



China Clipper A weekly summary of news relating to China

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Welcome! *The Center for US-China Policy Studies (CUSCPS) is a research unit based in the College of Behavioral and Social Sciences (BSS) at San Francisco State University. The Center seeks to advance knowledge of China and deepen understanding of US-China relations. It promotes research, teaching, training, and outreach on US-China domestic and international policy issues in all areas. It provides policy research, data collection, analysis, and consultation to interested government agencies, non-profit organizations, community groups and businesses. It facilitates academic exchange and serves as a bridge and a base for collaboration between the college and the university and any other institutions or organizations, particularly in China. Please contact us at cuscps@sfsu.edu if you would like to make a connection with us.*

Contents

- ◆ International/Regional Issues 1
- ◆ Politics..... 4
- ◆ Economy..... 4
- ◆ Society..... 6
- ◆ Other..... 6

International/Regional Issues

China Highlights Possibility of Resumed Sino-Japanese Leader Meetings

BEIJING, Sept. 9 – Chinese State Councilor Tang Jiaxuan told Wakabayashi Seizo, the President of the Japanese News Agency Jiji that normal leader contacts could be resumed if political barriers were completely removed. Tang was referring to the refusal of Japanese leaders, particularly Prime Minister Junichiro Koizumi, to stop visiting the Yasukuni Shrine. Tang urged the future leader of Japan to make a “wise decision.” He stated “China-Japan ties stand at a historical crossroads and whether or not the two countries can travel in the right direction is in the interest of both nations and the peace, stability, and development in the region.” Tang added that China would make joint efforts to properly handle existing problems and take the relationship to new heights. In Tang’s view, this was “the common aspiration of both peoples, and the expectation of the international community” (Source: Xinhua).

Forum on China-Africa Cooperation to Boost Creation of Strategic Partnership

BEIJING, Sept. 10 – Commenting on the forthcoming Forum on China-Africa Cooperation (FOCAC) which will be held in Beijing in November, Chinese experts described it as “an important event in the history of China-Africa Relations and China’s foreign affairs.” The event, which is seen as advancing the China-Africa bilateral relationship and establishing a new China-Africa strategic partnership, will be attended by more than 30 African heads of state or government. The summit follows visits in 2006 by Chinese President Hu Jintao and Chinese Premier Wen Jiabao to Africa. In tandem with the FOCAC, there will be dialogues between leaders and business people and a China-Africa entrepreneur conference. China-Africa trade has soared from \$4 billion in 1995 to \$40 billion as of 2005. Chinese investment in Africa also has increased with more than 800 Chinese enterprises on the continent (Xinhua).

Chinese Premier Wen Jiabao Calls for Europe to Lift Arms Embargo

HELSINKI, Sept. 10 – At a press conference following the 9th China-EU Summit in Helsinki, Finland, Chinese Premier Wen Jiabao called on Europe to lift its arms ban against China and to grant China full market economy status. Wen described such a move as “proceeding from [a] strategic and long-term point of view” and observed “the earlier the problems be resolved, the more benefits it could bring.” In a joint statement released after the summit, the EU side confirmed its willingness to work towards the lifting of the arms embargo (Source: Xinhua).

Chinese Premier Makes 8-Point Proposal on Asia-Europe Ties

HELSINKI, Sept. 11 – In a keynote speech delivered at the 6th summit of the Asia-Europe Meeting (ASEM) in Helsinki, Premier Wen identified eight proposals for advancing the Asia-Europe relationship. His first recommendation was that there should be enhanced political dialogue and a better response to security threats through increased consultation in multilateral venues and cooperation in fighting terrorism. His second proposal was that Asia and Europe deepen cultural exchanges. His third suggestion was to intensify financial cooperation such as in the reform of the international monetary system, human resource development, and developing country financial sector capacity building. His fourth recommendation was for cooperation in the realm of energy security by, for instance, research and development. His fifth proposal was to support a multilateral trading system. Wen’s sixth recommendation was to give greater attention to small and medium enterprises in Asia-Europe relations. Wen also made recommendations relating to non-traditional security issues and income inequality (Source: Xinhua).

China and Vietnam Pledge to Boost Cooperation

HELSINKI, Sept. 11 – Meeting in Helsinki prior to their participation in the 6th summit of the ASEM, Chinese Premier Wen and Vietnamese Prime Minister Nguyen Tan Dung vowed to boost economic cooperation as well as to make progress in settling their boundary. Wen proposed a high-level joint commission to develop a blueprint for advancing cooperation, called for the completion of the Sino-Vietnamese boundary demarcation, emphasized the need to implement a three-party agreement regarding the South China Sea, and mentioned the importance of concluding an agreement on bilateral trade and economic cooperation (Source: Xinhua).

Chinese Premier Calls Sino-EU ties “Stronger than Ever”

HAMBURG, Sept. 14 – In a speech in Hamburg, Germany at the 2nd Hamburg Summit, an annual Sino-European economic summit, Chinese Premier Wen described the Sino-Europe Union relationship as “stronger than ever before.” Europe has been China’s largest trade partner for two years and China was the first non-European country to participate in the Galileo program “which epitomized the extensive and multi-dimensional China-EU Cooperation and marked a new stage of sound and stable growth” of the relationship. Wen observed that the economies of China and Europe were complementary and that Europe and China were an “important force for enhancing dialogue among civilizations.” Wen pointed to the European business community as a “powerful engine” in building strong China-Europe ties (Source: Xinhua).

China to Attend Nonaligned Summit; US Declines

HAVANA, Sept. 14 – Led by Chinese Vice Premier of Foreign Affairs Yang Jiechi, China will attend a nonaligned movement summit in Havana, Cuba, which the U.S. has declined to attend. According to analysts, China’s presence coupled with the U.S. absence will bolster China’s influence in the region. Also fueling the growth of China’s influence is its voracious appetite for raw materials from the region, its investment in the region, and its willingness to stay out of the region’s domestic affairs (Source: Associated Press).

China and Taiwan Moving towards Regular Non-Stop Charter Flights

TAIPEI, Sept. 14 – According to various sources, China and Taiwan are moving towards a deal that would allow regular, non-stop charter flights across the Straits. The deal would allow Taiwanese airlines to fly cargo in and out of Pudong International Airport in Shanghai as well as two other airports in southern and eastern China. Apparently, the deal is a payback of sorts for Taiwan’s agreement to make passenger charter flights more frequent. Over the longer term, some believe the agreement could undermine Taiwan’s ban on direct flights to the mainland (Source: Financial Times).

Secretary of the Treasury Hank Paulson’s Presents New US Strategy on China

WASHINGTON, D.C., Sept. 14 – In an interview with the leading financial publication the *Financial Times*, Secretary of the Treasury Hank Paulson stated that there was a need to “strike a balance” between tackling short-term issues and keeping a proper “generational” view of the U.S.-China relationship which recognized China’s emergence as a leading player in the global economy. The interview followed a speech which Paulson delivered on the eve of his first trip to China as Treasury Secretary. In the speech, Paulson said, “the United States has a huge stake in a prosperous, stable China—a China able and willing to play its part as a global economic leader.” In his interview and speech, Paulson stressed the U.S. desire that China play a role in reinvigorating the Doha Round of the World Trade Organization (WTO), that China move, over time, to open up its capital markets and to create a freely tradeable currency, and to protect intellectual property rights. Paulson further said the U.S. was taking a “comprehensive approach” to China and recognized China “as a leader,” adding that “with leadership comes responsibility.” These responsibilities not only pertained to economics but to areas such as human rights and non-proliferation (Source: Financial Times).

China and Germany Sign 8 Agreements for Cooperation

BERLIN, Sept. 15 – Meeting with German leaders, Chinese Premier Wen signed eight documents to promote further cooperation in economy, science, technology, and culture between China and Germany. The agreements provided for youth exchanges and the creation of a Confucian Institute in Hannover (Source: Xinhua).

Politics

Top Chinese leader stresses moral and political education at universities

BEIJING, Sept. 16 – Top Chinese leader stresses moral and political education at universities. Top Chinese leader Li Changchun, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC), on Friday stressed the importance of moral and political education in colleges and universities to promote students' well-rounded development. Li, made this remark while inspecting the Jilin University in northeast China's Jilin Province. Li had discussions with teachers and students of the university, which celebrates its 60th anniversary this year. He also urged colleges and universities to develop a high-quality team of teachers and professors with both academic achievements and moral integrity (Source: Xinhua).

Chinese police shut down 320 illegal websites, Internet columns

BEIJING, Sept. 16 – Chinese police authorities shut down more than 320 illegal web sites and Internet columns and deleted 15,000 items of hazardous information from Internet from Sept. 6 to 8. An official with the Ministry of Public Security said the closed websites include those which disseminate gambling information or run gambles, or sell guns, explosives, listening-in devices and anaesthetics or conduct on-line cheating and theft. He said police authorities will intensify efforts to purify Internet atmosphere in future. The Ministry of Public Security on Friday publicized a web site ([www. cyberpolice. cn](http://www.cyberpolice.cn)) for citizens to report clues on hazardous web sites and harmful Internet information (Source: Xinhua).

Economy

Energy shortage might hinder China's development

BEIJING, Sept. 9 – Yang Fan, a professor from the School of Business of the China University of Political Science and Law, has recently published an article in the *Global Times*. According to professor Yang, compared with the United States and Russia, China's energy shortage problem is even more serious. When converted into US dollars, the total energy resources in Russia are valued at 80 trillion US dollars, and in the United States, 40 trillion US dollars. In China, however, total energy resources are valued at only 5 trillion US dollars, and its per-capita ownership of energy resources is even much less. In order to meet energy demand, China needs to import a lot of energy from abroad. This means that Chinese economy will rely heavily on international market. China needs to find a long-term, comprehensive strategy to support its sustainable development (Source: Chinanews.cn)

China to Work towards an Emphasis on Domestic Consumption

BEIJING, Sept. 9 – Zhang Xiaoliang, Deputy Director of the National Development and Reform Commission, told attendees at the 2006 International Investment Forum in Xiamen, Fujian that China would make the expansion of domestic consumption a core focus over the next five years. He stated that China would grow while being attentive to maintaining a balance between consumption and investment and between domestic and external consumption. Zhang also called for a greater stress on developing the agricultural, high-tech manufacturing, automobile, shipping, and large petrochemical sectors (Source: Xinhua).

China's Trade Surplus with the Rest of the World Hits New Record

Sept. 11 – China reported that its trade surplus with the rest of the world hit a \$18.8 billion in August, a new record. To date, China's global trade surplus has hit \$95.6 billion. The extant data do not allow a determination of the causes of the August surplus, the problem is the moderate appreciation of the yuan as well as various structural issues (Source: BBC News).

Chinese Consumer Price Inflation Rose by 1.3% in August

Sept. 11 – China's National Bureau of Statistics reported that consumer inflation in August rose by 1.3% compared with July's rise of 1%. The price of services experienced a noticeable surge with the cost of housekeepers and household repairs rising by 2.3%. Analysts were not concerned, viewing them as "close enough to expectations to not give rise to any worries about inflation." Other analysts highlighted rising energy prices as a possible concern, though the Asian Development Bank took a more sanguine view of Chinese inflation (Source: BBC News).

China Experiences Double-Digit Retail Sales Growth in August

Sept. 12 – In August, Chinese retail sales increased by 13.8%, a slight increase from the 13.7% rate recorded in July. The sales increase resulted from higher rural and urban incomes and evidenced to some that China was on the path towards its goal of making domestic consumption a greater component of the economy. As far as incomes are concerned, disposable income in urban areas has risen by 10.2% in the first six months of 2006 versus the first six months of 2005. And disposable incomes in agricultural areas have increased by a corresponding 11.9% (Source: BBC News).

U.S. Senators Threaten Vote on Punitive Tariffs against China

WASHINGTON, D.C., Sept. 15 – U.S. Senators Charles Schumer and Lindsey Graham said they have formally submitted a request to the Senate leadership for a vote that would impose a 27.5% tariff on Chinese imports unless China revalued the renminbi. In a letter to the leaders of the Republican and Democratic Parties of the Senate, Schumer and Graham wrote, "while we have been determined, we have also been reasonable. Now, the date in the agreement is approaching [a March agreement gave China until September 29 to reform its currency], and we are sorely disappointed with China's pace of currency reform." They rejected the notion that China's financial system could not handle a freely-floating currency (Source: AFP).

EU Files Compliant in the WTO against Chinese Automobile Part Import Tariffs

Sept. 15 – The European Union has filed a complaint with the WTO against imports imposed by China on car parts. The complaint, which Canada and the U.S. support, says China's import taxes are illegal and forced car firms to use Chinese parts because of the high cost of foreign part imports. Pursuant to China's WTO accession agreement, China had agreed not to impose tariffs of more than 10% on imported parts, but had been treating parts as "complete vehicles" subject to a 25% tariff. Peter Mandelson, the EU Trade Commissioner, said that the EU had "tried again and again to find an acceptable negotiated solution to this issue." While U.S. Trade Representative Susan Schwab remarked, "China's current stance leaves us no choice but to file a trade case" (Source: BBC News).

China Bans Investment by Foreign Brokerages in the Domestic Securities Industry

SHANGHAI, Sept. 15 – The Chinese Securities Regulatory Commission (CSRC) explicitly acknowledged a ban on investment by foreign firms in the domestic securities industry. Shang Fulin, head of the CSRC, said the ban was likely to remain in place for a year, giving the government a chance to continue with its reform of the shareholder structure of listed companies. The ban was not new, having informally existed since the end of last year, and has held up investments by firms such as Merrill Lynch in the Chinese brokerage sector. In the view of one analyst, China's need for foreign expertise would help to ensure the ban remained temporary (Source: Financial Times).

Society

Only-child-generation bears heavy burden

BEIJING, Sept. 14 – The only-child-generation in China will have to bear heavier burden than any of their forefathers did, and their burden will lead to high risks to their families. The parents' growing dependency on the children will also add to their burden. A society consisting of families with high risks will surely suffer in the future. It is estimated that there are over 100 million only children currently in China, whose burden and risks should never be overlooked. A couple both from the only-child generation will have to support 4 parents, which is hardly avoidable. National defense, which requires sacrifices of the citizens, will also be affected by the boom of the only-child generation, because in most cases an only-child family can't afford such sacrifices, particularly in wars (Source: Chinanews.cn).

Western China: 8 years backward in building a well-off society

BEIJING, Sept. 15 – According to the State Statistics Bureau, the eastern part of China is much faster than the western part in economic development. Actually, there is an 8-year gap between the two. To develop rural areas in western China is the most difficult part of the efforts to achieve the goal of building an overall well-off society. Though the central government has paid great attention to developing the western part, the gap between west and east still keeps widening. It is estimated that the rural areas in the eastern part will attain the goal of building an overall well-off society in ten years, but the project in the western part still remains 1.3%, the first time for positive growth. The development in the central part of China ranks between the eastern and western parts, achieving 24.6% of the goals of overall

well-off society (Source: Chinanews.cn)

China has an illiterate population of 114 million

BEIJING, Sept. 16 – China has an illiterate population of 114 million people, according to the Ministry of Education (MOE) and is battling with a lack of government funding to reduce the number. "The central government only appropriates eight million yuan (about one million US dollars) each year to tackle illiteracy, which means each illiterate person only has seven cents (less than one US cent) a year," according to an official of MOE who declined to be named. "The increasing number of migrant workers has made education a tough task for the government," said Yang Jin, an official in charge of fundamental education with the MOE. China has maintained an illiteracy ratio of around 4 percent among the youth and the middle aged, Yang Jin said. According to the National Report on China's Education for All, released by the Ministry of Education (MOE) in 2005, the country's literacy rate among adults is 90.9 percent. China has received 14 awards from the United Nations Education, Science and Culture Organization (UNESCO) for making the achievements in eliminating illiteracy in the last two decades (Source: Xinhua)

Other

The Editors have prepared this newsletter using publicly-released media and research accounts that are believed to be reliable. The Editors, the CUSCPS, and San Francisco State University do not guarantee their accuracy and any such information should be checked independently by the reader.

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