

Vol. 28, No. 15

April 15, 1985

BEIJING REVIEW

北京周报

A CHINESE WEEKLY OF
NEWS AND VIEWS

NPC Acts on HK, Reform, New Law

Assessing the Bandung Spirit

Beihai Port — Small But Promising



South China's Port City of Beihai

Chinese and foreign experts carry out field surveys in the Beihai harbour area.

A view of Beihai Harbour.



SPOTLIGHT

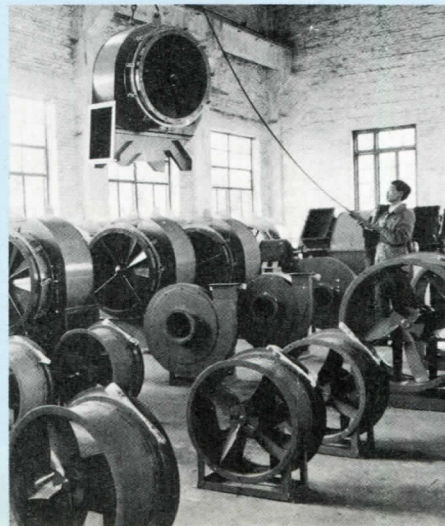
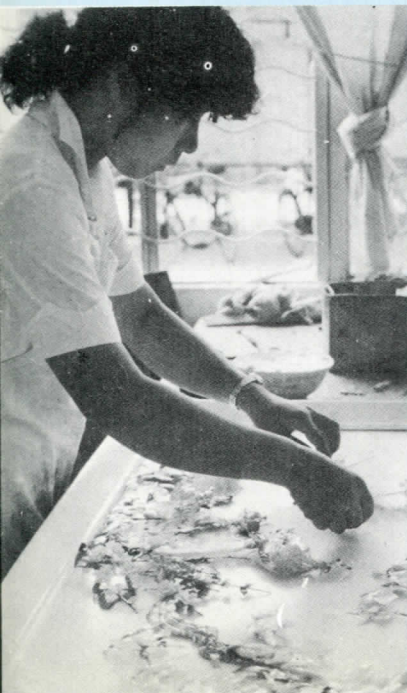


A craftswoman produces a picture made of seashells.

Offshore oil platforms in oil-rich Beibu Bay.

Employees of the Overseas Chinese Fishing Co. process clams for export.

Ventilators are manufactured at the Beihai Ventilator Factory.



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COVER: A seaside avenue in port city of Beihai.	

Photo by Wu Zhiguang

HIGHLIGHTS OF THE WEEK

NPC and CPPCC Sidelights Published

National People's Congress deputies from Liaoning, Jiangsu and Zhejiang provinces review at NPC discussion sessions their achievements since the readjustment and restructure of the economy began in 1979 (p. 19). Meanwhile, Chinese People's Political Consultative Conference delegates attacked unhealthy trends — including illegal price hikes, the random distribution of bonuses and petty bribery — that have arisen during the economic reforms. They suggested ways of checking such trends (p. 21).

Diplomat Recalls Bandung Conference

This year marks the 30th anniversary of the historic Asian-African Conference held in Bandung, Indonesia. Huang Hua, who participated in the conference as a Chinese delegation adviser and spokesman, recalls how the conference scored successes after baffling imperialist sabotage schemes (p. 14).

A Decision Based on Slander

The United States Agency for International Development's March 30 decision to cut US\$10 million from its donation to the United Nations Fund for Population Activities was a decision targeted at China. The move runs counter to the US stance taken at the Mexico City International Conference on Population and to the conference principle that other nations should not interfere in a country's population policy. The decision, prompted by slanderous US media reports about forced abortions in China, diminishes the US prestige and will have a negative effect on Sino-US relations (p. 4).

Long-Forgotten City Gains New Life

A clean, tranquil city at the western end of China's southern coastline, Beihai saw its better days as a major trade centre in ancient China before falling into oblivion. Today, the open policy and the ensuing influx of foreign investment and technology are pulling the city from the economic backwater to the forefront of the modernization drive (p. 24).

Published every Monday by
BEIJING REVIEW
24 Baiwanzhuang Road, Beijing
The People's Republic of China

Distributed by **China International Book
Trading Corporation (GUOJI SHUDIAN)**,
P.O. Box 399, Beijing, China

Subscription prices (1 year):
Australia..... A.\$14.00 USA US\$18.00
New Zealand... NZ\$18.00 UK..... £8.00
Canada..... Can. \$15.00

US Funding Decision Based on Slander

by AN ZHIGUO
Political Editor

The United States Agency for International Development (AID) announced on March 30 its decision to cut US\$10 million from its donation to the United Nations Fund for Population Activities. This unusual move has sparked concern from the world over.

Though it was not stated in black and white that the decision was targeted at China, we may, from a previous US statement on delaying its funding, assume that this is the case. The US agency announced the delay early last month on the ground that according to US press reports, the UN Fund for Population Activities had backed China's abortion policy. This delay and subsequent cut in funding make it clear the action is aimed at China.

The Chinese government has long maintained that every country has the right to determine, according to its actual conditions, its own domestic strategies, policies and measures for the development of a nation's society, economy and population. And, at the same time, the strategies, policies and measures formulated by other nations for development in those fields should be respected. This is a principled matter of state sovereignty. China's stance conforms to the principle stated at the International Conference on Population held last year in Mexico — that the formulation and implementation of population policy is a sovereign right of every country. But apparently the US government does not follow this principle.

It is unusual that AID declared

in its statement that it is satisfied that United Nations funds are not used for abortions or to support compulsory family planning measures, while at the same time cutting its contribution.

This action runs counter to the US government's previous statement at last year's International Conference on Population. At that conference the US representatives gave their support to the unanimously adopted Declaration on Population and Develop-

The recent US decision to cut its donation to the UN Fund for Population Activities, which was aimed at China and based on distorted and biased news reports, will have a negative effect on Sino-American relations.

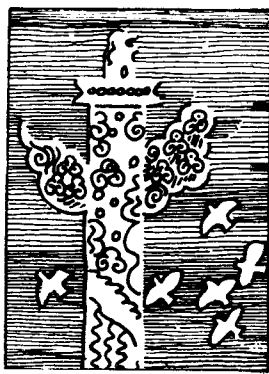
ment, which called on the world community to support population control activities. And later they repeatedly expressed their determination to continue supporting population control activities. Only a few months passed before the US government changed its attitude. Such a fickle move diminished the prestige of the United States.

As mentioned before, this decision was actually aimed at China. But it is puzzling that such a major move was adopted by the US administration on the basis of distorted and biased news reports. It is regretful since this move will have a negative effect on Sino-American relations.

It is a known fact that China, with a population of 1 billion, faces a new baby boom. The nation's family planning policy, aimed at keeping population growth in pace with social and economic development and in harmony with resources utilization and environmental protection, conforms with the principles agreed to at the Mexico City International Conference on Population and with China's interests. For these reasons, China's family planning policy is winning more and more international understanding and support.

The Chinese government holds that the family planning policy should be carried out with agreement between state guidance and personal willingness. The policy relies on personal willingness and consciousness rather than compulsory orders. Publicity and education, not orders, will always serve as the pivot in family planning. State guidance means the government explains the family planning policy, spreads birth control know-how through education and publicity programmes and provides consulting services so that the people will conscientiously carry out the government's policy.

In the past few years, as China's society and economy have advanced, more and more people have come to realize that the family planning policy serves the state's interests as well as their own interests. Meanwhile, the government keeps improving its specific policies in practical work. Anyone with a little common sense will know that a family planning policy could not be successful without the support and approval of the overwhelming ma-



majority of the people in a heavily populated country like China.

In recent months some Americans, for various purposes, have complained about China's abortions, spreading tales about how China's population is controlled by forced abortions. This simply shows their ignorance. By 1983 close to 70 percent of the Chinese women of childbearing age had adopted contraceptive measures — either they took birth control pills, had intrauterine devices or had their partner use a condom. Among couples who had decided to have no more children, many men had vasectomies and women had tubal ligations. With these facts, how can it be said that China's family planning policy relies on forced abortions?

The Chinese government has long advocated various contraceptive measures for married couples to choose at will. It also supports a woman's right to undergo an abortion if contraceptives fail to prevent pregnancy. The government supports that right and ensures the safety of the abortion.

Truth will eventually break through the clouds of rumour and slander. People with a sense of justice will make an objective appraisal with the facts.



LETTERS

Support Policy on Taiwan

Taiwan's return to the embrace of the motherland will be completely possible if it is allowed to absorb the good things of capitalism according to its own conditions.

It is a good thing to take practical methods to promote the reunification of Taiwan with the motherland. I support Deng Xiaoping's stand.

Beijing Review, which once carried mainly theoretical articles, was very difficult to understand in the past. It has suddenly changed a great deal. It is now rather like magazines in Japan.

I like theoretical articles. I have learnt something about Marxism-Leninism and Mao Zedong Thought. Therefore, I hope you would add a special column to introduce Marxism-Leninism and Mao Zedong Thought.

Takasuke Shiroee.
Fukuoka, Japan

Appreciate Articles on Social Problems

I like reading the articles related to the realms of economics, international relationships, national policies and world development. As a student of sociology, I would like to see more articles reporting and analysing the phenomena related to social aspects, such as the changing culture, population, minorities, education, youth, urban problems, as well as migration and other social problems.

I do hope that the articles would pinpoint the crises as well as the encouraging aspects in the development at this moment in my motherland.

I think it would be helpful for your circulation if you made a greater advertising effort through the mass media, such as television, radio and newspapers; and through organizations such as research centres, schools, youth centres, universities and other academic organizations.

Leung Kai-wah
Hongkong

Detailed First-Hand Information

Your magazine has already become one of my regular reading materials, not only because of the latest news it brings to the readers but also because of the detailed first-hand information it proffers on China today.

I especially like your regular section of "Events and Trends." It takes the readers directly into China's day-to-day affairs inculcating in them an understanding of the economic reform being carried out by China presently. The article "State Contracts Commercial Outlets" in issue No. 10 was particularly illuminating.

Em Dason
Takloban City, the
Philippines

Suggestions

As a regular reader of *Beijing Review*, I like to read its reports.

The layout and content of the magazine are both good. But I would like to suggest that you devote one page every issue to recent creations and conventions made by humanity. I also hope you include more photographs in important articles so as to help the readers better understand them.

Feddi Mounir
Casablanca, Morocco

NPC Wraps Up 15-Day Session

The Third Session of the Sixth National People's Congress (NPC) closed April 10 following the approval of the Sino-British Joint Declaration on Hongkong, Premier Zhao Ziyang's government work report and China's first inheritance law.

The 15-day session aroused much public attention, as the secretariat received more than 10,000 letters and telegrams from common people at home and abroad.

The letters and telegrams addressed almost every subject imaginable—from the price system reform to traffic headaches and legislation to TV programming.

Even teenagers sent "small motions" to the congress. "We Young Pioneers are too young to attend the NPC, but we are also concerned about state affairs and the proceedings of the session," said one motion sent by the pupils at Jinxiu Street Primary School in Beijing. The youngsters said they support the economic reforms, which they said had benefited their families. At the same time, they complained about the high price of children's books and the lack of playgrounds.

One NPC deputy noted that the letters and telegrams represent the opinions of thousands of non-voting participants who have been able to make contributions in addition to the more than 2,700 deputies who actually attended the session.

At the closing meeting, the deputies approved the formation of a committee to draft the basic law that will administer the

Hongkong Special Administrative Region beginning in 1997. The committee will include specialists and representatives from all walks of life, including Chinese compatriots in Hongkong, said Peng Chong, a vice-chairman of the NPC Standing Committee.

In accordance with the concept of "one country, two systems," Peng said China will adopt a series of special policies to ensure the prosperity of Hongkong after resuming its sovereignty over the region.

Because China's basic policies for Hongkong are to remain unchanged for 50 years following the establishment of the special administrative region, Peng said, they should be codified in the form of law to guarantee their even implementation.

The NPC Standing Committee will announce the composition of the drafting committee in the near future, he said.

The Third Session of the Sixth NPC endorsed the report on the 1985 plan for national economic and social development; the report on the 1984 state final accounts and the 1985 state budget; and the work reports submitted by the NPC Standing Committee, the Supreme People's Court and the Supreme People's Procuratorate. It also adopted the decision to authorize the State Council to formulate temporary regulations and provisions concerning the nationwide economic reform and the open policy.

The Third Session of the Sixth National Committee of the Chinese People's Political Consultative Conference, which was held

almost simultaneously with the NPC session, ended April 8.

CPPCC Delegates Optimistic on HK

Hongkong delegates attending the March 25-April 8 Third Session of the Sixth National Committee of the Chinese People's Political Consultative Conference (CPPCC) expressed confidence in Hongkong's future and said they will strive to ensure its stability and prosperity.

The Third Session of the Sixth National People's Congress (NPC) ratified the Sino-British Joint Declaration on the Question of Hongkong during its March 27-April 10 session in Beijing. On April 3 State Councillor and Minister of Foreign Affairs Wu Xueqian explained the Sino-British agreement to the NPC and CPPCC participants, telling them that Hongkong will enter a transitional period when China and Britain exchange instruments of ratification in Beijing on June 30.

"I think we'll see a stable and prosperous Hongkong during this 12-year-long transitional period if we keep the status of Hongkong as a free port and as a centre of international finance," said CPPCC Delegate Jiang Wengui chief executive of the Hongkong-Macao Regional Office under the Bank of China.

Jiang said Hongkong must remain prosperous politically, economically and culturally, but the economic health is most important. And retaining the status of a free port and an international financial centre, he said, is the key. "We have seen these two crucial things written in the joint



CPPCC delegates from Hongkong and Macao discuss Hongkong's future.

declaration, we've gotten the guarantee. I believe that Chinese Hongkong people can manage this free port and financial centre better than the British," Jiang said.

Wong Ker Lee, chairman of the board of Tai Cheng Ltd., said he could not have expected a better agreement than the joint declaration. "I'm satisfied with it very much. I think the policy of Hongkong people running Hongkong that the Chinese leaders have declared is absolutely convincing," he said.

On the other hand, Wong said, there are still some Hongkong residents who still hold a wait-and-see attitude about the city's future. Some are even preparing to leave Hongkong, he said. "This is natural, not at all surprising," Wong continued. "We are the representatives of 5 million Hongkong residents. We should act as a bridge, one between the mainland and Hongkong, between the central authorities and the Hongkong people. It is our duty to explain the policy to the Hongkong people in order to set their minds at rest," Wong said.

Many delegates suggested that the signing of the joint declaration is not the final act. The agreement is indeed a great event, they said.

but it is just a beginning. There is a lot to be done in the future.

One of these things, said Poon Kwong Wai, chairman of the Hongkong Federation of Trade Unions, is to handle relations between various social groups and political parties properly and peacefully. "There are diverse groups of people in Hongkong. Everybody has his or her own conviction. We have seen many unstable factors, and if we do not handle the contradictions among the people, we will probably see conflicts," Poon said. He said there has already been progress made in this "important but hard work." He said he is confident of

the future because the majority of Hongkong residents, despite their differences, share the hope of building Hongkong into an even more prosperous city.

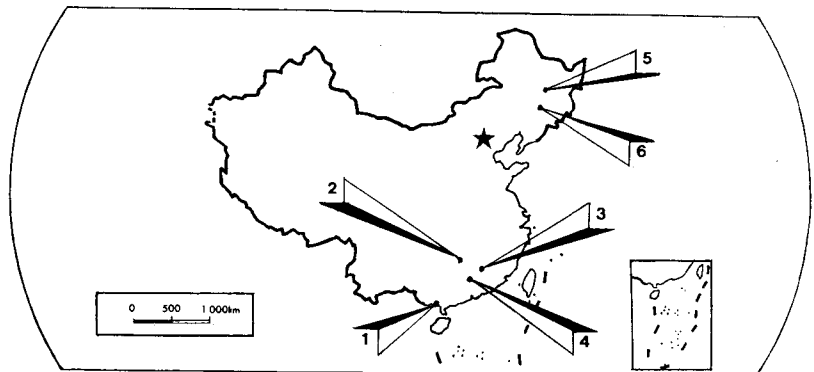
T.K. Ann, chairman of Winsor Industrial Corp. Ltd., added that it is not necessary to divide Hongkong residents into pro-mainland, pro-Taiwan and pro-Britain factions. "The most important point is that we all hope Hongkong will stay stable and prosperous," he said.

Many delegates expect a considerable number of Hongkong representatives to join the committee that will draft the Hongkong Basic Law. Tsui Sze Man, managing director of the Hongkong newspaper company which owns *The Mirror*, suggested that representatives from Hongkong make up 40 percent of the drafting committee. In addition, he suggested that a "public opinion collecting bureau" be set up to assist the committee. "The bureau would be an organ of work rather than that of power," he said.

Opening Includes Socialist Countries

Though China has made a gigantic bid for Western investment and

PLACES IN THIS ISSUE



- (1) Beihai (p. 24) (2) Hengyang (p. 10) (3) Ganzhou (p. 10)
 (4) Shaoguan (p. 10) (5) Harbin (p. 30) (6) Changchun (p. 30)

News in Brief

China plans to spend 29.6 billion yuan, or 37 percent of its total capital construction investment, on developing energy, transportation and telecommunications facilities this year.

The figure for energy projects constitutes an increase of 24 percent and investment in transportation, telecommunication and civil aviation facilities will grow by 26 percent over last year.

Foreign funds to be used to build and modernize petroleum, power, chemical, iron and steel projects, as well as railways and harbours, will reach 10 billion yuan, or 12.5 percent of the total capital construction outlay.

Shanghai, the largest industrial city in China, is determined to make itself a banking and trading centre in Asia. To achieve its goal, the city will concentrate on developing its service trades, said Vice-Mayor Ruan Chongwu. The output value of service trades this year will reach 9.58 billion yuan, an 11 percent increase over last year, Ruan predicted.

The Chinese Academy of Sciences recently announced the completion of 1,274 research projects, more than 50 percent of which have been applied to production. The academy is now trying to make use of the other research findings by way of technical transfers, running joint ventures or providing technical consulting services.

trade, the country's policy of opening to the outside world is equally applicable to socialist countries. Today, China is expanding its business relations with almost every socialist nation, including the Soviet Union and the East European countries. A case in point is China's increased trading activity with Poland, whose deputy chairman of the Council of Ministers, Jamusz Obodowski, visited China March 28 to April 5.

Obodowski's visit in itself is an indication of the reinforced friendship between the two countries. His trip was the first in more than 20 years by a leader of the vice-premier level.

The past few years have seen frequent visits between Chinese and Polish ranking officials and trade delegations. The meetings brought about the 1984 signing of a 10-year agreement on Sino-Polish economic and technical co-operation. The visits also led to the establishment of a governmental economic, trade, scientific and technological co-operation committee.

Trade between China and Poland has been on the rise since 1982, hitting a record high in 1984. But this year's trade is estimated to be valued at 1.3 billion Swiss francs, 180 percent more than in 1984.

Premier Zhao Ziyang told Obodowski March 30 that China's open policy is applicable to socialist countries, and he pointed to the recent boom in trade as proof. "The Chinese government attaches great importance to and will work hard for friendship between the Chinese and Polish peoples and co-operation between the two countries."

The Chinese premier told the Polish deputy chairman that as socialist countries, China and Poland should build their co-operation on a sustained and steady basis. He

also suggested that apart from trade, the two countries enter into co-operative production in diverse forms.

In return, Obodowski expressed his satisfaction with the smooth development of Polish-Chinese relations. "Poland appreciates China's positive attitude in developing its relations with Poland and other socialist countries in recent years," he said.

14 Open Cities Make Headway

Since opening to the world a year ago, China's 14 coastal cities have made significant economic headway, as groups of foreign investors have streamed in to finance joint ventures, co-operative enterprises or their own businesses.

By the end of 1984, statistics indicate the 14 cities signed more than 200 contracts on joint ventures, co-operative management and foreign-funded enterprises, worth altogether about US\$700 million in foreign investment. Port city officials also concluded more than 800 technological transfer agreements worth US\$700 million.

Dalian, for example, had no joint ventures prior to 1983. Dalian officials, however, signed 21 joint-venture contracts last year. A second example is Tianjin. The coastal city near Beijing had only 14 joint ventures before 1983, but it added 35 in 1984. In addition, Tianjin officials signed more than 250 agreements calling for the import of technology and equipment, 84 percent of which called for technically advanced equipment.

Foreign investment has promoted economic construction in all

14 cities, as their total industrial output value reached 157.2 billion yuan, up 11.5 percent from 1983's.

Airports in most of the open cities have either been expanded or renovated. Harbours have been enlarged and updated. By the end of this year, they are all expected to have long-distance cables, telex systems and automated telephone switchboards. In addition, other urban improvements such as water and power facilities, highways, restaurants and other service outlets are now under construction.

Jiang Zhen, an official in charge of capital construction in Qingdao's economic and technological development zone, said the city plans to allocate 160 million yuan this year to improve the infrastructure in the zone. The first-phase construction includes a water purification plant, a hotel, a power transmission project, telecommunications facilities and a highway, said Jiang.

In Guangzhou, a 2.6-square-kilometre zone is being prepared for first-phase construction of industrial, science and technology, information and electronics buildings. The work is due to begin in the second half of the year. City officials said that regulations on taxes, technological imports, land use, labour, wages and business registration have been or are now being worked out, and more than 20 liaison companies have been established to co-ordinate foreign investment.

Somewhat behind is the open city of Wenzhou. Handicapped by poor communications and transportation facilities, the construction on Wenzhou's infrastructure has not proceeded as fast as others. In approving the city's development programme, the State Council urged city officials to step up construction of such facilities so as to pave the way for further development. The primary tasks for Wen-



This Is for the Birds

Students from the biology department at Beijing Normal College recently took to the streets to urge people to "love and protect birds." China has 1,186 kinds of birds, the widest variety in the world. About 14 percent of all the world's species are found in China. To make China a "bird-loving country," the State Council's Environmental Protection Committee recently called for increased protection for birds and urged local governments to establish protected areas for China's fine feathered friends.

zhou in the years ahead, the State Council said, are to import advanced technology to revamp its aging enterprises and to update such products as processed food, building materials, knitwear, garments, leather and electrical machines.

In addition, the State Council has approved Wenzhou's construction plans for an airport, a hydroelectric station and a 10,000-ton harbour berth. The berth will be partly financed by the state.

Biggest Investor Bullish on China

"Prospects for economic co-operation between Hongkong and Chinese mainland are promising and have great potential to be tapped. Investment in the mainland

is lucrative," said Hu Ying-hsing, president of the Hongkong Hehe Construction Corp. Ltd.

Hu, a member of the Chinese People's Political Consultative Conference, was in Beijing for the recent CPPCC session after having attended the ground-breaking ceremony for the Guangzhou-Shenzhen Expressway, a project his company funded.

Hu said that the China Hotel, a joint venture between his company and the Guangzhou Yangcheng Service Corp., has already proved to be a success. In the 10 months following its opening in March 1984, Hu was able to remit abroad US\$14 million, nearly one-seventh of his total investment of US\$100 million. Known for its good service, the hotel has been more than 90 percent occupied.

In addition to its financial suc-

cess, the China Hotel has laid a foundation for mutual trust and understanding, as well as for further co-operation, Hu said.

Hu has already invested in several projects on the mainland: US\$100 million in the China Hotel, US\$470 million in the first-phase construction of the Guangzhou-Shenzhen Expressway, US\$450 million in a 700,000-kw thermal power plant in Guangdong Province's Dongguan County, US\$60 million in the Shenzhen Hotel, US\$60 million in the Shenzhen Railway Station and US\$20 million in the Shenzhen customs building. Hu is said to be the biggest investor in China, with a total investment of US\$1,160 million.

When asked if he is afraid of running risks by investing in the mainland, Hu thought for a moment and then said with certainty, "Investment runs risks anywhere in the world. When we say investing in the mainland runs risks, we mean that China is less experienced in following open policies and foreigners have less understanding of China. But things are getting better. With the gradual improvement of the legal system, things might get even better and better."

Speaking of the mainland's economic takeoff, Hu said there are a couple of important factors:

Policies. The central government's policies have proved fruitful. Such policies as the rural production responsibility system and the ongoing urban economic restructuring are very good, said Hu. Their final success, however, depends on how well the local authorities implement them. The human factor presents no problem. The Chinese are intelligent and hardworking, and they can work miracles anywhere in the world. Given the present policies, Hu said, it is likely that per-capita income will rise to US\$2,000-3,000 within two or three decades in prosperous

areas like the Zhujiang (Pearl) River Delta area.

Transportation, energy and telecommunications problems. If these problems can be solved in several decades, said Hu, China will experience an industrial takeoff that will catapult the nation to the advanced international level. Of course, investment in education is also very important.

As far as transportation facilities concerned, Hu said there is not a perfect solution. There are no transportation means that can move huge amounts of goods quickly and at a low cost. Relatively speaking, highway trucking is the most advantageous, he said. Trucks deliver goods from door to door and can deliver as fast as an airplane over distances in the 500 to 800 km range. Though highway construction entails a bigger investment, it is profitable over the long run. "I build expressways on the mainland to, among other intentions, awaken our people to its advantages," Hu said.

"I am very ambitious," said Hu, "After the completion of the Guangzhou-Shenzhen Expressway, I plan to build the Guangzhou-Hengyang highway to link the Changjiang (Yangtze) River valley. Then I want to build the Guangzhou-Shaoguan-Ganzhou highway so that goods in Jiangxi and Anhui provinces might be exported through Shenzhen Harbour. Of course, these are only some ideas which need to be studied further." he said.

In addition, Hu plans to finance three 50,000-ton berths in Shenzhen and more hotels in large mainland cities. He also hopes to open a training class for scientists and technicians in Guangzhou.

Hongkong's prosperity, Hu concluded, must be linked with the prosperity of the mainland. The stability and prosperity of the country will determine Hongkong's prosperity in the future, he said.

Around the Globe

Spokesman Restates China's Position on Macao Issue

Responding to a question on the Hongkong and Macao issues at an April 3 press conference, a Chinese foreign ministry spokesman said that Macao is part of China's territory. He noted that China and Portugal reached an understanding on this matter when they established diplomatic relations. "We consistently hold that China's restoration of its right to exercise its sovereignty over Macao and other related issues should be settled at an appropriate time through friendly negotiations between the Chinese and Portuguese governments. This is the consistent position of the Chinese government on the Macao issue," he added.

China Applauds EEC's Addition of Spain, Portugal

Spain and Portugal will join the European Economic Community (EEC) beginning January 1, 1986. The decision was made at an EEC summit meeting March 30. China holds that this is an important step in building the alliance in Western Europe. It is the Chinese view that a united and powerful Europe will contribute to peace and stability in the world and China is eager to develop friendly ties and economic and technological co-operation with the EEC. Spain and Portugal included.

European Community

A Move Towards Unifying Europe

With the entry of Spain and Portugal, the European Community has taken another important step towards pulling Western Europe together.

by WEI WEI

WITH the approval of entry requirements by the European Community (EC) foreign ministers on March 28, the addition of Spain and Portugal to the EC was assured. The Iberian nations will formally join the community on January 1, 1986. This marks the EC's third expansion since its formation, the first coming when Denmark, Ireland and the United Kingdom of Great Britain joined in 1973 and the second when Greece joined in 1981.

The entry of Spain and Portugal will increase the EC's membership from 10 to 12, its total population to more than 300 million. Located on the Iberian Peninsula, the two countries are strategically important. Economically powerful Spain will be particularly helpful in forging closer relations between the EC and Latin America in politics, economy and culture. Their entry boosts the EC's economic and political power, helping it to play a more important role in the world.

Portugal applied for EC membership in March 1977 and Spain in July of the same year. Negotiations on entry conditions between the EC and Portugal started in October 1978 and Spain's talks began in February 1979. There were many difficulties, especially those related to economic interests, during the long course of negotia-

tions. The two Iberian countries are less developed than the rest of Europe, with Spain's gross national product only half and Portugal's only one-quarter of the Federal Republic of Germany's GNP. They are expected to ask for more economic help after entering the EC. Secondly, some members of the community worried about the economic policy troubles that are likely to arise with the entry of Spain, which has a developed agriculture and fishing industry that could threaten farmers and fishermen throughout Europe. In addition to the EC's reluctance, there were sharp differences over agricultural reform and budget apportionment among EC members. Thus, the negotiations on expanding the EC were delayed again and again.

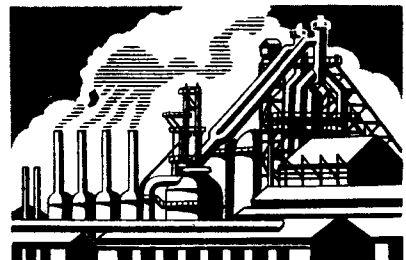
The turning point in the negotiations did not come until last June's Fontainebleau summit. At that summit the 10 leaders of the EC nations formally agreed to accept Portugal and Spain into the EC. Last October the EC signed a document with Portugal on the principles of its membership, and a recent agreement between the EC and Spain on two key problems — agriculture and fishing — proved to be a significant breakthrough.

Looking back, both the EC members and Spain and Portugal displayed great patience throughout the course of negotiations. They often disagreed and were some-

times embroiled in fierce quarrels to defend their own interests, but they made strenuous efforts in the spirit of mutual understanding and compromise for the common end of a united Europe, as is clearly demonstrated in the agreement.

The entry of Spain and Portugal will help both the new members and all of the EC member states. For Spain and Portugal, although some of the terms are harsh, the advantages of being in the EC outweigh the disadvantages. Their domestic economies will benefit from the larger, more open European market. Similarly, though the EC will be confronted with new problems arising from the entry of the new members, it will see an expanded market for industrial products and investment, which should contribute to Europe's economic recovery.

There is no other way to vitalize Europe than to make it unified, and the union of Europe, Western observers pointed out, was incomplete without Spain and Portugal. Expanding the EC is an important step towards an economically and politically integrated Europe. Although new barriers will appear in the path of the EC's progress, it will certainly play an increasing role in the world.



Nations Revamp Economic Policies

After adopting open-door policies and more liberal economic policies, countries in Central Africa have taken a turn for the better.

by LIN LAN

IN attempts to rejuvenate their national economies, the nine Central African countries have readjusted both domestic and foreign economic policies over the past few years and they have achieved some initial successes.

The Central African nations — Equatorial Guinea, Chad, Zaire, the Congo, Gabon, Cameroon, Burundi, Rwanda and the Central African Republic — are primarily agricultural countries. Some 85 percent of the population of the region farms. Although fertile soil, abundant sunshine and sufficient rainfall endow the region with advantageous natural conditions, most countries there do not have enough grain to feed themselves. The shortage stems from the past emphasis on heavy industry and mining rather than on agriculture. And the agriculture policy, itself, stressed profitable cash crops. As a result, food production was inadequate, going from bad to worse.

Between 1975 and 1980, the region's per-capita grain output fell 1.1 percent every year while the population grew by 2.3 percent, so the gap between supply and demand became even larger. Five of the nine Central African nations rank among the world's poorest, according to the United Nations. Most of them have suffered from severe droughts and heavy debts.

All of the Central African countries, with the exception of Cameroon, must import grain to meet the domestic demand. The total

value of grain imports to the region reached US\$238 million in 1980, which placed a heavy burden upon the foreign exchange-poor countries.

In order to change this situation, authorities in the Central African countries began to put more stress on agricultural development, especially grain production. The Central African Republic, for example, has launched national campaigns to improve farming techniques since 1981. It has encouraged the use of oxen to pull ploughs and has given awards to production experts. The governments of Cameroon, Zaire and Rwanda have tried to liberalize economic policies and adopt open-door stances. They have also adopted a series of measures aimed at sparking enthusiasm for production and agricultural development. Such measures have included increasing agricultural investment, raising grain purchasing prices, training agricultural technicians, establishing loan banks for agriculture that can provide low-interest loans and cutting agricultural taxes.

The Central African countries have also strongly supported small- and medium-size enterprises, while streamlining larger state-owned ones. In the past most Central African governments seemed overanxious to achieve quick economic expansion. They blindly imported large projects and pursued state-ownership and collectivization. They often developed massive plans and grand schemes that took years to reap returns. But due to financial problems, poor management and a shortage of qualified techni-

cal personnel, many projects had to be stopped and heavy losses were suffered in state-owned enterprises.

The governments learnt from their experience that the best way to develop a national economy is to use the local resources to develop small- and medium-size enterprises, including both private and state-private ones, which need less investment and produce almost instant returns. The governments have adopted legislation and policies to encourage such enterprises. Meanwhile, they consolidated or reorganized some existing state-owned enterprises in attempts to make them profitable.

The Central African countries have also worked on developing diplomatic relations and encouraging trade to serve their economic development.

While maintaining traditional economic relations with France and Belgium, these countries have attempted to reach out to other nations, especially the developed countries. They have modified their investment laws to attract more foreign capital.

In 1983 the nine nations established the Central African Economic Community, and the first summit was held last year. Every country in the organization has endorsed plans to enhance regional co-ordination and development, to work together with one heart in times of difficulty and to work hard for regional prosperity.

Several years have passed since the Central African governments began readjusting their economic policies, and initial successes have already been seen. Rwanda and Burundi are now almost self-sufficient in grain. The Central African Republic's 1984 cotton crop doubled the 1982 yield, and the country's grain output increased dramatically. Cameroon not only meets its own grain needs; it exports some. More and more small- and medium-size en-

terprises have been set up throughout the region, and aid from the West and international organizations has increased somewhat. Zaire and other heavy debtor nations have reached some debt moratorium agreements with creditors, and their financial situations

look somewhat improved. Despite the present severe drought in Africa and the restraining chains of the international economic order, the Central African countries appear to be learning from their experience and look to have a brighter future.

flowing into Japan's financial market.

The technological and financial gaps between the two countries have been narrowed in recent years. There were 28 people in every 10,000 Japanese involved in scientific study in 1982, only two less than in the United States. Japan's technological exports soared from 1.03 percent of the US figure in 1965 to 7.5 percent in 1981. Over those 16 years, Japan multiplied its technological exports 32.5 times, while the United States exports grew only 3.6 times. Looking at the financial field, Japan's direct overseas investment has grown much quicker than the United States'.

US-Japan

Economic Conflict Grows Hotter

As the United States' trade deficit with Japan grows ever larger, Washington has repeatedly accused Tokyo of unfair trade practices. And the conflict over trade is only part of the economic battle taking place across the Pacific.

by XIAO SHIZE

THOUGH economic friction sparked by growing trade imbalances grew between the United States and Japan throughout the late 1960s and 1970s, the conflict has grown worse since 1980 as the two nations have battled over financial markets and sophisticated technology.

During his 1983 Japanese tour, President Ronald Reagan asked Japan to raise the value of the yen and to open its financial markets. And when Prime Minister Yasuhiro Nakasone met with Reagan again last January in Los Angeles, economic relations were once again the primary topic of discussion. In addition, the US Congress in recent weeks has grown increasingly angry with Japan's trade policies, a sign that the economic conflict has escalated to a new plane.

Since 1965, the United States has exported less to Japan than it has imported. According to US statistics, the trade deficit grew from US\$300 million in 1967 to a whopping US\$37 billion last year.

US-Japanese tension over sophisticated technology has turn-

ed white-hot since 1980. Postwar Japan's sophisticated technology has run the course: Initiated by the United States and other Western countries after World War II, it has progressed from imitation to renovation and on to development. Today, while Japan still lags behind the United States in the fields of defence, aviation, space exploration and electronic computers, it has caught up with or surpassed the United States in the areas of large information-processing machinery, magnetic memory instruments, biochemistry and pharmaceutical manufacturing. There are some in the United States who warn that their country faces two rivals—a military Soviet Union and technological Japan.

US-Japanese friction over financial markets has also escalated in recent years. International financial markets have been damaged by the global debt crisis, and US dollars have overwhelmed the markets. Now, only Japan's market appears to be capable of absorbing the surplus dollars, but Japan keeps a fairly tight lid on its market. The United States is eager for Japan to raise the value of the yen and remove the restrictions that keep US dollars from

Because of their strategic and economic alliance, Japan and the United States have been able to achieve some "temporary relaxation of tension" through negotiations, readjustments and concessions. But because the economic balance between the two countries is always changing and competition is fierce, their conflict is destined to expand and deepen.

First, Washington grows increasingly unhappy with its huge trade imbalance. In recent years the United States has continually scolded Japan for "paying lip service" to solving the trade problems without making real concessions. US leaders have complained that Japanese industry has prospered on the basis of the US market but American industries have received nothing in return. Japan, for its part, is unhappy with the constant pressure applied by the United States.

Second, both Japan and the United States are preparing for a new round of battle. Japanese industry has concentrated on equipment replacements, technological renovation and diversifying its products, all measures aimed at improving competitiveness.

Looking Back on Bandung

The Asian-African Conference, held April 18-24, 1955, was of epoch-making significance not only in the history of the Afro-Asian nations' struggle for national independence, but also in the history of modern international relations.

by HUANG HUA

THIS year the Asian-African Conference marks its 30th anniversary. The government of Indonesia, which hosted the conference, has proposed to observe with due fanfare the occasion April 24-25 in Bandung, the mountain resort where the historic event took place. All the original participating countries praised the initiative and warmly responded by accepting Djakarta's invitation. China will be there with Wu Xueqian, state councillor and foreign minister, to head its delegation to the celebration.

The Asian-African Conference, held April 18-24, 1955, was of epoch-making significance not only in the history of the Afro-Asian nations' struggle for national independence, but also in the history of modern international relations.

It may be recalled that the Indonesian government had a meeting organized to commemorate the 10th anniversary in Djakarta. Many heads of state or government attended this decennial. The late Chinese Premier Zhou Enlai and Vice-Premier Chen Yi availed themselves of the reunion to talk to old friends and make many new ones. As they reviewed the

The author who is Vice-Chairman of the Standing Committee of China's National People's Congress has been Vice-Premier and Foreign Minister, and served as the Chinese government delegation advisor and spokesman during the Bandung Conference.



tremendous changes that had taken place in Asia and Africa since the Bandung Conference, they felt encouraged by a growing desire common to all — to strengthen ties of solidarity and to pool their efforts for further development.

Today, the world we live in is far from being a tranquil place. While there are many trouble-spots — Indochina, Afghanistan, the Middle East, South Africa and Central America, we are also embroiled by the arms race by the superpowers, problems arising from the North-South dialogue, etc. In such a world, it is obviously of practical international significance that the Indonesian government should propose once again that the 30th anniversary of the Bandung Conference be observed.

Background to Bandung

Back in the early 1950s, the United States was forced to accede to a ceasefire in the Korean

war following serious trials of strength with the Korean and Chinese people. In 1954 a conference was called in Geneva to find solutions to the Korean question and the Indochina issue. Though it made no headway with the Korean question, the Indochina issue was crowned with success. This helped ease the international situation, especially tension in Asia. But this was only one side of the picture. The other side showed that the forces of imperialism and colonialism, not reconciled to defeat, were trying by all means to preserve their colonial interests and cling to their spheres of influence. Their manoeuvres made matters worse.

Against this background, the prime ministers of India, Indonesia, Pakistan, Burma and Ceylon (now Sri Lanka) met in Colombo, capital of Sri Lanka, in April 1954, and their discussion resulted in a joint proposal to hold a conference of Afro-Asian nations. In June that year, Zhou visited India and Burma during a recess of the Geneva conference. He told the prime ministers of the two countries that China supported their call for an Afro-Asian conference. Out of this visit China concluded with India and Burma respectively a communique calling on all states to handle their relations in accordance with the Five Principles of Peaceful Coexistence — mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and



The late Premier Zhou addressed the 1955 Bandung Conference.

peaceful coexistence. The new doctrine produced widespread repercussions in Asia and Africa. In December, the late Chairman Mao Zedong gave visiting Burmese Prime Minister U Nu to understand what China would expect of the proposed Afro-Asian conference. The Colombo conferees plus the efforts of China and other Asian and African nations brought about the convocation of the Asian-African Conference in Bandung, Indonesia.

A New Page in Afro-Asian History

For the first time in world history representatives from exclusively Asian and African countries — 29 in all — slammed the conference door shut to the

Western powers. At Bandung they discussed matters of their own concern, turning over a new page in the history of the Asian and African continents.

At that time, most of Asia and Africa groaned under the yoke of colonialism and the people there fell victims to cruel exploitation and repression by imperialist powers. Countries that had won national independence were therefore bent on eliminating their economic and cultural backwardness, a legacy of colonial rule. Since their task was to develop the economy and improve the people's living standard, they needed more than anything else a long-term peaceful international environment. Such being the

case, all of Asia and Africa made a common stand to oppose colonialism. They strove for national independence and, once that was won, to cement it. They were against wars of aggression, wanted peace to prevail in the world. Solidarity and co-operation on the basis of equality and mutual benefit were their common aim.

Inspired as they were by this common aspiration, the Asian and African countries convened the Bandung Conference. The then Indonesian President Sukarno gave expression to this common desire of the Asian and African people in his opening speech "Let a New Asia and a New Africa Be Born!"

The Chinese government set great store by the conference. Upon receiving the formal invitation, it decided to send a delegation, to be headed by Zhou. It believed that the conference would play a positive role in broadening the international united front for world peace, pushing forward the national independence movement and cementing China's friendship and co-operation with other Asian and African countries.

China's participation was warmly welcomed by the great majority of countries in Asia and Africa, but the news also shook a few imperialist powers, which had no intention of being just onlookers. They tried their utmost to meddle. On the eve of the conference, they acted through Taiwan's secret agents and engineered the destruction of the Kashmir Princess airliner, which was chartered by Beijing from India to fly the Chinese delegation to Indonesia. The aircraft exploded in mid-air as it approached its destination. It was an obvious attempt to kill Zhou and the members of the Chinese delegation, and thus to prevent the conference from taking place. The advance party of eight Chinese (three delegation aides and five reporters) and three foreign newsmen, one each from Poland, Austria and Viet Nam, died in the incident. China may be said to have paid a price in blood for the convocation of the Bandung Conference.

In the face of such imperialist sabotage, the Chinese government reacted with prudence and propriety—exposing and condemning the imperialist diabolic acts apart, it announced that the incident would not shake its determination to take part in the conference and that the government delegation led by Zhou would duly arrive in Bandung as scheduled. This decision by the

Chinese government made it possible for the Asian-African Conference to open as originally planned.

Premier Zhou at the Conference

Nevertheless it was not all plain sailing for the conference. Having failed to spike it, the imperialists now resorted to other means to wreck its proceedings. They slandered and attacked China, sowed discord among some countries and made them quarrel with each other, in a bid to turn the gathering into a fruitless melodrama and break it up.

The conference soon came under a cloud after it opened when a handful of delegates held forth and hurled charges against China by name. They did so perhaps as a result of others' instigation, or let prejudice against New China get the better of them, or behaved out of sheer ignorance. Whatever it was, their action poisoned the atmosphere. All eyes, from the delegates to the reporters, turned to Zhou, waiting to see how he would respond to the situation.

It may be noted that before leaving Beijing, the Chinese delegation, guided by Premier Zhou, had prepared a speech outlining the situation and tasks facing Asia and Africa. It embodies the tenets of China's foreign policy of peace. As originally planned, the premier would address the gathering mainly on the basis of the prepared speech, which had been revised to take into account some new factors after the delegation's arrival in Bandung. Now faced with these new developments, the original speech seemed inadequate. Then and there it was decided that copies of the prepared speech be distributed to all in the conference hall and that a new version, sup-

plementary to the written statement, be drafted immediately. While following the conference proceedings, the premier went over and corrected the new speech.

When finally it was China's turn to speak, extreme quiet came over the entire hall as all present held their breath and watched the Chinese Premier approach the lectern. They wondered what he would say.

Thus Zhou began his address: "The Chinese delegation has come here to seek unity and not to quarrel... The Chinese delegation has come here to seek common ground, not to create divergence."

Conciliatory and to the point, Zhou's speech produced a great impact on the delegates by letting the facts speak for themselves and using reasoning rather than rhetoric to persuade and argue for China's case. Hardly had he finished when the hall resounded with thunderous acclamation and plaudits. Prime Minister Ali Sastroamidjojo of Indonesia, who was presiding over the conference, Prime Minister Jawaharlal Nehru of India, Prime Minister U Nu of Burma and delegates from many other countries left their seats and walked over to congratulate the Chinese premier, shaking his hand or expressing their approval by embracing him. Even those who had assailed China in their speeches came over to greet Zhou, some expressing regret for speaking out of turn.

Zhou's speech laid stress on his well-known principle—"seeking a community of views while reserving points of difference." China, Zhou said, could have raised the issue on Taiwan or the one on China's seat in the United Nations, but she did not, knowing only too

well that might throw the conference into confusion to no avail. He set forth China's stand and policies on social systems, ideologies, religions and so on. None of these, he added, should be made an excuse to impede the unity of Asian and African countries and their search for agreement while leaving aside their differences. The Chinese premier underscored the significance of abiding by the Five Principles of Peaceful Coexistence between Asian and African countries and rest of the world.

At the end of his speech, Zhou extended a warm invitation to all the delegates to the conference to visit China, and especially to see its southeastern coastal provinces and the region of the southern seaboard. There was no "bamboo curtain" in China, he said, and, if anything, there had been attempts to set up a "smokescreen" between us. In the opinion of Sastroamidjojo, the conference's chairman, and other representatives, the speech by the Chinese premier was the turning point of the conference.

Seeking Common Ground While Reserving Differences

The conference, however, did not conclude on time because there were controversy and differences in the political committee which was responsible for drafting the joint communique for the conference. The main point at issue was the paragraph on "colonialism." Most of the countries, India, Indonesia and Egypt, for instance, insisted on having the word included in the preamble, while a few voted against it. The contention of the majority was that the people in Asia and Africa would be offended if colonialism was not pointed out in the preamble as the main bar-

rier to progress in their cultural life. China endorsed this viewpoint, as did those who previously were against condemning colonialism. Nevertheless some representatives proposed adding "any form of" before the word "colonialism," a Western propaganda ploy frequently used at the time to hint obliquely at socialist countries, China included. Of course China took exception. Discussion followed, and finally India and Pakistan suggested that "the existence of colonialism in Asia and Africa" had to be stated if the expression "any form of" was inserted. Still, one country insisted on adding "in many parts" after "Asia and Africa" to show that it was no longer a colonial country. True, they were at odds with each other, yet no country or any group of countries could impose their views on the other. The representatives at Bandung recognized that they must work together in a friendly atmosphere and draw upon all the positive ideas for a document acceptable to all. The final words read, "The Asian-African Conference took note of the fact that the existence of colonialism in many parts of Asia and Africa, in whatever form it may be... colonialism in all its manifestations is an evil which should speedily be brought to an end..." Obviously, couched in this way, the statement was more suitable than "any form of colonialism."

The Birth of the Ten Principles

Now the Five Principles of Peaceful Coexistence have already become a universally recognized doctrine that guides relations between states since it reflects the fundamental interests of most of the third world and quite a few industrially developed medium-sized and small countries. Not only that, it contributes to pre-

servation of peace and facilitates development and benefits a new political and economic order in the world. But the Five Principles of Peaceful Coexistence were not fully understood by all the representatives at the conference. Some even opposed to using the expression of "the Five Principles of Peaceful Coexistence." While the premier did not expect that in such a situation others would accept the wording of the Five Principles of Peaceful Coexistence chapter and verse, he nevertheless tried his utmost to take into account the good suggestions from others that accord with these principles. As a result, the 10 principles of Bandung incorporated the quintessence of the Five Principles of Peaceful Coexistence. This was in complete agreement with Zhou, who always tried to achieve unanimity through consultations by taking above all the whole situation into consideration, by fostering unity, by seeking areas of agreement while reserving points of difference.

The proceedings of the Bandung Conference were as complex as they were. To gain the best results, Zhou not only conducted himself well at the conference table, being candid and treating everyone else as an equal, but also availed himself of every opportunity to widen his contacts and hold talks with many delegations outside the conference hall. His activities led to the mutual understanding beforehand, bringing about solutions to many questions before such matters came up formally at the conference. This kept contradictions and controversies within limits and moreover promoted mutual understanding to the fullest possible extent.

Enroute to Bandung, Zhou stopped over in Rangoon, the capital of Burma, where he twice held talks with the Burmese

leaders. After arrival at Bandung he again held talks respectively with the delegation heads of Indonesia, India, Egypt, Pakistan, Ceylon, the Philippines, Thailand and several African countries. This exchange of views generated friendship and helped to sound out each other's opinions, which were essential to laying down a solid, good foundation for the formal conference.

To cite one example. When the conference came to its concluding stage, someone brought up the issue of Taiwan, in an attempt to stir up trouble so that it could not end as scheduled. Thanks to Zhou's previous efforts in explaining China's stand on the issue of Taiwan with the leaders of India, Indonesia, Burma and other countries, which gained their sympathy and support, this question was solved to the satisfaction of all at a group meeting held by the delegation heads of India, Indonesia, Burma and five other countries. Afterwards, as the spokesman of the Chinese delegation, I distributed to the press copies of the solemn statement of Zhou on the issue of Taiwan. The statement declared: "The Chinese people are friendly to the American people. The Chinese people do not want to have a war with the United States of America. The Chinese government is willing to sit down and enter into negotiations with the United States government to discuss the question of relaxing tension in the Far East, and especially the question of relaxing tension in the Taiwan area."

This statement produced an enormous impact and served to remove the stumbling blocks put in the way of the conference by some people. Thus the joint communique setting forth the 10 principles was adopted and the conference was crowned with success. Since then the Bandung spirit has become a potential force

among the people in Asia and Africa in strengthening unity, in waging their struggle against imperialism and colonialism and for independence. The fundamental principles guiding international relations as worked out by the Afro-Asian meeting have become norms recognized by all to deal with international relations between countries. Despite many vicissitudes in the world situation, these principles retained their vitality in the past 30 years.

Unity and Struggle for Progress

Great changes have come over the world in the past 30 years. The basic ones are that the period of imperialism and colonialism which once dominated the world is gone, never to return, and in its place is a third world growing and developing by leaps and bounds. Although it is still beset with difficulties, the third world has become a decisive force in the international arena. It is true that conditions differ from one country to another and many are still the victim of poverty and scientific and cultural backwardness, the result of long periods of colonial rule and the effects of an unequal and unjust old international economic order. Moreover, there are disputes left by history, and there are conflicts and dissensions caused by foreign aggression and interference which hold solidarity and progress in check. Nevertheless they share a common desire to safeguard and consolidate their national independence, to fight against aggression and control from outside, to safeguard world peace, to develop their economy and science and culture, to improve their people's living standards. Unity coupled with struggle, progress by joint efforts, have become a great historical trend. Whatever difficulties and obstacles there may be, none can

prevent them from forging their advance forward.

Over 3,000 million hard-working and courageous people and extensive lands rich with natural resources have endowed the third world with great advantage and potentials. The development of the third world will undoubtedly contribute to the cause of world peace and human progress. Today, more and more farsighted people in the industrially developed countries have come to realize that unless stability and progress exist in the third world, it is difficult, if not impossible, for them to go on living in affluence. Again, it is difficult to relax international tension and maintain the stability without the third world also striving might and main for peace. We must reform the old unjust world economic order and establish in its place a new, just world economic order. We must rid the world of power politics, hegemonism and spheres of influence in order to safeguard world peace and allow mankind to make steady progress. This is the most important lesson which the history after World War II has given us.

On the occasion of the 30th anniversary of the Bandung Conference, it seems quite clear that the Asian and African people will like to wish the participants at Bandung to display once again the spirit of former days — to seek common ground and put aside their differences, to promote unity and together work for development and make joint efforts to strengthen friendship, co-operation, and economic and cultural exchanges of the third world, to promote the economic development and safeguard world peace. As one of the original participating country at the Asian-African Conference, China hopes to join with the governments and people of other countries to make its contribution to the common cause. □

Economic Reforms Succeed in Pilot Cities

by HAN BAOCHENG

Our Correspondent

CHINA'S urban economic reform, though started a bit later than that in the countryside, has achieved initial success, and the orientation of the current reform is correct as elaborated by Premier Zhao Ziyang in his government work report.

That was the consensus among deputies from all over China to the Third Session of the Sixth National People's Congress.

New Changes in Heavy Industry

In northeast China's Liaoning Province, one of the country's industrial bases, many large enterprises are directly administered by central and provincial authorities, said a deputy from the province. In the past, he added, Liaoning's industrial enterprises arranged their production and sales of products entirely in accordance with the state mandatory plan. But since economic readjustment and restructuring began in 1979 these enterprises have gradually enlivened their business by paying close attention to market regulation and the development of commodity production.

Quan Shuren, the governor of Liaoning Province, said the situation in which enterprises were put under excessive, rigid controls has begun to change since the State Council published a 10-point decision on giving enterprises more powers of self-management last year. At present, enterprises not only have more say about production planning, sales and use of funds, they have also adopted flexible measures to purchase materials and equipment, to upgrade existing enterprises, to develop

new products, and to expand cooperative relations with other enterprises in Liaoning and elsewhere. For example, the Anshan Iron and Steel Complex, China's largest enterprise, has begun an overall reform. The enterprise has introduced different forms of the economic responsibility system, primarily the contract system, and has reformed the old management and distribution systems which were unsuitable to the development of production.

Quan noted that Liaoning's total output value of industry reached 57.77 billion yuan last year, an 11.8 percent increase over 1983. The national income earned by the province increased 12.6 percent in 1984, and revenue rose 11.3 percent.

The economic reforms also accelerated the implementation of the policy of opening to the outside world, said the provincial governor. The province last year concluded a number of contracts to import foreign investment and

advanced technology, with the total value of the contracts reaching US\$443 million, 1.6 times the total for the previous five years.

Quan noted that the coastal city of Dalian last year concluded 253 contracts on absorbing foreign capital and importing technology, involving a total of US\$191 million, about 4.8 times more than in 1983. Of the investment, about 71 percent will go towards upgrading existing enterprises.

Jiangsu Owes Success to Reform

Situated along the lower reaches of the Changjiang (Yangtze) River, Jiangsu Province has made great strides in its economy in recent years. Though Jiangsu is among the smallest provinces in China, its total industrial and agricultural output value has been the highest in the nation for four years running. Last year Jiangsu's output value topped 100 billion yuan, accounting for 10 percent of the

NPC deputies from Liaoning Province at a group discussion. Deputy Aisin-Gioro Pu Jie (third from left) is the brother of the last Qing Dynasty emperor.



nation's total.

Provincial Governor Gu Xiulian, while commenting on Zhao's report, said that Jiangsu would not have achieved such great success without the economic restructure. Over the past few years, Gu noted, Jiangsu has balanced its development of agriculture, light industry and heavy industry, thus achieving a sustained, steady, co-ordinated economic growth. Our achievements, she said, were made steadily, not with a single stroke.

The province's five cities — Suzhou, Nanjing, Wuxi, Nantong and Yangzhou — all topped the 10 billion yuan mark last year in their total industrial and agricultural output value. Jiangsu, which is well-known for electronics and its light industry, is paying close attention to raising the quality of consumer products. Quality and high reputation are key to success in the marketplace in China's developing commodity economy. Last year 101 products made in the province were awarded state gold or silver medals, and 576 products named provincial superior-quality products. Among Chinese products winning international prizes last year, four were made in Jiangsu Province.

"Jiangsu, with its economy focusing on processing industries,

has inalienable relations with other provinces, because most of the raw materials, energy resources and markets that Jiangsu needs are in other provinces," said Gu.

"The most important thing in the economic restructure is to change the single planning system and channel of commodity circulation, and to widen our co-operative relations with other parts of the country on the basis of mutual benefit," said the provincial governor.

In the past year, Jiangsu Province has established co-operative relations with more than 20 provinces, municipalities and autonomous regions in the fields of investment, techniques, materials and equipment, as well as in professional support.

In implementing the current economic reforms, Jiangsu has also tried to make full use of key cities. Provincial authorities have organized more than 160 production networks with the enterprises that produce "famous brand" products as the backbone of the networks. In this way, key enterprises can produce more "famous-brand" products while promoting the development of rural industry. Last year Jiangsu's rural industrial output value went up to 23.6 billion yuan, and, for the first time,

industrial output value surpassed the combined total output value of farming and sideline occupations. Today, some 2.81 million peasants, 11 percent of the province's rural labour force, work in enterprises not related to farming.

To give full play to the advantages of key cities, said Gu, Jiangsu will turn Suzhou, Changzhou and Wuxi, the three cities close to Shanghai, into foreign trade bases and windows for importing foreign investment and advanced technology. In addition, Jiangsu will speed up the modernization of two coastal cities, Nantong and Lianyungang, which were among the 14 port cities opened to the outside world.

Nanjing, capital of the province, strengthened its famous electronics industry through the current economic reforms. The Nanjing Wire Factory is a large enterprise producing equipment for carrier telecommunications, optic fibre telecommunications and other telecommunications. The factory provides about 80 percent of the nation's total carrier wave equipment, and it markets many of its products abroad. Last November Nanjing established the Zijin Information Industry Co. with the factory as its nucleus.

Sha Qiliang, head of Zijin's planning department, took part in one of the NPC discussions. He said that large enterprises will get nowhere if they continue doing things as they did in the past. In the past, he complained, they only fulfilled their state-set quotas and never considered the market or the needs of customers.

One of the obvious changes in the current economic reforms, said Sha, is that enterprises now must serve market needs. Rather than working in a vacuum, a company must turn out products according to the special needs of the customer. To win high prestige, a company must pay attention to the quality of its products, and it must

NPC deputies from Jiangsu Province attend a discussion meeting. Cheng Weigao (second from right) is the Party secretary of Nanjing.



offer various services to its customers, including free maintenance and repair of products.

Sha told the NPC deputies that new products made by his company include minicomputers, office copiers and video display terminals. The company tries very hard to put these products on the market as soon as possible, he said.

The current economic restructure has linked the interests of the state, the company and the individual, said Sha, and every worker is now concerned with the company's economic benefits. The company is now allowed to cooperate more freely with foreign firms, he said. And the result is the establishment of software development company jointly run by Zijin and a Japanese firm. In addition, the company has set aside US\$2 million to invest in the United States.

Cheng Weigao, a NPC deputy and a secretary of the Nanjing Municipal Party Committee, said that the Nanjing government encourages its enterprises to develop relations with enterprises in other parts of China.

Last year there were 22 large industrial networks formed between 384 factories. These industrial networks brought in an additional 2.5 to 3 billion yuan to the city, said Cheng. Pointing to the Nanjing Radio Factory, Cheng noted that the factory had raised its annual output from 200,000 radio sets to 300,000 sets after linking its production with similar factories in other cities. It is expected that the factory will turn out 700,000 sets this year and 1 million next year.

In the future, Cheng said, big cities must vigorously develop their tertiary industries in order to enliven management and to promote the socialization and specialization of production.

Guarding Against Dangers

Xue Ju, the governor of Zhejiang Province, announced that his province's total output value of industry and agriculture increased by 26.1 percent last year. The rapid increase in production is, of course, a good thing, he said. But he warned that if an enterprise seeks

only high rate of development, it will encounter dangers.

Compared with the corresponding period last year, Zhejiang's industrial production increased by 43 percent in January and 39 percent in February, said Xue. The growth rate is so high that it is threatening to devour the supply of energy resources and raw materials and to overburden transportation facilities.

Some enterprises have put their workers on extra shifts or allowed them to work extra hours, seeking increased production without regard to improving product quality or reducing the consumption of energy and raw materials.

The Zhejiang governor agreed with the Party Central Committee's decision to reform the price system. But he urged leaders to carry out the reform in a planned way because it would affect the interests of every household. As long as we watch every step, make sure we don't increase consumption too fast and put a stop to illegal price hikes, said Xue, wild price fluctuations can be prevented. □

CPPCC Sidelights

Delegates Assail Unhealthy Tendencies

by **WU NAITAO**
Our Correspondent

UNHEALTHY tendencies which have arisen during the ongoing economic reforms were attacked at the Third Session of the Sixth National Committee of the Chinese People's Political Consultative Conference (CPPCC) held March 25-April 8. Misdeeds which have recently appeared include illegal price hikes aimed at seeking exorbitant profits, the reselling of hard-to-get commodities at high prices, the random distribution of

bonuses, and the practice of giving dinners and gifts with public funds or outright bribes to curry favour.

Delegates, in speeches and written proposals, suggested many ways to check these unhealthy tendencies and gave support to corrective measures adopted by the Party Central Committee and the State Council.

Combating economic misdeeds was not the main topic of the session, but many noted that it does have an important bearing on the smooth development of the eco-

nomical reforms. Being concerned with and responsible for state affairs, the delegates expressed their opinions about the problem, playing the supervisory role of the CPPCC.

Legislative Proposals

Yuan Guang and Guo Rugui, delegates from the People's Liberation Army, said during a panel discussion that the unhealthy tendencies have caused great harm to the economic reforms. They noted that the Party Central Committee

has repeatedly decreed that misdeeds must be corrected and is determined to do so. But some people, because they do not fully understand the importance of the matter, have failed to stop the misdeeds. They have therefore wittingly or unwittingly encouraged the evil practice. The PLA delegates urged all CPPCC members to give full support to the economic reforms and dare to expose and attack problems that might hamper the reforms.

Xu Junhu, vice-chairman of the Hubei Revolutionary Committee of the Kuomintang, said, "China will register no leap forward in its national economy without carrying out reforms. It is an irrefutable fact. The problems we are facing now are erroneous tendencies and gross violations of the law."

Xu pointed to the head of the Changde Cigarette Factory as an example of the kinds of problems that must be faced. "Duan Yuanlai abused his power to embezzle public money without restraint and appropriated the factory's property to line his own pockets in violation of the Party's discipline and the state law," said Xu. "This big case was exposed in *Renmin Ribao* (People's Daily), but was not handled for a long period. Later, I was told Duan was only placed on probation within the Party. The punishment is too light. If the charges are true, he should be expelled from the Party and punished according to the law.

"I believe the most serious unhealthy tendency is the practice in which some leading members at the lower levels work out their own measures to cope with the policies drawn up by the Party Central Committee. They refuse to obey orders and continue doing what is banned," said Xu. "I suggest departments concerned set up working groups to handle some big cases and punish guilty people strictly according to the law. If the law is not acted upon or strict-

ly abided by, it is difficult for us to carry out the economic reforms smoothly."

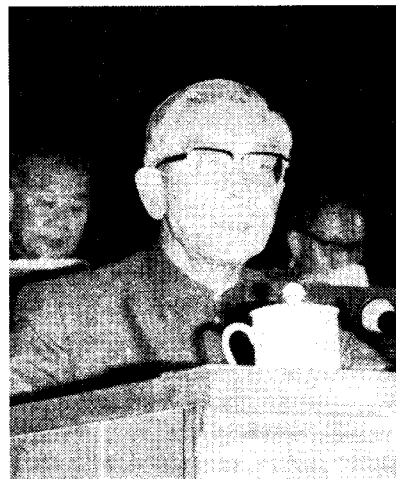
Zhai Nuanhui, publisher of the Hongkong magazine *Guangjiaojing* (Panorama), said, "Corruption, the black market and smuggling are problems faced by countries all over the world. These are common things. But these problems were not obvious in China in the past because of its static national economy. Now these problems arise as the economy is being invigorated. To solve them, there is no way but to strengthen legislation. Otherwise, these erroneous tendencies cannot be checked."

Liang Shoupan, vice-chairman of the Scientific and Technological Committee under the Ministry of Aeronautics Industry, commented that everybody is concerned with the urban economic reforms. To enliven China's economy means to raise economic efficiency. Liang said it is necessary to enact laws that leave no loopholes for the greedy who seek wealth at the expense of the state's interest.

Root Causes

Economic law professor Chen Daisun of Beijing University said that people must have a correct understanding about the economic reforms. Some thought the unhealthy tendencies appeared because the policies were wrong, said Chen. But, in fact, the problems cropped up not due to policies but because the system had loopholes that could be exploited, he said. Chen encouraged experts among CPPCC members to report loopholes and help close them.

Qian Jiaju, vice-chairman of the China Democratic League, said that people should not be frightened of these unhealthy tendencies, nor should they treat these misdeeds lightly. He believed the increase in consumption funds and the unchecked issuance of currency are closely related. The arbitrary



Qian Jiaju gives his opinions on economic reforms at the second plenum of the CPPCC.

release of bonuses and unwarranted wage increases demanded more currency. And when too much currency was issued, it caused price hikes which, in turn, prompted a buying spree. This chain of events has hampered the main efforts to turn the national economy for the better. If this adverse current is allowed to go unchecked, said Qian, it will damage the economic reforms.

Wang Youhui, vice-chairman of the standing committee of the Hebei people's congress and an agronomist by profession, argued that the unhealthy trends did not result from the economic reforms. Rather, some cadres are responsible for certain misdeeds because, due to their poor knowledge, they are not clear about the dividing line between unhealthy tendencies and economic reforms. Therefore, they have made mistakes in their speeches. For instance, Wang cited a deputy secretary of a county Party committee who told all leading members at the county and township levels, "You must do more business to get more profits and make a fortune." Following his words, the county Party committee opened a restaurant and the county people's congress established a trade company.

Wang said this problem can be solved. He said the most important problem is to make clear the dividing line between economic reforms and economic misdeeds and strengthen confidence in reform. We should neither look at these unhealthy tendencies as being part of the reforms nor refuse to carry out reforms, said Wang.

The belief that reform means only making more profits is another root cause of some unhealthy tendencies, said Zhou Huaishi, a senior engineer at the Henan Electric Power Research Institute. Zhou pointed to the Zhengzhou No. 1 Cotton Mill as an example. The mill produces only low-grade 42-count yarn with the quality cotton produced in Henan Province, said Zhou, and the product is hardly competitive. But instead of spending money to improve the mill's technology, the managers built a 15-storey tourist hotel to make money. The managers, said Zhou, misrepresent the purpose of reform. If they would devote their efforts to updating the mill's production technology so as to produce 60-count or even 100-count yarn, he said, they would increase their economic results greatly. Furthermore, their products would then be able to be sold on the world market. That kind of reform, said Zhou, is the real aim of reform.

Qin Yizhi, a standing committee member of the Revolutionary Committee of the Kuomintang, observed that the economic reforms are doing away with some old methods that are not compatible with China's conditions and replacing them with new ones so as to lead the nation's 1 billion people down the road of industrialization. This is a great cause, said Qin, but this transformation has inevitably been accompanied by problems. These problems and unhealthy tendencies, however, are not caused by China's socialist system or the economic reforms, said Qin. It is er-



Delegates from the Revolutionary Committee of the Kuomintang discuss the report on the work of the CPPCC Standing Committee.

roneous thinking both inside and outside the country that has caused the trouble, he said. The key to eliminating these unhealthy tendencies is to rectify the Party working style. The Party, said Qin, is strong enough to overcome them. He noted that the Party Central Committee has called upon all newspapers to expose such misdeeds and to mobilize the masses to attack them. The Party Central Committee has also listed them as key problems to be solved in the ongoing Party consolidation campaign. This is a good thing, said Qin.

Written Proposals

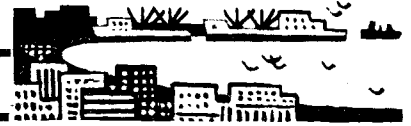
CPPCC delegates also expressed their opinions and comments through written proposals. During the session delegates presented 1,194 written proposals, including many about ways to put an end to economic abuses.

Zhang Qiaose, a delegate from the China Democratic League, pointed out in his written proposal (entitled "Strengthen Legislation and Severely Punish State Cadres Who Violate the Law and Discipline") one reason for the malpractices was that Party members and

state cadres who have violated the law and discipline have gotten off lightly in the past. In his proposal, Zhang offered seven proposals for correcting unhealthy tendencies.

Huang Kehu, in one of his proposals, exposed managers of some enterprises who, disregarding Party and state regulations, have abused their power to seek personal gains and engaged in trade businesses on the pretext of running labour service companies to employ job-waiting youths. In his proposal, Huang presented four management methods.

Ma Zai made many written proposals during the session. In one of his proposals he detailed an event he personally experienced. Ma told of a group of officials who took advantage of business trips to wantonly spend public money to visit scenic spots and try out all the local foods. Ma presented several suggestions on how to stop the abuses. In another proposal, Ma criticized government departments which run companies on the pretext of carrying out economic reforms. He suggested that all such non-productive companies, which create no material, intellectual or spiritual wealth for society, be investigated and banned. □



Port City Profiles

Beihai: Once-Sleepy Port Ready to Take Off

China's only open port city in a minority autonomous region is emerging from oblivion to become a prosperous city.

by **HAN BAOCHENG**
Our Correspondent

CLEAN, tranquil and hitherto free from pollution, Beihai is a small city overlooking the South China Sea from the shore of the Beibu Bay on the southern tip of the Guangxi Zhuang Autonomous Region. After many ups and downs in its long history, the city began to come into its own a year ago when it was chosen as one of China's 14 coastal cities to open to foreign investment and technology.

Infrastructure construction is now in high gear as the city readies its ambitious economic takeoff. Beihai's bright future has attracted industrialists and entrepreneurs from Hongkong, Macao and overseas, who come one after another in search of ways to set up businesses — joint ventures, co-opera-

tive projects, you name it. Aware of the opportunities, industrial and trade companies from elsewhere in China also vie with one another in downtown Beihai to establish representative offices. Indeed, the once-quiet little city is suddenly buzzing with activity.

Ups and Downs

Beihai first became an important port city during the Qin Dynasty (221-206 BC) 2,000 years ago. By the time of the Song Dynasty (960-1279), the city was handling a steady flow of imports and exports. From Beihai's docks, Chinese silks and satins, ceramics and pearls were shipped out in exchange for amber, agate, gold, essence, rhinoceros horns and ivory from Southeast Asia, Europe and Africa.

Beihai became a "treaty port" in 1876, when the Qing (1644-1911) court was forced by the British in-

vaders to sign the Agreement of Chefoo. Soon the city wore a colonial facade, studded with foreign consulates, factories, companies, hospitals, schools and churches. But this newfound prosperity was short-lived, because Beihai, serving merely as a tool for the Western powers plundering China, never got the chance to build its own industries or railways. With the appearance of railways and new port cities in neighbouring provinces, Beihai gradually lost its appeal as a trade centre. Its downfall was expedited by incessant warlord strife, which severed the city's contacts with the rest of the country.

Only after liberation did Beihai's economy come to life again. After three decades of construction, it has 100 small factories with 20,000 workers, producing such things as glass, ceramics, foodstuffs, textiles, machines, maritime chemicals and handicraft goods. Fifteen percent of the city's industrial goods are for export. Last year Beihai's industrial output value totalled 157 million yuan, 117 times the 1950 figure. But despite these gains, Beihai still trails behind other Chinese coastal cities in economic growth. Its rich natural resources, for example, have not been fully tapped due to a lack of funds and technology.

Rich Resources

Beihai is nestled amidst lush trees on a rhinoceros horn-shaped peninsula that slopes gently to the

A Beihai fishing fleet.

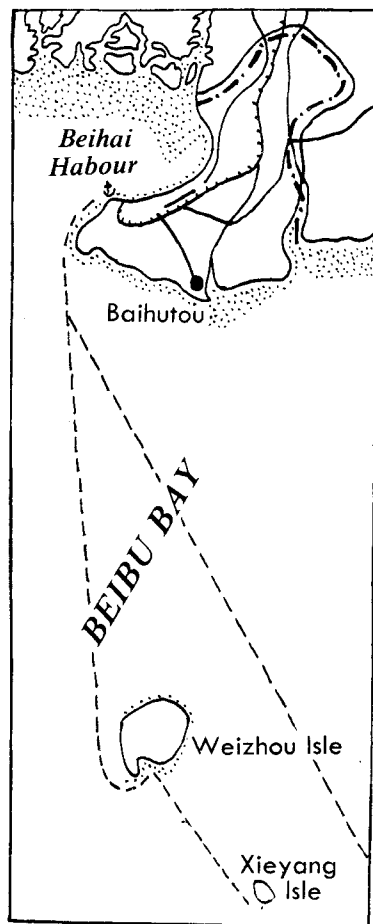


sea on three sides. It has fine shipping frontage along the shore of the South China Sea, a year-round spring-like climate and virtually inexhaustible natural resources.

Much of the city's strength lies in the subtropical Beibu Bay, one of the world's four richest fishing grounds. With stable water temperature and salt content and bounteous plankton, the bay is the natural habitat of more than 500 types of fish and 43 kinds of prawns, offering a yearly catch of 500,000 tons. There are also numerous kinds of crabs, clams, kelp, invertebrates and mammals. The bay also abounds in pearls, sea horses and the endangered dugong, a type of manatee.

The local people began collecting pearls as early as the Han Dynasty (206 BC-24 AD). The site

A SKETCH MAP OF BEIHAI



For Your Reference

A Brief Introduction to Beihai

Located at 109°06' east longitude and 21°29' north latitude on the northeastern shore of the Beibu Bay, Beihai is the southernmost port city of the Guangxi Zhuang Autonomous Region. It is surrounded by the South China Sea on three sides and is linked to Hepu County to the northeast. Its 275-square-kilometre territory includes Weizhou and Xieyang isles, both located 20 nautical miles offshore to the south.

The city enjoys a maritime monsoon climate typical of the subtropical area, with an average temperature of 22.6 degrees Celsius (it ranges from 2 degrees Celsius to 37 degrees Celsius), and an average relative humidity read-

ing of 81 percent. Yearly precipitation averages 1,636 mm and the rainy season comes between April and September.

Forests cover 19 percent of Beihai's land area. Main crops on the 27,145 hectares of farmland include peanuts, sugarcane, litchees and jackfruit.

The 1982 national census put Beihai's population at 168,442 and 67 percent of them live in the city districts.

Beihai is the native place of many Chinese now living overseas. Some 10,000 people there are returned overseas Chinese and compatriots from Hongkong, Taiwan and Macao.

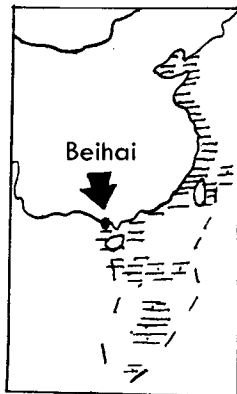
of an early Ming Dynasty (1368-1644) pearl processing centre sheds light on the impressive scale of pearl collecting in ancient times.

Beihai's 107-km-long coast is mostly muddy or sandy beaches, save for the solid stretch on which the harbour was built. The surrounding 712 square kilometres of sea that are less than 10 metres deep and the 6,000 hectares of shallows offer prime conditions for aquaculture. Some 2,400

hectares of the shallows are ready for development, but so far only 7.5 percent of that total has been employed to raised prawns, pearls, sea cucumbers, jellyfish and oysters.

Beihai's maritime chemical industry looks to have a bright future. The sea water there contains a large amount of inorganic salts (the content of bromine alone stands at 55-60 ppm). The city's chemical factory is already extracting bromine from the water, and it is preparing to extract other metals, including potassium and magnesium.

Five oil-bearing formations have been discovered along the Beibu Bay continental shelf 50 nautical miles from the city, and the China Nanhai Oil Corp. is co-operating with France's TOTAL in joint prospecting. Wells sunk in one of these formations have already gone into trial production, paving the way for the official in-



inauguration of the bay's first oilfield in May 1986. The bright prospect for oil development has already prompted Beihai's city authorities to make plans for a large oil refinery in the suburbs.

The Beibu Bay continental shelf is also rich in ilmenite ore, which is found amidst deposits of monazite, zircon and rutile.

Beihai's potential economic strength also lies in its abundant supply of quality clay, which is found in a layer 25-30 metres thick just 6 metres below the surface. With a 36 percent aluminium content, the clay is perfect for the production of porcelain ware, heat-resistant ceramic materials and sculpted pottery. Today, the Beihai Porcelain Factory produces 100 kinds of porcelain ware and sculptures, which sell briskly in foreign countries. The factory could fare even better with more modern equipment, and is now seeking cooperation from overseas companies so as to fully utilize the local clay resources.

The city also boasts verified reserves of 20 million tons of quartzite. Containing 98.44 percent silicate bixite, it is ideal for manufacturing high-grade glass products.

When the natural resources are fully utilized, Beihai will have an impressive industrial setup, with the marine chemical, petrochemical, building material and foodstuff industries serving as the mainstays.

A Land of Charm

Beihai today is a city of two parts. The differences reflect the city's past and present.

The old city district is a maze of zigzagging streets and alleys flanked by a motley collection of stores. Mixed between shops selling marine products, medicines, fruit, vegetables, meat and what not are numerous restaurants and small eateries serving the local seafood-dominated cuisine. The downtown shopping area sports an unmistakable touch of modernity: Fashion-

able clothes, electronic gadgets and imported motorcycles can be seen everywhere. Street hawkers offer the newest garments from Guangzhou, Shenzhen, Shanghai and Hongkong.

The carefully designed quiet new city district contrasts sharply with the boisterous old quarter. Wide tree-lined boulevards and bright-coloured buildings blend with subtropical plants and trees, giving the area the feel of a garden.

Beihai is, indeed, a garden. A maritime monsoon climate typical of the subtropical area makes the city a pleasant place to live and a strong draw for tourists.

Beihai has an excellent oceanography museum and aquarium. It displays 650 fishes from the Beibu Bay. Visitors may feast their eyes on such rarities as manatees, a 15-ton whale skeleton and prawns weighing nearly 10 kg.

In the near future tourist attractions will appear along Beihai's long beaches. Within months after the city was designated as an open city, negotiations were held between the city government and Hongkong and overseas business representatives on the construction of hotels, restaurants and recreational facilities. City officials plan to build a tourist centre in the southwestern district, which will be complete with a beach resort and tourist quarters.

Investment Climate

Backward transportation and telecommunications facilities have long been the bottleneck holding back Beihai's economic growth. Naturally, the city government is out to remedy these problems first.

Harbours. Beihai Harbour is a small affair. The inner harbour accommodates only those ships below the 1,000-ton class and its outer reaches can handle only a limited number of 10,000-tonners. To increase its shipping capacity,

Beihai residents browse in a shopping district.



the city plans to build a new harbour 200 metres off the old harbour on a trough-like depression 6 nautical miles long, 800 metres wide and 6-10.5 metres deep. The first phase of construction calls for two 10,000-ton-class deepwater berths, one of which will be completed and commissioned by the end of this year. The second phase entails 15 more deepwater berths for oil and container cargo vessels. When they are completed, Beihai's annual cargo handling capacity will exceed 10 million tons.

Beihai's shipping capacity was recently expanded when Fangcheng Port, one of the state's key construction projects 45 nautical miles to the west, was put under the city's jurisdiction. As the two ports develop together, Beihai will certainly shake off its backwardness in marine shipping.

Airport. A medium-sized airport is under construction in Beihai. When completed late this year, the airport will be able to accommodate Boeing 737s and establish routes to Guangzhou, Nanning, Guilin and Beijing.

Highways. The city is resurfacing and widening the highways which lead to nearby cities.

Railways. For the first time in its history, Beihai will soon have a rail link. A line from Nanning, the capital of the Guangxi Zhuang Autonomous Region, to Fangcheng Port will be completed by 1986. An 86-km branch railway will tie Beihai to the Fangcheng terminal.

Telecommunications. Long-distance calls between Beihai and Hongkong and overseas are now channelled through Nanning. But by the end of 1985, when its microwave telecommunications and cable telephone facilities are built, Beihai will have its own direct lines.

Beihai has ideal conditions for an economic takeoff. Apart from its rich natural resources, the

city has large tracts of flat, solid ground. The water supply is guaranteed, thanks to the rich subterranean water resources, which offer 6 million litres a day, and the Nanliu River 32 km away. The energy supply, too, is ensured. The city will soon be getting electricity from 10 hydroelectric power stations being built along the Honghe River, which flows through the autonomous region. Neighbouring Guizhou Province, which ranks third in coal deposits in China, is Beihai's chief coal supplier.

To attract the foreign investment needed for modernization, Beihai has, with State Council approval, adopted preferential policies for overseas investors and business partners. A reduced income tax rate of only 15 percent, for example, will be granted to all Chinese-foreign joint ventures, co-operative enterprises and wholly owned foreign enterprises in Beihai. This preferential treatment will be granted to such enterprises signing contracts between 1984 and 1987. The city government also grants these enterprises reductions or exemptions on the local income surtax. Overseas investors are exempted from taxes when remitting profits back home after paying the enterprise income tax.

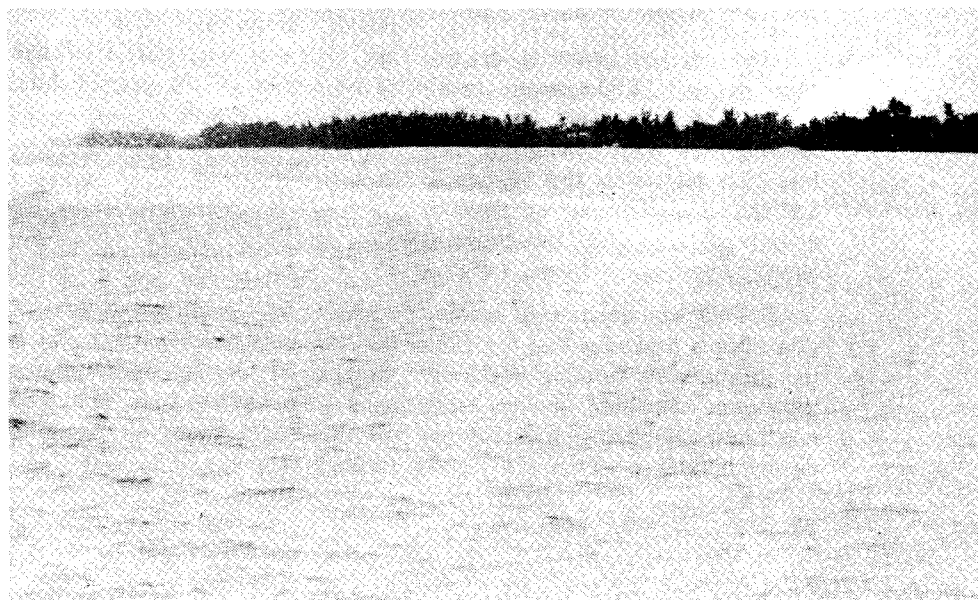
No matter where the investment

originates, all machines, equipment and materials imported for Beihai's infrastructure construction will be exempt from import customs duties, product tax and the tax on increment before 1990. A 50 percent tax reduction in these taxes has also been introduced on a trial basis for imported consumer goods and other market goods within government-approved annual quotas, except commodity imports limited by state law.

Favourable conditions will also be provided for those who cooperate in technically revamping and expanding the city's 100-odd existing enterprises. All the equipment and materials needed in modernizing schemes and in infrastructure development are exempted from customs duties, product taxes and taxes on increment.

These flexible policies helped Beihai conclude 11 agreements, two contracts and 11 letters of intent with foreign enterprises, totalling HK\$236 million in investment, at a Hongkong conference on investment in open coastal cities last November. Some of the letters of intent have now been converted into contracts or agreements. The upswing in investment may well mark the beginning of a new period of glory for Beihai. □

Baihutou Beach — a natural swimming area.



A Survey: What Youths Do After Work?

from "ZHONGGUO
QINGNIAN BAO"
(China Youth News)

Survey topic: What do China's youths do after work?

Place: Beijing.

Number of people sampled:
100, 72 of them age 18-30.

Gender: 50 males and 50 females.

Marriage status: 69 single and 31 married.

Findings:

1. Active social life. Eighty-seven of those surveyed said they like to spend their free time visiting relatives and friends, and see this as a good way to get information and recover from the fatigue of work.

Dancing has also become an integral part of life, as 31 of those surveyed said that they go to dance parties on a regular basis. Among them, 14 were females and 17 males. More than 50 of the 100 surveyed said they like to go out dancing but don't do so because they do not know how to dance. Only a few said they do not care at all for dance parties.

What are the favourite discussion topics? Eighty-seven said they like to talk about economic reform; 91, wage increases; 62, love and marriage; and 59, work and careers. The survey showed a general increase in concern about careers and reform.

2. Enhanced interest in recreation. Many said they like to enjoy themselves after work by listening to music, watching movies and television, sightseeing or travelling during holidays.

Movies and television: 78 percent of those surveyed said they like watching foreign movies and TV plays, and only 22 said they prefer Chinese productions. Regarding TV shows, 91 said they enjoy watching the evening news; 56 like sports; 68 enjoy Central Television's "Round the World" programme; and 60 favour variety shows.

Music, now a popular pastime: 33 of the people surveyed like music with strong rhythms; 80 like light, clear-cut music; and 63 favour melodious music.

Sports: 25 of the 100 people surveyed play bridge, 18 play *wei qi* (go) and 53 play Chinese chess. Thirty-five like to play

basketball, 62 volleyball, 41 soccer, and 43 table tennis.

Sixty said they like going on outings during holidays, and 40 said that they enjoy travelling.

3. A keen desire for knowledge. Eighty-five of the 100 people surveyed said they believe they would soon tire of single-mindedly seeking pleasure. Eighty-eight said they like reading books related to their jobs, 35 like books in foreign languages and 62 prefer novels. Only 12 said they enjoy stories about ancient chivalrous heroes.

These figures, though cross, shed light on an interesting fact: At least 90 percent of the young people care about their jobs and are trying their best to improve themselves.

New Life of a Criminal

from "RENMIN RIBAO"
(People's Daily)

LIAN Minzhang, a 40-year-old man from Baotun Township of Fugou County in Henan Province, was once a criminal. Orphaned when he was 10 years old, Lian was encouraged by scoundrels to take up thievery at an early age. He was twice put in jail and spent a total of 10 years behind bars.

When released, Lian received concern from the local officials. With their help, he got married, adopted a 15-year-old son and a 3-year-old daughter, and established a family. And, in the light of his skill as a butcher, the officials also helped him set up a butcher shop. Thereafter, Lian embarked on the bright road to prosperity through labour.

Today Lian would rather take less profit himself than exploit the townspeople. He buys livestock at a higher price and sells the meat cheaper than other butchers. Knowing that he is fair and honest in business, all the peasants nearby come to buy meat from him. As a result, his business has grown rapidly. In 1982 he earned an income of more than 4,000 yuan, and last year it surpassed 10,000 yuan.

Several years' diligent work has transformed Lian into a sensible man. His heart aches whenever he thinks of his wrong past. He wrote to the families he had victimized, apologizing for his actions. He has also sent them money in return for the things he had stolen.

"Now I have become rich, but I should not forget those who still

have difficulties," he said. On the eve of Spring Festival, he gave each of the 174 childless elderly residents in his village 1 kg of pork. He also made a quilt for each of the 20 disabled people and orphans in the village.

Over the past two years, Lian has been cited as a model peasant on five occasions in the prefecture and the county, and was rewarded four bicycles. He said, "I will atone for my crimes with my own action, and I will never stop doing good things for people as long as I live."

Bionic Ears Restore Hearing

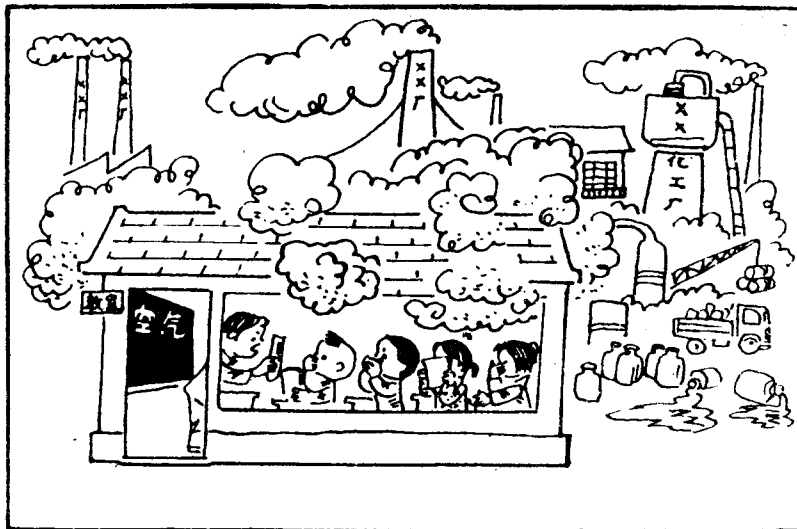
from "RENMIN RIBAO"
(People's Daily)

QIU Erlan, a 17-year-old girl from Fujian Province, recently had her 10 years of silence ended when doctors implanted a pair of electronic "bionic ears."

Invented by an ear-nose-throat hospital affiliated to the Shanghai No. 1 Medical College, in cooperation with the Shanghai Optical Instrument Institute of the Chinese Academy of Sciences, the new high-tech hearing aid looks like an earphone from a small transistor radio.

Before her operation, Qiu's right ear could only hear about 5 percent of the normal sounds and her left ear had lost hearing completely. During the operation, doctors cut an opening in the back of Qiu's ears and implanted a small electronic device with two platinum electrodes in each ear. Sounds from outside are picked up by the "receiver" and transferred by the electrodes to the aural nerves, allowing the patient to hear.

With her electronic ears, Qiu can converse with others from a distance of 1 metre.



Teacher: What's the chief element in the air?
Students: The bad smell from the factories.

Cartoon by Cheng Jinguo

Reflections on the Movie Decline

from "BEIJING WANBAO"
(Beijing Evening News)

TODAY the time has passed when entertainment meant always going to the movies.

According to the China Film Import and Export Corp., China produced 143 feature films in 1984, providing two or three new movies each week. But the audience has been declining in number constantly. Compared with 1983, the film audience fell by 1.3 billion viewers.

Reasons for this nose-diving are many. Among them are the growing popularity of TV sets, the spread of other kinds of cultural and sports activities, growing sophistication of the audience and changes in aesthetics.

China's audiences like films which reflect, realistically and vividly, the social problems that concern the masses and courageously expose life's complicated problems. Reflecting life today, these

films address subjects that are of interest to moviegoers. As a result, they become box-office hits.

In recent years, comic, acrobatic and thrilling detective films that are wholesome in content yet entertaining have been especially welcomed by the masses. Although some of them are not ideologically perfect and hardly artistic masterpieces, they often draw audiences that fill 70 to 80 percent of the available seats, and some even draw above 95 percent capacity. This shows that today's audience wants to be entertained — people want to laugh.

It is true that the box-office success of a film cannot fully reflect its quality. There are indeed, some films that are good in content but do not draw an audience and some that attract an audience but are not really good. But in most cases, the box-office success of a film does reflect its quality.

Many film artists have realized that the creation and artistic accomplishments of films must be based on the demands of social progress and conform with the tastes of the vast audience.

China Steps Up Timber Industry Co-operation

China's forestry industry used US\$35 million last year to import equipment and modernize its timber enterprises. The scope of China's co-operation with foreign companies will be even broader this year.

China's forests cover 115 million hectares and its total timber resources are estimated at 9 billion cubic metres. Still, the forest acreage and per-capita timber supply in China are lower than the world average. In order to invigorate China's forestry industry, the state has in recent years worked to update its timber enterprises and to seek co-operation with foreign countries.

The Import of Equipment to Increase Timber Processing Capacity. Two such co-operative projects have already gone into operation. The Beijing Timber Factory has imported a particle board production line with an annual output of 30,000 cubic metres from the Federal Republic of Germany.

And the Fuzhou Timber Factory has imported a heavy-density particle board production line with an annual output of 50,000 cubic metres from the United States.

Two other projects are also under trial-production. A timber mill in Jilin Province imported a particle board production line with an annual output of 50,000 cubic metres from the Federal Republic of Germany and another timber enterprise in Shanghai has imported a heavy-density particle board production line from Sweden. The Changsha Artificial Board Factory in Hunan Province is the biggest factory which uses the largest portion of foreign exchange in the country. Last year it used US\$20 million to import equipment from abroad. When completely updated, the annual capacity of the factory will be 100,000 square metres of wood-based paneling and 1.8 million square metres of laminated board.

The Huaxi timber company's wharf.



Technical Transformation of Existing Enterprises. Last year the state moved to technically transform 17 forestry enterprises with an investment of US\$14 million. But 11 of the 17 enterprises completed their transformation projects using only US\$5 million. It is estimated that the number of projects and the amount of foreign exchange investment will double this year. Most of the equipment imported from abroad will involve single machines. Such small projects will yield quick economic returns. Plywood factories in Harbin and Changchun in northeast China, Chengdu in Sichuan Province, Xian in Shaanxi Province and Wuhu in Anhui Province have imported equipment from Japan. Plants in Sichuan, Heilongjiang, Inner Mongolia and Yunnan have also imported equipment from Austria, the United States, Denmark and Italy.

Bright Prospects for Joint Ventures. The Huaxi Timber Industrial and Commercial Co. Ltd. is the only timber-related joint venture in existence today with Chinese and foreign investment. It has capital totalling US\$2 million, with the Chinese side owning 95 percent and the Brazilian side owning 5 percent. Cheng Jianling, deputy manager of the China Corporation for International Co-operation in the Forestry Industry, told *Beijing Review* that the establishment of the joint venture gives China a stable timber supply and, at the same time, provides needed foreign exchange and jobs for Brazil. Since beginning operation last August, the joint venture has progressed smoothly, and the first batch of timber shipped from Brazil is due shortly.

Cheng said timber industry co-operation with foreign countries is growing rapidly. His corporation has sent experts to investigate timber prospects in Papua New Guinea, the Solomon Islands, the Congo, Chile, Canada and the United States. In some instances, he said, concrete terms for co-operation are under discussion.

More Avenues to Open for the Import of Foreign Capital. Cheng also noted that the government has attached great importance to comprehensively utilizing China's forestry resources. China's output of resin, tung oil, raw lacquer and camphor has ranked first in the world for many years. Because of limited funds and technology, however, these products have not been fully processed in the past. Therefore, China hopes to co-operate with foreign investors in such processing industries. Talks are already in progress with US and Japanese timber concerns about the comprehensive utilization of such plants as the sea buckthorn. Under the terms being discussed, the US and Japanese companies would provide funds and processing equipment, and a major portion of the products would be exported to other countries.

Textile Exports Now Licensed

Two months after China implemented an export license system, the chaotic transport of textiles from the interior to Hongkong has taken a turn for the better. This is what Zhou Yunzhong, deputy general manager of the China National Textiles Import and Export Corp., told a *Beijing Review* correspondent.

Zhou said that after local authorities were given the power to export their products, the volume of textile exports went up



Zhou Yunzhong at trade talks.

dramatically. The increase resulted in a flood of cotton yarn, cotton grey cloth, cotton-polyester yarn (TC yarn) and cotton-polyester grey cloth (TC cloth) descending on the Hongkong market. The flooding of the market caused confusion and prompted a drop in prices. Hongkong merchants who sell the key Chinese-made textiles saw their profits reduced and were, of course, unhappy with the situation. In view of this situation and with the approval of the State Council, the Ministry of Foreign Economic Relations and Trade decided to implement an export license system for the above four textiles exported to Hongkong, Macao and Japan. The decision was warmly received by Hongkong traders.

During trade talks on Chinese-made yarn and cloth held in Hongkong last month, the total volume of transactions reached US\$60 million. Considering recent circumstances, which left the market sluggish and left traders with excess stock, the figures were impressive.

Zhou also noted that the China National Textiles Import and Export Corp. and the China Resources Textiles Co. Ltd. in Hongkong are working out detailed rules and regulations concerning the export license system, which will be implemented after the approval of the Ministry of Foreign Economic Relations and Trade.

China, Algeria Strengthen Ties

A newly established committee for economic, trade, scientific and technological co-operation between China and Algeria held its first meeting in Algiers March 17-20.

In their talks, State Councillor Zhang Jingfu, head of the Chinese government economic delegation, and Algerian Minister of Commerce Abdelaziz Khellef reviewed the development of Sino-Algerian economic, trade and technological co-operation in recent years and discussed forms and content of co-operation in the above-mentioned fields for the future. They also offered suggestions and exchanged views on some proposed co-operative projects. Both sides said they would strengthen and diversify their co-operation so as to meet the urgent needs of their respective economic development.

During his stay in Algeria, Zhang was received by President Bendjedid Chadli and Prime Minister Brahim Brahimia. Chadli told the Chinese visitor that there is a great potential for co-operation between Algeria and China. He also endorsed the idea of developing friendly and co-operative ties to a new plane. Zhang pointed out that economic co-operation between China and Algeria would serve to promote South-South co-operation.

New War Movie Focuses on Emotions

Wreaths at the Foot of the Mountain, a film about war and its human costs, drew an audience of 5 million in the first 18 days of its Shanghai showing. The box-office success — pulling in about 80 percent of the population in the city proper — was unprecedented in the history of New China's film industry.

The movie tells the story of a People's Liberation Army (PLA) company during the 1979 border war with Viet Nam. But it is more than a war movie. It talks about the relations between soldiers of different family backgrounds and from different walks of life. It describes the effects of brutal war on man and the love between man and woman and among family members that keeps people going during their darkest hour. The movie is bold and pulls no punches in describing the darker side of society. It exposes bureaucracy and privilege in the army and attacks them. The conflict between heroism and egotism is a major theme.

One of the primary characters in the film is the company's political instructor. The pampered son of a medical department leader in the military region, he had joined the army earlier during the "cultural revolution" rather than going to the countryside to work with peasants. When the war breaks out, his mother, using her position, makes every attempt to have him transferred away from the battlefield. Though the political instructor has many human weaknesses, he slowly makes a transformation and gains the audience's sympathy.

Another major character is the

company commander, who comes from a peasant family. A wise and caring character, he has a big heart and willingly dies on the battlefield while protecting his comrades. He is so poor that the only thing he leaves his wife and mother is a letter asking them to pay his debts to the army. Soon after learning of his death, the wife and mother make their way to the company's camp to pay his debts with the government-issued pension.

The contrast between these two men tells a lot about human weakness and the human side of war. The viewer sees how China survives and learns from its suffering and builds for the future.

In the past, movie heroes were always two-dimensional characters without any shortcomings. A hero's marriage and family were usually not mentioned, and audiences realized that such movies were not very realistic.

But *Wreaths at the Foot of the Mountain* is a new breed of movie. The people are real and have real emotions. For example, as strong and true as he is, the company commander longs for his wife and unborn child during the anxious hours before the battle begins. A seasoned army commander, drawing on his strength, shows no feeling when he hears of the death of his only son. But when he stands before his son's grave, he cannot hold back his tears. A 17-year-old new recruit carefully carves a cane for his old grandmother, knowing that he himself will never walk again after losing his legs in battle. Many of the characters are heroes, true, but they are also ordinary people with the emotions and frailties of the real world.

The movie concentrates on the death and suffering of the main characters instead of showing long battle scenes. This emphasis



was unthinkable in the past. The commander dies while protecting his comrades from enemy fire. Another officer is killed by a mine when he goes out to get sugarcane for the thirsty soldiers. The army commander's son is killed when he runs into the open to fire a mortar rocket — the rocket, manufactured poorly during the "cultural revolution," doesn't work and he is shot down. The heroic actions so impress the political instructor that he abandons his thought of desertion.

The movie employs dramatic film techniques to tell its tragic story. For example, after the death of the company commander, the news reaches his home village. The film is shot from behind his wife as she returns home from collecting firewood. The camera follows her and is right behind her shoulder as she pushes the door open. The moviegoer, like the young wife, sees three people sitting in the room — the secretary of local Party committee, an army officer and her mother-in-law. At last the camera turns to focus on her face. From her eyes, the audience knows that she has realized the truth. She doesn't cry nor fall down screaming. Instead, the camera backs away, leaving her in a trance. This scene leaves many viewers in tears.

The movie has been touted as an effort by China's filmmakers to eliminate "leftist" influences in the movie industry. It was considered a breakthrough by many film artists, movie critics and viewers. The movie was adapted from the novel of the same name written by Li Cunbao, a young PLA writer. When his book was first published, it caused a sensation. The book was also adapted into a TV film and dozens of dramas. Despite the fact many have seen these productions, moviegoers are still interested in the film.

The movie was directed by Xie

Jin, a successful director in his sixties. Xie is skilled at portraying inner feelings in films that reflect life today in China.

Scientists Produce Virus Fighter

Chinese medical scientists have derived an interferon from the white blood cells in a baby's umbilical cord blood that can cure viral diseases. They also have found a method to mass-produce the interferon with colibacillus.

Hou Yunde, a senior virology researcher in Beijing, headed the research effort. According to Hou, viral diseases — such as hepatitis B, epidemic hemorrhagic fever, viral pneumonia, influenza and malignant tumours — have a high incidence and have caused great economic loss to China. There has been little progress in healing viral diseases in the past. The discovery of virus-fighting interferon in 1957 and the clinical research results achieved over the last decade have provided a feasible way to cure viral disease.

Natural interferon, which battles viruses and tumours, is a protein produced by human cells. Medical studies in China and abroad proved that interferon could cure viral diseases including certain tumours. However, this artificially produced interferon was not pure enough to be effective and therefore could not be produced in large quantities or put to wide medical use in such a big country as China.

Professor Hou, who worked with Associate Professor Liu Xinyuan for five years, has successfully derived a high output of interferon from umbilical cord blood.

They worked out new methods to test the activity of the interferon messenger ribonucleic acid (RNA),

so that this kind of acid was purified. Thus they established China's own system of asexual reproduction of interferon. Then, they mass-produced interferon with colibacillus after making a series of experiments. With the pure interferon they have produced, Hou and his colleagues have now begun trial-producing it on a larger scale and applying it to clinical studies.

Centre to Protect Endangered Tiger

China has set up a research centre aimed at protecting the South China tiger, a species now on the verge of extinction.

The South China tiger, which lives in the areas south of the Changjiang River, is a bit smaller than the Northeast China tiger. Overhunting and the destruction of forests have reduced to 40-80 the number of South China tigers, which are found only in tropical and subtropical forests.

The centre, already approved by the Ministry of Urban and Rural Construction and Environmental Protection, will be administered by the Chongqing Zoo in Sichuan Province. Scientists at the zoo began experimenting in 1978 with breeding the tiger in captivity. Tigers have given birth to seven litters of 14 cubs, of which 13 have survived.

Chinese scientists have called for increased international co-operation in wildlife protection, noting that such co-operation has in the past decade helped boost the number of Bengal tigers to about 4,000.

The Bengal tiger is found in India, Nepal, Burma and other parts of Southeast Asia. It, too, on the verge of extinction before international rescue efforts began.

Worker's Daughter Rewrites Fencing History

China's five-star red flag rose slowly towards the rafters as the National Anthem filled the Long Beach Convention Centre on the evening of August 3, 1984. Luan Jujie, having outmanoeuvred the last of her challengers in the Olympic Games individual foil competition, stood proudly on the victor's podium wearing her gold medal and letting the marvelous scene soak in.

Fencing first surfaced in a Chinese sports meet in 1953, but only as a performance. In time, however, it attracted participants from all around the country. On May 16, 1974 the Federation Internationale d'Escrime, the international fencing organization, admitted China.

Luan, 27, came from a worker's family in the city of Nanjing, Jiangsu Province. Though her family had trouble making ends meet during her childhood, she kept a bright and cheerful disposition and enjoyed a harmonious family life.

In 1973 Luan, then 16, entered the

Nanjing Part-Time Sports Training School to learn the ropes in track and field events and badminton. Her indomitable spirit was recognized by Wen Guogang, a coach of the fencing team. With his encouragement, Luan took up the foil and embarked upon a fencing career.

Luan, too, devoted her days to hard training. Every day she practised her fencing movements for hours and ran more than 10,000 metres. At times she was physically exhausted, but she continued practising each movement.

Nothing is impossible for those who set their minds on accomplishing a goal. At the 29th World Youth Fencing Championships held in March 1978 in Spain, Luan placed second in the foil event. With the win, she became known as "the premier fencer in the East." Her success rewrote fencing history: European and American fencers had dominated the first six places in the championships for more than 70 years, but now there

was a serious Chinese challenger.

Since her debut, Luan has captured the national title eight times, and she has won good results in many international competitions. She took the silver medal at the 36th World Championships in 1981 and the bronze medal at the 38th in 1983. She also won the gold medal in the foil event at an international competition in February 1983. At the World University Games in 1983, she led the Chinese team to victory in the foil events. And, to top it all, she fenced brilliantly in the 1984 International Women's Foil World Cup Tournament held in the Federal Republic of Germany to win China's first gold medal in the foil event.

Her successes came one after another, but Luan and her coach did not rest on their laurels. As a fencer with a powerful offence, her defensive techniques were weak. As she lunged forward at her opponent, she opened her body to easy attack if she missed her target. After studying countless fencing techniques, Wen mapped out a programme for using Chinese-style attack movements incorporated with the techniques used by the world's best fencers. The changes did away with Luan's weakness. The movements were beautiful, clear-cut, natural and unrestrained.

When she reached the 1984 Olympic Games, Luan was not cowed in the least facing 15 of the world's top fencers. After winning the gold medal in the finals of the women's individual foil competition, she credited much of her success to Wen's coaching.

Luan Jujie interviewed by journalists: Bright and cheerful.



ART PAGE



Vulture.



Flower.



Chickens.

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