



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.*

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International/Regional Issues

China, ROK agree to start negotiations on free trade area

BEIJING, Oct. 14 - China and the Republic of Korea (ROK) on Friday agreed to start negotiations on a free trade area (FTA) as soon as possible. Chinese Premier Wen Jiabao and the visiting ROK President Roh Moo-hyun exchanged views on starting the FTA negotiations and on revising the agreement on protecting the two-way trade during their 40-minute meeting, according to a statement released by the Chinese Foreign Ministry. The trade volume between the two countries hit 100 billion U.S. dollars last year, according to official statistics. Wen and Roh also discussed how to carry out medium and long-term trade cooperation, focusing on environmental protection, energy preservation and high-tech cooperation. This is Roh's second visit to China since he took office in 2003. Roh paid a state visit to China in July 2003 (Source: Xinhua).

Ethiopian PM calls for new African-Chinese strategic partnership

ADDIS ABBABA, Oct. 17 - Ethiopian Prime Minister Meles Zenawi on Monday called for the establishment of a new strategic partnership between Africa and China, saying that Africa's relations with China have evolved into market-oriented economic engagement. On China's investment and trade cooperation with Africa, Meles said China's interest in Africa was "very welcome" and that cooperation had resulted in "dividends for both parties." Africa exports mainly unprocessed primary products which are low value added, said the Ethiopian prime minister. Africa wants more Chinese firms to set up processing plants for these primary products, he said. "There is an interest to add value to these products within Africa and export these value added products to outside Africa," said Meles. As to Ethiopia's cooperation with China, he said bilateral cooperation in the fields of roads, hydropower and telecommunication is "very encouraging." Talking about the upcoming FOCAC's Beijing summit, he said the FOCAC has become a platform for dialogues and cooperation between the two sides (Source: Xinhua)

China to promote cooperation with India, says senior CPC official

BEIJING, Oct. 18 - China is ready to make active efforts to push for friendly cooperation with India, said a senior official, Luo Gan, member of the Standing Committee of the Political Bureau of the CPC Central Committee, in a meeting with a delegation from the Communist Party of India (Marxist) led by Sitaram Yechury. China and India in 2005 vowed to establish a strategic partnership towards peace and prosperity and this year marks a year of Sino-Indian friendship. Luo said China will further promote relations with India in line with the five principles of peaceful co-existence. Yechury said India and China enjoy similar views on many major issues and have made fruitful cooperation in various fields. The Communist Party of India (Marxist) is ready to enhance exchanges with the CPC, in an effort to push for the development of India-China ties, Yechury noted. Yechury and his delegation are in China from Oct. 16 to 24 at the invitation of the CPC (Source: Xinhua).

South Africa warns of failure in quota on Chinese textiles

QUEENSTOWN, Oct. 18 - South African Deputy President Phumzile Mlambo-Ngcuka warned that the government may be forced to ask Chinese to increase the quota of clothes and textiles they export to South Africa if local manufacturers fail to meet demands, according to a report on Tuesday. South African Press Association quoted the deputy president as saying that if local businesses fail to make the most of the quota agreement that government had reached with China, it would expire. The recent decision of the Department of Trade and Industry to limit imports from China angered retailers who argued that it would drive clothing prices sky high. But the government got the thumbs-up from labor unions who said the move would curb job losses in the clothing and textile sector. South Africa decided to delay imposing planned quotas on 200 items of Chinese clothing and textile imports to January 1 from September 28 to take retailer concerns into account (Source: Xinhua)

Border fence construction on China-DPRK border not related to nuclear test, FM spokesman

BEIJING, Oct. 18 - The wire fence being constructed on the border between China and the Democratic People's Republic of Korea has nothing to do with the recent nuclear test by the DPRK, said Chinese Foreign Ministry spokesman Liu Jianchao on Tuesday. "China has been building border-control facilities since the 1990s and no link should be made to the current

situation on the Korean peninsula," he told a regular press conference. He clarified that China has been constructing wire fences and patrol roads on its land borders, including the China-DPRK border, since 1990 (Source: Xinhua).

China urges restraint on Korean Peninsula issue

BEIJING, Oct. 18 - China on Tuesday appealed to all parties not to make any move that might deteriorate the current situation on the Korean Peninsula but adopt "appropriate measures" and "correct actions" to create favorable conditions for resuming the six-party talks. Chinese Foreign Ministry Spokesman Liu Jianchao said it was particularly important for all the relevant parties to exercise restraint. Liu noted that Resolution 1718 passed by the UN Security Council has sent an "important" and "clear" message to the Democratic People's Republic of Korea (DPRK). China hopes the DPRK can respond to the appeal from the international community and take up a responsible attitude to fulfill its commitment to a nuclear-free Korean Peninsula, said Liu (Source: Xinhua).

Roundup: DPRK top leader meets Hu Jintao's special envoy

BEIJING, Oct. 20 - Democratic People's Republic of Korea's leader Kim Jong Il met with Chinese President Hu Jintao's special envoy, State Councilor Tang Jiaxuan in Pyongyang Thursday morning, Foreign Ministry spokesman Liu Jianchao said on Thursday. Tang, who arrived in Pyongyang on Wednesday, conveyed Hu's message to Kim during the meeting, Liu said, without revealing the content of the message. The two sides had an in-depth exchange of views on China-DPRK relations and the current situation on the Korean Peninsula, Liu said. "The meeting was of great significance and was extremely important for bilateral ties and the current situation on the peninsula," Liu told reporters. Prior to his arrival in the DPRK, Tang also visited the United States and Russia, meeting with U.S. President George W. Bush and Russian President Vladimir Putin (Source: Xinhua).

President Hu meets with U.S. Secretary of State Rice

BEIJING, Oct. 20 - Chinese President Hu Jintao met with visiting U.S. Secretary of State Condoleezza Rice Friday in Beijing. "It is essential for the two countries to consult closely on major international and regional issues, especially the highly complicated nuclear issue on the Korean peninsula," Hu said. Hu said Rice arrived in Beijing shortly after State Councilor Tang Jiaxuan visited the United States as his special envoy. "This shows that U.S. President George W. Bush and the U.S. government attach great importance to U.S.-China relations," he said. Rice echoed Hu, saying her visit is a "sign of close cooperation" between the two countries. She also said "it is important that in the current difficult and complex situation, the two countries coordinate closely and share ideas on the Korean Peninsula nuclear issue." Hu said the Chinese side has always been an advocate of the denuclearization of the Korean Peninsula. China opposes nuclear weapons proliferation and seeks a peaceful solution to the nuclear issue. China "firmly opposes" the Democratic People's Republic of Korea's (DPRK) nuclear test, and adheres to UN Security Council Resolution 1718, Hu said, stressing that China will continue to pursue a peaceful solution to the nuclear issue on the Korean Peninsula through dialogue and negotiation. China is the third leg of Rice's four-nation tour, which has already taken her to Japan and the Republic of Korea. From China she will travel to Russia (Source: Xinhua).

Chinese premier: "no other choice but diplomacy" on Korean nuclear issue

BEIJING, Oct. 20 - Chinese Premier Wen Jiabao Friday said "there is no other choice but diplomacy" when addressing the Korean peninsular nuclear issue. "The Korean peninsular nuclear issue now stands at the crossroad and what course to follow is directly related to the peace and stability in East Asia and the world at large," Wen told visiting U.S. Secretary of State Condoleezza Rice. Prior to the meeting, State Councilor Tang Jiaxuan met with Rice. "Fortunately, my visit to the Democratic People's Republic of Korea (DPRK) this time has not been in vain," Tang told Rice at the start of their meeting. Tang, who visited Pyongyang as special envoy of President Hu Jintao on Wednesday and Thursday, conveyed Hu's message to DPRK leader Kim Jong Il during the visit. In talks with her Chinese counterpart Li Zhaoxing, Rice said they talked about "the importance of leaving open a path of negotiations of the six-party talks." (Source: Xinhua)

North Korea says no more tests

Oct. 21 – North Korea has told a Chinese envoy it plans no further nuclear tests, South Korean and Japanese media reported on Friday, raising hopes China's diplomacy might draw its unpredictable neighbor back to talks. Chinese President Hu Jintao sent a team of diplomats led by State Councilor Tang Jiaxuan to Pyongyang earlier this week as speculation mounted that the communist state might be about to detonate a second nuclear device. "Fortunately, my visit this time has not been in vain," Tang said at the opening of his meeting with Rice in Beijing (Source: Reuters).

Politics

CPC promotes "socialist core values" as moral base for society

BEIJING, Oct. 19 - The Communist Party of China (CPC) has highlighted the concept of "socialist core value system" to lay the "moral and ideological foundations" for social harmony. The concept of the "socialist core value system" was publicized for the first time at the recent Sixth Plenum of the 16th CPC Central Committee, at which the CPC highlighted the importance of creating a "socialist harmonious society". The Party said the value system should consist of Marxism, Socialism with Chinese characteristics, patriotism, the spirit of reform and innovation and the socialist sense of honor and disgrace. In the 1980s, the Chinese authority issued a package of moral instructions - the Five Standards, Four Virtues and Three Loves - to serve as a moral yardstick for Chinese. On March this year, another large-scale morality drive was launched in the form of President Hu Jintao's list of eight honors and disgraces, which stressed the boundary between the right and wrong (Source: Xinhua).

Economy

Wal-Mart Plans to Double China Stores With \$1 Billion Takeover

SHANGHAI, Oct. 17 - Wal-Mart Stores Inc., stymied this month in its attempt to expand in Japan, plans to invest \$1 billion in China by buying Trust-Mart, doubling its stores in the country's \$841 billion retail market. The deal needs regulatory approval and may not be announced for weeks, said a person familiar with the proposed acquisition yesterday, who

declined to be identified before an announcement. Trust-Mart spokesman Huang Shiyong confirmed it's in talks with Wal-Mart and other overseas companies. No buyer or price has been decided for the grocery and appliance provider, he said. Expansion in the world's fourth-largest economy may counteract slowing U.S. sales and bolster revenue. The U.S. retailer said last month that two-thirds of its stores in China have set up trade-union branches. The company, with 33,000 employees there, is cooperating with the All-China Federation of Trade Unions. Allowing its Chinese workers to unionize follows criticism from workers' groups that Wal-Mart exploits lax employee protection in the world's fastest growing major economy to keep costs low (Source: Bloomberg)

China vows to improve performance of foreign capital: Premier

GUANGZHOU, Oct. 17 - China should improve the performance of foreign capital and introduce more advanced technology and management expertise, said Premier Wen Jiabao during a tour of Guangzhou on Sunday. Accompanied by local officials, Wen visited several joint ventures and foreign-funded companies to learn about their business performance. At the Sino-Japan Guangqi Toyota Engine Co. Ltd, Wen said China must bring in the best technology through establishing joint ventures with foreign companies. This would enable, he said, the joint venture to develop more China-made machine parts. At GE Plastic (China), Wen said China boasts convenient infrastructure, a vast market and well trained employees. He urged foreign-funded companies to be far-sighted and conduct long-term cooperation with China. During the inspection, Wen said China will continuously improve laws and regulations related to the business of foreign companies, create a fair environment and protect the legitimate rights of all kinds of companies (Source: Xinhua)

China becomes world's third largest FDI recipient

Oct. 17 - China has become the world's third largest foreign direct investment (FDI) recipient, according to the World Investment Report 2006. According to the report released by the United Nations Conference on Trade and Development (UNCTAD) on Monday, China is the largest FDI destination of all developing countries, receiving 72.4 billion U.S. dollars of FDI in 2005. The report showed that the FDI into China's financial service sector hit a record high of 12 billion U.S. dollars in 2005. During the past few years, while receiving large amounts of FDI, Chinese companies have been actively investing overseas, according to the report. Between 2002 and 2005, the overseas investment of Chinese multinationals registered an average annual growth of 65.6 percent. By the end of June this year, China's investment overseas totaled 63.64 billion U.S. dollars, the report said (Source: Xinhua)

China's GDP growth slows in third quarter as macro-control policies pay off

BEIJING, Oct. 19 - China's gross domestic product (GDP) grew by 10.4 percent in the third quarter of 2006, down 0.9 percentage points from the second quarter, the National Bureau of Statistics (NBS) announced Thursday. The growth in the first three quarters was 10.7 percent, down 0.2 percentage points from the first half of the year. The industrial sector reported growth of 13 percent, compared with 4.9 percent for the agricultural sector and 9.5 percent for the services sector. Fixed asset investment totaled 7.19 trillion yuan (910 billion U.S. dollars) in the first nine months, up 27.3 percent from the same period last year, but 2.5 percentage points down from the first quarter. China's foreign reserves stood at 987.9 billion dollars at the end of

September, a rise of 169 billion dollars from the beginning of the year. The volume of foreign trade surged to 1.27 trillion dollars, up 24.3 percent on the first three quarters of last year. Retail sales in the first three quarters totaled 5.5091 trillion yuan, up 13.5 percent year on year. Despite the two-digit economic growth, the consumer price index only inched up 1.3 percent in the first nine months. With the economy in danger of overheating, the government has raised the central interest rate as well as deposit reserve requirements for commercial banks. The government has also published new land sale rules, raising land use taxes as well as compensation to those who lose their land to developers (Source: Xinhua).

China's fast nuclear reactor to start tests in 2010

CHENGDU, Oct. 19 - The country's first experimental fast nuclear reactor will begin trials in 2010, said Kang Rixin, general manager of China National Nuclear Corporation. Kang made the remarks at the ongoing 21st International Atomic Energy Agency (IAEA) International Fusion Energy Conference in Chengdu, capital of Southwest China's Sichuan Province. The six-day conference, which will wrap up on Saturday, has attracted 830 scientists, 750 from overseas. China started its research into fast nuclear reactor technology in 1995 and has invested 1.4 billion yuan (US\$175 million) in the construction of the experimental reactor. However, fast nuclear reactor technology is not the only area of investigation. According to Pan Chuanhong, director of the Southwestern Institute of Physics of China National Nuclear Corporation, China has been researching nuclear fusion as an alternative energy source for the last 40 years. Scientists have studied the feasibility of using deuterium or heavy hydrogen from seawater to create nuclear fusion. Nuclear fusion is how the Sun produces energy. Calling fusion a safer and more environmentally friendly alternative to fission, Werner Burkart, deputy director-general of the IAEA, said that the potential to develop fusion energy is unlimited. However, Pan admitted that the first nuclear fusion plant won't be built until the middle of the century (Source: Xinhua).

Africa accounts for 30 percent of China's oil imports: official

BEIJING, Oct. 19 - China imported 38.34 million tons of crude oil from Africa in 2005, accounting for 30 percent of its oil imports, an official with the National Reform and Development Commission (NRDC) said on Wednesday. By the end of 2005, China had invested in 27 major oil and natural gas projects in 14 African countries, including Sudan, Algeria, Angola and Nigeria, said Zhang Yuqing, deputy head of the NRDC's energy department. Speaking at a press conference on the forthcoming Sino-African cooperation forum, Zhang said China's investment in the energy sector had contributed to the economic development of African countries, while its technical cooperation and training programs had helped Africa train its own oil technicians. Chinese firms have also been actively involved in building roads, bridges, hospitals and other public facilities, he said. China's dynamic economic growth over the last two decades has led to a surge in its oil demands. Official figures show that the country imported 126.82 million tons of crude oil in 2005. Saudi Arabia was China's largest source of crude oil, with imports totaling 22.18 million tons. It was followed by Angola's 17.46 million tons. Four African countries, namely, Angola, Sudan, Congo and Equatorial Guinea, were among the top 10 oil exporters to China in 2005. The Sino-African cooperation forum will hold its summit and ministerial conference in Beijing between Nov. 3 and 5. Chinese and African leaders are expected to take part in the summit with a theme of "Friendship, peace, cooperation and development" (Source: Xinhua).

Society

More than 70% of Chinese illiterates are female

BEIJING, October 15 – Currently there are 113.8 million Chinese adults who cannot read and write, more than 83.83 million being female, or over 70% of the total illiterates. The data were revealed at the Illiteracy Elimination Report Meeting in Xining recently. The great number of female illiterates in China also poses a great risk that their children will fall a victim to illiteracy, too, which might cast a shadow over the future of the country (Source: Chinanews).

Middle class enjoys economical lifestyle

CHANGCHUN, Oct. 21 – According to Jilin Daily, currently more and more middle-class people in Changchun, Jilin Province choose to pursue an economical lifestyle. They refuse to buy unpractical luxuries and famous brands, and they often appear in secondhand markets in suburbs. They possess great consuming power; however, they think their money should be spent wisely and economically. They say that they will never buy luxuries to show off their fortune, and a frugal lifestyle never means a miserable life (Chinanews).

Panchen Lama conducts ceremony in Yonghe Lamasery

BEIJING, October 21 – The Panchen Lama conducted a Buddhist ceremony in Beijing's Yonghe Lamasery Saturday, October 21, 2006. Hundreds of his followers participate in the ceremony. The 17-year-old Panchen Lama studies Buddhism in Beijing and frequently visits Tibet and other Tibetan ethnic areas in Qinghai, Gansu, Sichuan, and Yunnan provinces to hold religious rituals.



(Photo: chinacqsb.com/sina.com.cn)

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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