Higher prices have spurred domestic producers to restart their idled

excessive capacity, which could in turn put a damper on price increases, he said.

## iPhone to Debut in China

After years of waiting, Apple Inc.'s multi-functional iPhone is finally going to be officially launched on the Chinese mainland market.

Apple has agreed with China Unicom Ltd., the country's second largest operator by subscriber and revenue, to introduce the smart phone into China this autumn, said Tim Cook, Chief Operation Officer of Apple.

Details about the deal remain unclear. But rumors had been swirling that China Unicom has an exclusive agreement with Apple to sell the iPhone in China for three years.

It is believed that the trendy, multimedia handset will give China Unicom an upper hand in winning over young and fashion-sensitive mobile users from China Mobile Ltd., the current market leader. Since China Unicom plans to kick off the third-generation telecommunications network initiative this October, it obviously wants to have a head start with the iPhone.

Apple also held talks with China Mobile about a possible iPhone launch in the past, but the two could not agree on how to share revenues. ■

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# Tengda Plaza Linked to Subway Line 4

As we all know, this is a society where only efficiency wins, and only high speed may achieve high efficiency. Located near the National Library Station, Tengda Plaza will definitely embrace new development opportunities provided by the official opening of Subway Line 4 this September.

Tengda Plaza, as the 5A-grade office building in the western part of Beijing developed by BBMG, has been maintaining 95 percent occupancy in recent years. Against the past office market recession, similar to the present one, Tengda Plaza's occupancy is still increasing. In recent months, a number of quality companies have been attracted to Tengda Plaza, including China Automobile Development United Investment Co. Ltd., Oriental Great Achievement (China) Holding Co. Ltd. and Beijing Highway Telecommunication Technology Co. Ltd. etc.

As we have learned, an important reason for these clients to choose Tengda Plaza over other locations is the convenience Subway Line 4 will bring.

Situated at the intersection of Xizhimenwai Dajie and Zhongguancun Nandajie, Tengda Plaza faces Zhongguancun Hi-tech Development Zone to the north, Xizhimen business area on the east, Sanlihe state administrative area on the west, and is only one street away from the Financial Street.

Embedded in the four high-end areas, Tengda Plaza's location posts an outstanding importance second to none. The subway line that will open soon is the major transportation vessel linking the south and the north of the city, which will draw the Plaza closer to the business circles. Tengda Plaza will successfully realize the zero-distance connection to subway transportation, by which its efficiency and value will be significantly improved.

The cultural institutes around the Tengda Plaza, such as the National Library, the Beijing Exhibition Center, the Beijing Foreign Studies University, Renmin University of China and the Beijing Institute of Technology, all add a humane atmosphere to its surrounding area. The nearby green places, such as Zizhuyuan Park and Beijing Zoo, create a refreshing and relaxed space for Tengda Plaza.

The attached facilities, including Karaoke entertainment, restaurants of all different styles and tea shops, offer excellent service for the clients. The 3,000-square-



meter convention center, 12 meeting rooms and 500-square-meter multi-functional room may easily meet the needs for training, press conferences and lectures.

Recently, the Tengda Plaza and the nearby Hotel Nikko New Century Beijing have signed a cooperation agreement in accommodation and meeting services. A new gallery bridge has been built to connect the two buildings for a closer relationship.

The Schindler Elevator imported from Switzerland and York central air conditioning system made in the United States make

Tengda's hardware comparable to any newly built 5A office building in Beijing.

Excellent property management and service also won Tengda broad recognition among its clients. In October 2005, Tengda Plaza was awarded the prize of Demonstration Building for Excellent Property Management.

We firmly believe that, drawing on superior location, convenient transportation, excellent facilities and professional service, Tengda Plaza will possess more market attention and reputation in the future. ■



**NEW ROUND OF DIGGING:** Chinese archeologists work on the third excavation of the Qinshihuang Mausoleum's Pit 1. The project began on June 13, 2009

# Earthen Army Guards Mysteries

China's third excavation of the famous terracotta army site yields new archaeological findings

By JING XIAOLEI

**C**hinese archeologists have come closer to unearthing the hidden story of the terracotta warriors after beginning the third excavation in Pit 1 of the UNESCO World Heritage Site in June. Scientists have found 100 clay warriors and an army officer at the site in Xi'an, capital of northwest China's Shaanxi Province.

Chief archeologist Xu Weihong said the most exciting part about the excavation so far was the discovery of the army officer. He said the life-sized figure was found lying on its stomach behind four chariots.

In spite of a broken head, the statue was largely intact compared with other newly discovered clay figures, most of which were seriously damaged or even broken into fragments, Xu said.

"We can't see its face yet, but the leather

gallus on its back is distinct," said Xu, adding that the gallus was typical of the Qin Dynasty (221-206B.C.) army officers.

Xu said the unearthed clay figure was originally painted in different colors. Though the original colors on its body faded with the passing of more than 2,000 years, a patch of the officer's robe suggests it, too, was painted when it was made.

"We need extra care to bring it out of the pit and restore its original color, which may take a few months," Xu said.

The infantry warriors and cavalry units were based on a real army when they were made. The infantry is comprised of ordinary soldiers and officers, which can be distinguished by their costumes, expressions and gestures, said Yuan Zhongyi, an archeologist who has taken part in two previous excavations.

The officers also carried different ranks.

So far only one high-ranking officer has been found in Pit 2 and six middle-ranking officers have been mostly discovered in Pit 1.

Though not completely excavated, the newly found officer seems to be of a low rank, according to Xu. "The discovery of the officer will help us in the study of the Qin Dynasty army system," he said.

Two chariots were also discovered with four horses beside each. "It is the first time we've unearthed such an arrangement of chariots in the pit. Those that we found before had a dozen warriors in between," said Cao Wei, Deputy Curator of the Qinshihuang Terracotta Warriors and Horses Museum.

Many weapons including lances, swords and arrows that are still sharp have been discovered.

Visitors and tourists can still visit the terracotta warriors freely during the third

excavation. The excavation process can be seen clearly.

Liu Zhancheng, head of the archeology team at the terracotta museum, estimated this excavation would hopefully unearth about 150 terracotta warriors over the next few years.

### Many mysteries

The army of terracotta warriors and horses is one of the greatest archeological finds in modern times. Peasants digging a well discovered it in 1974 in Lintong County, 35 km east of Xi'an.

The first formal excavation of the site lasted from 1978 to 1984 and uncovered 1,087 clay figures. A second excavation, in 1985, lasted a year and was cut short for technical reasons.

The ancient relic site includes three pits. The 230-meter-long and 62-meter-wide Pit 1, which is currently being excavated, is believed to hold about 6,000 life-sized figures. More than 1,000 were found in previous excavations, according to museum curator Wu Yongqi.

Holding cavalry and infantry units as well as war chariots, Pit 2 is thought to represent a military guard. Pit 3 is the command post, with high-ranking officers and a war chariot.

Most experts believe Pit 1, the largest of all three, houses an army of archers, infantrymen and charioteers that Emperor Qinshihuang (259-210 B.C.), the first emperor in China for whom the underground army was built, hoped would help him rule in the afterlife.

The State Administration of Cultural Heritage approved a plan to excavate an area of 200 square meters in Pit 1 in 2009, which will likely continue if the dig proves fruitful.

Though there had already been two excavations in Pit 1, they only covered 2,000 square meters in its eastern part. The third excavation in the middle and western parts of the pit will help give a clear picture of the distribution of warriors, their weapons and chariots, said Wu.

There are still many mysteries about the tomb of the emperor, which need to be solved.

History books indicate that the underground palace of the emperor's tomb is much deeper than has been reached to date.

According to what is recorded in the *Historical Records*, which is said to be the first history book of China and was written 2,000 years ago, the underground palace of the emperor has many astronomical and geographical indicators, which still remain shrouded in mystery.

A well-preserved mummified female body discovered in Mawangdui, on the eastern outskirts of Changsha, central China's

Hunan Province, in the 1970s gave the whole world a great shock. As the woman lived around roughly the same time as Emperor Qinshihuang, researchers wonder whether the body of the emperor is preserved as well.

### The preservation problem

Richly colored clay figures were unearthed from the mausoleum of Emperor Qinshihuang during the previous two excavations, but once they were exposed to air they began to lose their luster and turn an oxidized gray color.

The museum has been cooperating with a German cultural relic department for years, trying to find a satisfactory way to preserve the color of the terracotta, and has made some headway.

"Today's technology is now sophisticated enough to preserve the colors of the ancient terracotta," said Zhou Kuiying, an official with the Cultural Heritage Bureau of Shaanxi Province. "Chinese and German researchers have spent 19 years developing preservation techniques, which have been

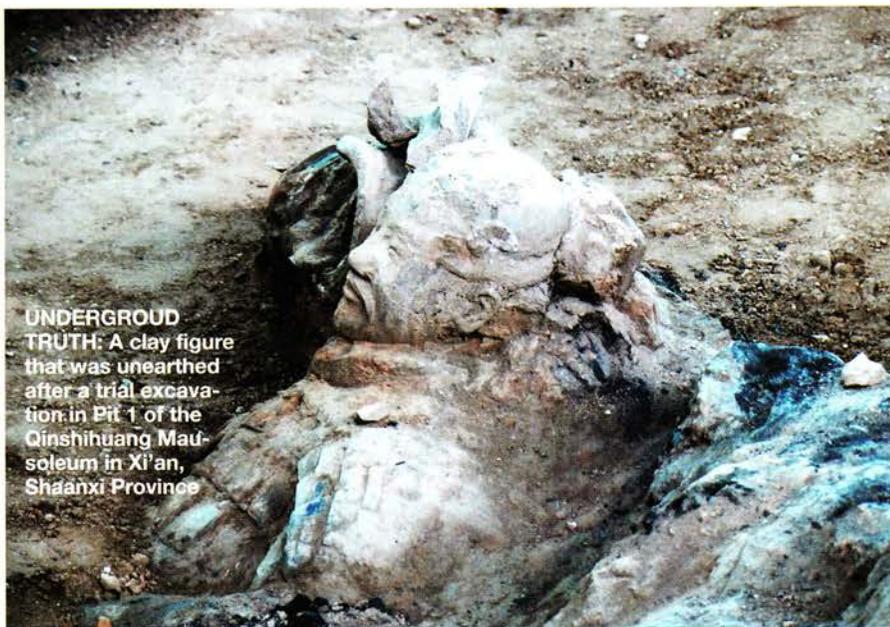
approved for use by the government."

The third excavation of Pit 1 will test preservation technology that the museum has spent decades developing to keep the figures intact and retaining their original colors, said Liu of the museum.

"We will strive to protect the colors on the clay figures, and we believe we are technically able to do this," said archeologist Yuan Zongyi, who has taken part in two previous excavations.

Previously, the ceramic's colored layer would curve and peel off from the body five minutes after it was unearthed and exposed to air.

Chinese archeologists have developed some ways to cope with that problem. First they spray water to make the covering earth loose, and then clear the dirt away with bamboo sticks and a surgeon's knife. They then wash the uncovered part using cotton balls. Next they inject a fixative liquid into the different layers to keep them from falling apart. It can take nine months or longer to fully unearth a colored terracotta warrior. ■



### The First Emperor

Emperor Qinshihuang (259 -210 B.C.), whose original name was Ying Zheng, was king of the State of Qin during the Warring States Period (475-221 B.C.). He became the first emperor of a unified China in 221 BC. He ruled until his death at the age of 50.

Emperor Qinshihuang remains a controversial figure in Chinese history. After unifying China, he and his chief adviser, Li Si, passed a series of major economic and political reforms. He undertook gigantic projects, including the first version of the Great Wall of China, the now famous city-sized mausoleum guarded by a life-sized terracotta army and a massive national road system, all at the expense of many lives. To ensure stability of his rule, he outlawed and burned many books. Despite the tyranny of his autocratic rule, he is regarded as a pivotal figure in the nation's history.



COURTESY OF OUYANG BIN

**RECORDING HISTORY:** Ouyang Bin (center), the cameraman and director of the documentary *The Sixth Resettlement*, poses for a photo with Kuong children and young men who appear in his film



live an agricultural life, the Kuong people traveled into the deep forests on the Ailao Mountain along China's border with Viet Nam. They collected wild fruits and hunted animals. They rubbed bamboo sticks to make fire.

Only the bravest Kuong people wore old clothes that they bartered from other ethnic groups living nearby. They hid in the grass by a path and waited for a passerby to trade their own clothes for fur or wild herbs the Kuong laid on the ground. Most Kuong people were too afraid to talk with any outsiders.

Tan Leshan's 96-year-old father planned the old documentary while Tan himself planned the new one. "Back in the 1950s, my father wrote a letter to the Ministry of Culture suggesting using video to record the traditional lifestyles of ethnic groups before they disappeared," said Tan, a professor of visual anthropology at Yunnan University.

**By LI LI**

**A** 2008 documentary on the Kuong people, an ethnic subgroup of China's Lahu ethnic group, *The Sixth Resettlement*, starts with a scene in which a TV is playing a 50-year-old documentary at a village market. People in the market are crowded around the small screen, some shouting excitedly when they recognize a

family member or themselves.

"That man is my grandpa," said a middle-aged woman in the movie, suddenly standing up from the seated audience. Her pride soon turned into embarrassment when she realized that the Kuong people half a century ago were practically naked except for leaves or fur around their waists.

Without the knowledge necessary to

His father's letter attracted attention from China's state leaders and was quickly approved. The filming of this new genre of documentaries in China, called "records of ethnic groups," lasted from 1957 to 1965 and became part of the country's unprecedented nationwide survey of ethnic minorities. But at that time China could not produce movie cameras or film. The government guaranteed cameras and film to shoot the documentaries

people's communities. Over the course of a year's shooting, Yang's crew had to overcome harsh living conditions in primitive forests. Shooting was suspended for three months after Yang caught malaria and was sent back to Beijing for treatment.

"Back then, we attached the utmost importance to our work. We would rather die at our posts than disappoint our leaders and the audience," said Yang, who participated

of the forests to become farmers. Like other families in the village, Bai raised rice for food and cardamom for sale. Collecting wild herbs from steep mountain slopes like her ancestors now only accounts for a small part of Bai's family income. Almost every family in Bai's village of around 130 households has a small hydropower-generated TV set from which they see the outside world.

The documentary's main story follows Bai as she tries to be among the first batch of families moving into the new village, even by taking out loans with 40 percent interest rates to pay for the new housing. Compared to her old mountain village, which was a four-hour walk from the nearest road, the new village is right next to a road and close to a market. The house is equipped with electricity and running water.

Bai Zhengming, Bai's son-in-law, is part of a new generation of Kucong people who readily accept a modern life at the cost of losing old mountain survival skills. Although the young father still taught his sons how to build a field mouse trap with tree branches, a living skill passed down for generations, he insisted on sending his elder son to school. He told his mother-in-law that only by learning to read could his son avoid being cheated in payment. Bai said none of her four children knows as many mountain herbs as she does.

Fifty years ago, the Kucong people lived in an egalitarian society without any private property. In the 2008 documentary, Bai's fellow villagers are shown stealing half of her family's cardamom harvest from the field. And the Kucong people's economy ever felt the effects of the global financial crisis, which triggered a slump in cardamom prices at the village market and disrupted her plan to pay off her debts by the end of the year.

"I try to show my audience that social evolution and changes are never easy for individuals involved," said Ouyang, who spent five months shooting the documentary. One scene shot while Bai was selling a piece of wild herb she dug from the mountains at a market, showed that she was too shy to bargain with the buyer. In the end, she was paid only 20 yuan (\$2.90) rather than the several hundred yuan true value of the herb. The audience can plainly see the sadness and helplessness on Bai's face.

Along with another 59 families, Bai's family moved into their new houses at the end of the 55-minute documentary. The local government called their new town "Sixth Resettlement Village."

"The documentary is about the integration of an old life into a modern one. I only record people's behavior in this process, and won't make a judgment on which is better," said Ouyang. ■

# Out of the Mountains

The modernization of an ethnic minority over the course of 50 years is caught on camera

by cutting down on fictional movies being made. Of the 15 documentaries produced, Tan's father participated in seven, which are about six ethnic groups in Yunnan.

These old documentaries turned into smash hits when they were screened in Europe in the 1990s, giving a boost to Yunnan University's East Asia Institute of Visual Anthropology, where Tan is the vice director. In 1999, the institute received funding from Volkswagen to start training programs for young Chinese visual anthropologists in partnership with German institutions. Tan wished to shoot new documentaries on people observed by his father, as a salute to China's first generation of documentary makers on ethnic minorities. *The Sixth Resettlement* is the second in the works.

"My father is pleased to hear about my plan to put the people he studied in the lens again. He thinks this is a good family tradition," Tan said. He said that in his childhood, he was intrigued by bows and arrows collected by his father from ethnic minorities and looked forward to seeing how they lived with his own eyes.

The 78-year-old Yang Guanghai was the cameraman on the earlier Kucong people documentary. He said his crew from a state-owned film studio was asked by their leaders to record the production methods, customs and social structure of the Kucong

in the filming of six documentaries on ethnic minorities.

## A new life

Ouyang Bin, Director and cameraman of *The Sixth Resettlement*, said he was unsure whether he could find the offspring of the people in the old documentary before shooting the film. The Kucong people number about 40,000 and they move frequently in the mountains at an average altitude of 1,800 meters. But it didn't take Ouyang long to find the protagonist for his documentary, Bai Yaomei.

"In a chat after watching our old documentary, Bai told me that if she was lucky, her family could move into a new village at the foot of a mountain under a government-subsidized resettlement program," said Ouyang. "We thought the resettlement process might turn into something interesting."

Bai's 96-year-old mother, Ma Ermei, said in the new documentary that the government's resettlement programs for the Kucong people failed five times after the old film was shot in 1958. People in Bai's village moved back to the primitive forests each time after the government moved them into a new government-built village because most of them lacked skills necessary to live out of their mountain homes.

The situation changed in the 1990s as the Kucong people voluntarily moved out



## Turkish Airlines

An Airbus 340 sporting the distinctive Turkish Airlines tail fin logo at landed at Shanghai's Pudong airport at 3:30 p.m. on July 1, 2009, inaugurating the direct, commercial flight link between Istanbul and Shanghai. The passengers on the maiden voyage of flight TK026 were greeted at the airport with a small ceremony marking the occasion, hosted by Executive Vice President-Commercial of Turkish Airlines, Orhan Sivrikaya.

Scheduled to operate five days weekly, the Turkish Airlines Istanbul-Shanghai direct flight brings the number of flights weekly between Istanbul and China to 10, and marks an important step in the fast-growing airline's development in this booming market. Passenger demand from Shanghai has grown continuously each year since Turkish Airlines first flew to China in 1999, as Chinese vacationers have been discovering Turkey and business travelers increasingly recognize Istanbul as an ideal transit point between China and Europe.

"The new direct flight from Istanbul to Shanghai is a key step forward for Turkish Airlines, still it is only a first step," said Gayret Yuksel, General Manager, Shanghai for Turkish Airlines. "China is a critical market for us and we will continue to invest in providing more options and better services to Chinese travelers. Shanghai is China's business and cultural capital, and we welcome the people of Shanghai to visit Istanbul and experience Turkey's business and cultural capital. We are thrilled to offer a convenient way for the people of China and Turkey to strengthen their bonds of mutual friendship and fruitful collaboration."

## Finnair

A new feature on Finnair's website, [www.finnair.com](http://www.finnair.com), now allows users to make reservations to flights operated by all oneworld airlines.

"The variety of destinations widens significantly and the number of city pairs increases considerably, up to 160,000," says Outi Koponen who manages oneworld relations at Finnair.

The booking engine shows oneworld flights in all 11 language versions of the Finnair website; however, the fare rules of oneworld flights are only in English. In the fields for departure and destination city you may enter either the name of the city, the three-letter code of the airport or the name of the country, in which case the system gives alternatives of all oneworld destinations in that country.

Oneworld brings together some of the best and biggest names in the airline business—American Airlines, British Airways, Cathay Pacific, Finnair, Iberia, Japan Airlines, LAN, Malév Hungarian Airlines, Qantas and Royal Jordanian, along with 20 affiliates such as American Eagle, Dragonair, LAN Argentina, LAN Ecuador and LAN Peru. Mexicana and its affiliate Click Mexicana will join the alliance in 2009.



## Continental Airlines

The U.S. Department of Transportation approved the application of Continental Airlines to join the existing antitrust immunized alliance including United Airlines and eight other Star Alliance member carriers.

"We are pleased to receive final approval from the Department of Transportation," said Larry Kellner, Chairman and CEO of Continental Airlines. "Continental is working to provide a seamless transition for its customers from the SkyTeam alliance to Star Alliance this fall. The decision greatly benefits our customers, employees and shareholders. It ensures global competition with other antitrust immunized alliances while encouraging the retention and growth of open skies between the United States and other nations."

"Today's decision from the Department of Transportation facilitates the development of a competitive partnership that is good for consumers, our employees and the communities we serve," said Glenn Tilton, Chairman, President and CEO of United Airlines. "United, Continental and the Star Alliance carriers will be able to compete more effectively in an increasingly global air travel market, while providing our respective customers with improved access to more of the world and creating opportunities for our employees."

In addition to United Airlines, the eight Star Alliance members that have been granted DOT approval for antitrust immunity are Air Canada, Austrian, bmi, Lufthansa, LOT Polish Airlines, Scandinavian Airlines, SWISS and TAP Air Portugal.

Continental Airlines is the world's fifth largest airline. Continental, together with Continental Express and Continental Connection, has more than 2,750 daily departures throughout America, Europe and Asia, serving 133 domestic and 132 international destinations. With more than 43,000 employees, Continental has hubs serving New York, Houston, Cleveland and Guam, and together with its regional partners, carries approximately 67 million passengers per year.

United Airlines operates over 3,100 flights a day on United Airlines and United Express to more than 200 U.S. domestic and international destinations from its hubs in Los Angeles, San Francisco, Denver, Chicago and Washington, D.C. With key global air rights in the Asia-Pacific region, Europe and Latin America, United Airlines is one of the largest international carriers based in the United States. It also is a founding member of Star Alliance, which provides connections for customers to 912 destinations in 159 countries worldwide. United Airlines' 48,500 employees reside in every U.S. state and in many countries around the world.

# A Yi Abalone Ready Meal Gift Box

The world renowned A Yi Abalone has always been the first choice of top gourmets when enjoying outstanding abalones. A Yi Abalone, named after cook Yang Guanyi who specializes and excels in abalone cooking, has won international recognition among epicures.

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## Office Park, Office Life

A promotional activity, themed "Office Park Office Life," for the Office Park commercial complex drew more than 100 guests on July 30 to the third floor of the Office Park Building.

Office Park, located near the "CBD New Golden Cross" adjoining the 4-hectare CBD Historical and Cultural Park, is an internationalized urban commercial complex including office buildings, serviced apartments and urban commerce.

Located in the most mature commercial area—World Trade Center commercial circle—it borders the CBD Artistic Pedestrian Street on its east side, and trunk road Jingtong Xilu on its west. It is remarkably close to the China World Trade Center, Kerry Center and Jinguang Center. It is seven minutes walk away from Subway Line 1 (Yong'anli Station and Guomao Station), and three minutes walk away from Subway Line 10 (Jintaixizhao Station).

By sticking to the planning principle of "Opening & Integration, Value Interaction" and taking advantages of locations and resources of the CBD New Golden Cross, this project integrates urban public space. Its energy conservation, humanistic and creative design promotes comprehensive value and long-term value of the project, turning the project into a humanistic landmark of CBD. During the promotion, guests were deeply impressed by the beautiful view looking out of the window.

Neighboring CBD Historical and Cultural Park, the Office Park enjoys an exclusive green and refreshing space. The opening video brought the guests into a new lifestyle that integrates work and life perfectly. The guests were convinced that, in the Office Park, the clients are able to enjoy a beautiful combination of art and space, sun and high-efficiency, tranquility and bustling. As the project developer, Sino-Ocean Real Estate Development Co. Ltd. (SORED) was established in June 1993 with real estate development as its core business. SORED has focused on Beijing real estate development market since 1997. In 2000, SORED was evaluated as a Class I real estate developer by the Ministry of Construction and gained the real estate development qualification in Beijing. Over the past 12 years, SORED and its development projects have achieved the recognition of many professional institutions.

As an enterprise with a strong sense of social responsibility, SORED actively par-

ticipates in projects of charity or social and public welfare and has won a good reputation. SORED adheres to the corporate culture of "Vitality, Innovation, Reliability" to pursue uniqueness and perfection, combining art with architecture, science and technology with humanities and innovation with tradition. SORED seeks to climb the summit of the Chinese real estate industry with its strength, reputation, products and service.

## New Initiatives to Catalyze Office Demand in Zhongguancun

Beijing's Haidian District officially released The Circular of Accelerating the Adjustment of Trades in Zhongguancun West Zone on July 20. According to the circular, the government of Haidian District will encourage technology and creative industries, instead of traditional retail properties such as electronic stores and shopping centers, to develop in the Zhongguancun West Zone. According to the circular, the Zhongguancun West Zone will be developed into an area consisting of six functional areas, including financial, technology service, hi-tech corporate headquarters, R&D centers, creative industries, new product trading and display, and service areas. The action plan of the circular will be introduced later by the government of Haidian District. The adjustment is expected to foster more demand for office space from hi-tech and creative industries in the Zhongguancun West Zone.

# Where Do We Draw the Line With Online Manhunts?

In early July, a manhunt message posted on dahe.cn, a local Web portal in central China's Henan Province, caused great concern among netizens. In the post, Zhao Guanle, a police officer in Ruyang County who was investigating several ATM fraud cases, provided a screenshot of the face of a young man who was suspected of committing the fraud and asked netizens knowing the man to help the police identify him.

The post said that the screenshot was taken from video footage of banks' surveillance cameras that caught the man on tape when the ATM fraud cases happened.

"From the picture, I could tell the suspect was rather young. Young people like surfing on the Internet. Netizens might have seen him and could recognize him. So I decided to draw on the power of the Internet and netizens to apprehend the suspect to recover the losses of victims," Zhao told local Henan newspapers after his manhunt post became headline news.

Zhao also acknowledged that he had taken after the Wenzhou Police who had successfully apprehended a suspect through an online manhunt, known in China as human-flesh search engine.

Besides finding the criminal suspect through this search method, Zhao also hoped to raise awareness among netizens against this type of fraud.

While many netizens supported Zhao's attempt, others disagreed with it.

Opponents said should the alleged suspect turn out to be innocent, the manhunt could adversely affect the rest of his life. They also said that until the alleged suspect is convicted, he is not yet a criminal, which means that this search method is a violation of his right of portrait.

Li Huayang, a lawyer with the Henan Wanxiang Law Firm, said although police authorities may look for criminal suspects by appealing to the public, law-breaking activities shall never be allowed. For this reason, more consideration should be given when using the human-flesh search engine and any infringement upon personal privacy should

be avoided.

In contrast, Li Fang, a lawyer with Henan Shijitong Law Firm, believes the police are allowed to use diversified investigation methods, as long as they do not contravene the law.

## Risky business

**Che Hao** (*The Beijing News*): Posting information on an official website can only be done by government officials, but in a public forum like the one on dahe.cn, there are no restrictions on who can post information.



Information released on an official website symbolizes public credibility, authoritativeness and corresponding liabilities. Every citizen can trust what is posted and report back to the police if they have information. If an innocent person falls victim to what has been posted, they can claim state compensation. By contrast, the posting on a public forum cannot guarantee how reliable the information is.

In that sense, if this post was initially released on the official police website, it is in effect the government looking for a wanted suspect in accordance with the law. Any post of this nature on a public forum, even if issued by a police officer, is seen as a person acting in their personal capacity and an infringement of the law.

**Dang Zi (www.dahe.cn):** No matter whether it is justified or not, the human-flesh search engine is in itself a serious violation of a citizen's rights and should be punished in accordance with the law. Even if an ordinary person launches the human-flesh search engine, it should be morally condemned and deemed illegal, not to mention the fact that police officers are supposed to obey the law and maintain social justice.

Without a court ruling, this suspect remained a suspect and there was not enough evidence to prove him guilty. Under these conditions, how could a policeman resort to unusual investigation methods that completely ignore the rights of this suspect? This is an irrational action against the law and the harm it does may exceed that of the crime itself. The hidden logic is that the end justifies the means. In view of this logic, we can, in the name of public interests, label anyone as a suspect and justify any means, even if that means are inhumane and involves power abuse by the police.

Though the human-flesh search engine may help catch the criminal suspect in record time, what if the person turns out to be innocent?

If we support online manhunts launched by the police, we are actually giving up our basic human rights to the government. Who is able to ensure that a false accusation today might not happen again tomorrow?

### Positive step

**Chen Aihe (China Youth Daily):** It is true that any suspect, until convicted in court, shall not be regarded as a criminal. But we should not forget that concealing a suspect's image is not obligatory. According to the Criminal Law, the police are allowed to disclose relevant details of criminal cases, detain criminal suspects and ask the public for assistance in investigating criminal cases.

Police regulations also state that suspects may be tracked down by using media exposure.

That is to say, it is lawful for the police to release the suspect's details on the Internet. The post was made by a real policeman in the name of the Ruyang Bureau of Public Security, which shows the officer was performing his duty in accordance with the law.

What is more important is that the police have made a great deal of investigations and a thorough study of banks' surveillance camera video. All the evidence supported the preliminary judgment that the young man was the prime suspect. It is fair to say that

investigating police officer and local police authorities sanctioned the process. Relevant laws and regulations have vested police authorities at different levels with the power to release information that could help track down criminal suspects.

In this sense, Zhao, as an average policeman himself, is not entitled to release information on the Internet in an official capacity, unless approved by police authorities. What if the approved information contains false elements that may infringe upon the rights of others? In this case, the victim can

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**Please provide your name and address along with your comments.**

the policeman's post, with much evidence in hand, will not infringe on the suspect's rights of portrait and honor.

What is more, "suspect" and "criminal" are two different terms. If the young man wanted was really innocent, all he would need to do is to explain his side of the story to the police. Even if he is wrongly seized, he can demand clarification of the facts by police authorities or even claim for state compensation.

Although some lawmakers have proposed to outlaw the human-flesh search engine for its alleged violation of citizens' rights, this is still a call for regulating this method only, not banning it. Whether to ban the human-flesh search engine or not is still under discussion and, at present, it shall not be regarded as illegal until the law says so.

**Yang Tao (Changjiang Times):** Many people expressed their concerns that releasing the young man's picture may violate his rights of portrait and honor. I don't think we should generalize about that. In fact, we should examine whether the manhunt is an official or a personal act. If official, then we need to know whether the procedure is legal or not.

From the post, we can tell that obviously it is official since the post was made by the

initiate prosecution and claim for state compensation.

For this reason, we should not bar Zhao from posting on the Internet because of false information that may be included. What should be a real concern is whether his behavior is in accordance with legal procedures.

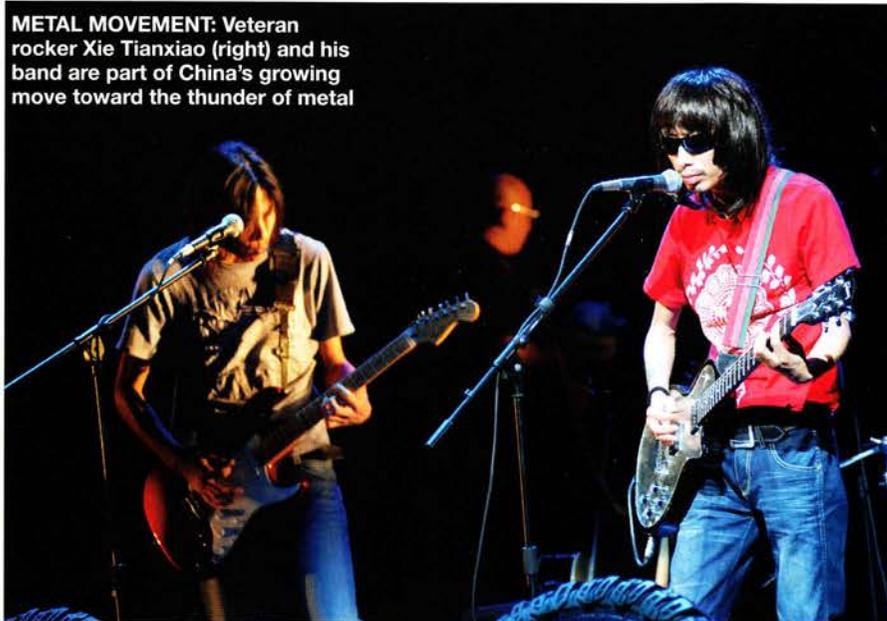
**Guan Ruoyu (www.eastday.com):** The online manhunt for criminal suspects should be seen as a method of cooperation between the police and the public. Its strong point is that once information enters the public domain, netizens can offer feedback information, which helps to provide more evidence.

In some cases, the human-flesh search engine may infringe on the legal rights of a certain party, but it does not necessarily cause infringement. In fact, the main cause for the abuse of the human-flesh search engine is that some netizens, who operate under the guise of morality, wage personal attacks on others.

The key point lies in how to use and regulate this search method. Applying the human-flesh search engine to track down criminal suspects is a new attempt. But the conviction and punishment should be decided by judicial authorities. ■

# The Rise of Metal

**METAL MOVEMENT:** Veteran rocker Xie Tianxiao (right) and his band are part of China's growing move toward the thunder of metal



By **GOU FU MAO**

Someone I turn to a lot for direction on Chinese rock music is also an unlikely spokesman for the scene within a music scene that is Chinese heavy metal.

Since first meeting him a few years ago on one of those smoky Friday nights of live rock at the 13 Club in Beijing's Wudaokou university district, I've learned from Yu Yang how Chinese metal fans are most vociferous and loyal as China slowly embraces alternative and rock music.

Yu is the quality control man on a burgeoning Chinese alternative music scene. Even remote Chinese cities today have a proliferation of rock bands. Quality control is only lately kicking in, however. He's also an inspirational character, dressed like a Chinese college lecturer or office worker who built the most comprehensive Web portal there is on Chinese rock, [rockinchina.com](http://rockinchina.com).

He doesn't dress for his part in a music scene that's as much about appearances as it is about sounding like Western guitar gods. But this multilingual 30-something is encyclopedic as much as he's discerning in his knowledge of the music. His *Rockinchina* blog turned into a website and a virtual rock n' roll handbook, created as a labor of love

and referenced by everyone interested in local music.

Yu is proud that the best-selling gig in the past year at Star Live, Beijing's top rock club in terms of capacity and facilities, was *Lacrimosa*, a Swedish symphonic metal outfit, the kind of band unknown to non-connoisseurs. But the band still outsold bigger and more mainstream names that have also booked the venue.

How did he do it? By knowing his audience and selling it hard. It helps that he runs *Painkiller*, the best-selling but not the only magazine serving China's metal music fans.

The ability to know his audience and muster it for concerts allows Yu to pay the band's travel costs, give the venue its cut, and still take a modest profit.

This, alas, is not the norm for rock acts touring China, which, given the increasing prosperity of its huge population, has emerged as a realistic market for many overseas acts. China's rock promoters typically overbook or undersell: They hire venues whose scale flatters the foreign band's local following. Too few tickets sold means there's nothing to pay the band.

Tales abound in the Beijing rock scene of backpedaling and post-gig bargaining with local venues on a price previously agreed. It's an ugly scene that surfaced when

a well-known New York punk band, NOFX, diverted its gear to Beijing for an extended leg on its Asian tour, only to finish the (very well attended) gig to find that the local promoter had no money to offer. Ticket sales, it argued, had underperformed.

It's perhaps easier that Yu mostly concentrates on heavy metal, a micro-scene of the Chinese music scene, which is itself a micro-cosm in the shadows of massive Chinese pop and classical music industries. While local alternative music magazines like *So Rock* (published out of Shijiazhuang, capital of Hebei province) fill out their pages with translations from UK and U.S. rock publications, it's rare indeed to find copy on Chinese acts in Western magazines. There are a few, like *Carsick Cars*, and *White*, experimental art rock and electronica outfits respectively, which make the overseas music press.

Chinese rock is often over-praised by so many overenthusiastic foreign photographers and students who crowd the front of average gigs, clicking and applauding mediocre stuff. Not to be negative about this fan base—they encourage artists who get comparatively little encouragement locally—but the breathless stuff sometimes written in the local expat press about Chinese rock music suggests we live in New York City's last village of the 1970s.

In reality the scene is far more about appearance than substance. There's a lot of image: Local rock stars spend as much time studying photos of rockers like rakish British rocker Pete Doherty as they do his music. Hats, pants and hairdos are done with one eye on the mirror and the other on the *New Musical Express*, the UK-based bible of indie music.

Amid all the fawning, I find in Yu someone who knows the potential and the limits in China's rock scene. His own tastes are very niche. Through his magazine and promotion company, *Painkiller*, Yu has made a viable if modest business out of metal.

Given that there's the language barrier between incoming fans and locals we could use more bi-linguists like him and his website. The critics who are most worth reading are, of course, local but if you're a passing foreign fan or critic you can't read them.

When you see big brands like shoemaker Converse reaching young Chinese by buying the approval of local rock banks, you'd figure rock music is China's future sound. Perhaps, but we need some Yu-like realists to guide the way. ■

The author is Irish and lives in Beijing

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