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April 9, 1984

BEIJING REVIEW

北京周报

A CHINESE WEEKLY OF
NEWS AND VIEWS

**Exploiting Oil in South China Sea
Reform of Banking System • China's Patent Law**



China's Scientists Investigate the South Pole



Li Huamei, China's first woman scientist to the South Pole, takes samples.



Xu Chang, an engineer, drives a snowmobile on the ice nearby Scott Base.



Xu Chang working in the shed.

Li Huamei relaxing in front of her tent.



Xu Chang, Li Huamei and a Japanese scientist (middle) at the Vanda Station.

SPOTLIGHT



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COVER: "Nanhai 4" well gushes crude oil.	Photo by Xu Jun

HIGHLIGHTS OF THE WEEK

Reform of Banking System

To meet the needs of economic development and monetary expansion, China has established a new banking system which includes several specialized monetary institutions, with the People's Bank of China still at the centre (p. 16).

Oil Exploitation in South China Sea

Exploitation work by Chinese and foreign experts in recent years confirms that China has rich oil deposits in the South China Sea, estimated at no smaller than 5,000 million tons. By the end of 1983, China had signed contracts with 27 oil companies from nine foreign countries to exploit its offshore oil in this area (p. 19).

The Patent Law of China

The full text of the law is printed along with an article explaining the scope of its protection, its principle of priority rights and licensing (p. 23 & supplement at the centrefold).

Scientists Take on Antarctic Hardships

Since they first set foot on Antarctica in 1980, Chinese scientists have had to face awesome physical and emotional hardships—often at great risk to their lives—in the search for knowledge. The sacrifices are starting to pay off, with the publication of a collection of these about previously unknown plant and animal species (p. 25).

Peasants Run Schools

Hebei Province's experiment to let the peasants run middle and primary schools has proven a successful reform in rural education. With state funds concentrated on schools in the county seats, the new method provides a better way to speed up the development of China's rural education (p. 4).

Lebanon: Troubled National Reconciliation

The situation in Beirut has deteriorated again after the second round of the national reconciliation conference held last month. The road towards the national reconciliation in Lebanon is full of twists and turns (p. 13).

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Peasants Run Their Own Schools

by XIN XIANGRONG
Cultural Editor

Hebei Province in north China is now experimenting with a reform in rural education to let the peasants run middle and primary schools in the countryside. This has brought about quick changes in the outlook of the schools.

Of the 140 counties and cities in the province, 130 have been selected for the experiment. The reform has begun to be popularized in 51 of them.

Up to now, nearly all schools in China's countryside were run by the state. But because the state shoulders heavy burdens in economic construction and has limited financial resources, it cannot provide all the investment needed for rural education. Therefore, schools in the countryside have rather poor buildings, teaching equipment and teachers.

In the first half of 1983 Hebei Province officials began to entrust the running of rural primary and junior middle schools to rural communes and production brigades. All funds needed by the schools are raised by the communes and brigades. As a result, what could not be afforded when the schools were run by the state can now be accomplished easily.

The lower primary school in the Qianbazhang brigade in Fucheng County formerly used a dilapidated house. After it was handed over to the brigade, the brigade and the peasants collected 35,000 yuan for a new school building with more than 1,000 square me-

tres of floor space, which opened in August 1983.

The Sanshengyuan commune in Lingshou County earmarked 110,000 yuan from its income earned by its industrial and sideline production to put up a two-storey building, which has 1,100 square metres of floor space, for the commune-run junior middle school. In this way, the commune brought together several junior middle school classes scattered all

To let the peasants run schools themselves is an effective way to speed up the development of China's rural education and plays a great role in raising the nation's educational level.

over the commune and purchased some new teaching equipment. This has laid the foundation for raising the teaching quality.

People in Hebei's countryside said that in the past, the banks occupied the best houses. Now, the schools occupy the best houses.

As flexible policies have been adopted for the countryside in recent years, agricultural production has developed fairly quickly. The peasants' living standards have improved and some peasants have prospered. From their experience, the peasants know that if they want to further develop production and build a rich new countryside, they must have education. They are all willing to contribute some money for running schools so that their sons and

daughters can receive better instruction.

But this has not increased the burden on the peasants. In 1949 when the People's Republic was founded, agricultural tax levied on the peasants in Hebei Province accounted for 8 per cent of the province's total agricultural output value. In 1983, it was just 1 per cent. This is because the agricultural tax has stayed the same (it has been reduced in some places) while production has grown and developed.

Each peasant needs to contribute only 5 or 6 yuan a year to finance the schools. For instance, life in Hengshui Prefecture was very poor a few years ago. However, since flexible policies were adopted for the countryside, the peasants' income has increased rapidly. They now grow cotton in saline-alkali soil which is not suitable for grain crops. One peasant in the prefecture said: "We will have the money for running schools if we grow a little more cotton."

The peasants have the right to select and appoint teachers for their schools. They can give different pay to the teachers, according to their ability and attitude towards work. They do not hire those who are not qualified.

Luanxie Village in mountainous Shahe County has run two small coal pits which earn a profit of more than 800,000 yuan each year for the village. With the money the villagers intend to build a plate glass factory. But they do not have the qualified people. So when they are permitted to run their own school they plan to run it well to train more competent peo-



ple for the work. They put an advertisement in a provincial newspaper for qualified teachers. From the 360 applicants throughout the country, they hired seven for their junior middle school, three of whom are from other provinces and Tianjin. Each teacher receives 130 yuan a month, 50 to 100 per cent higher than the wages for state-employed teachers. Because the teachers get higher pay, they are very enthusiastic about their work. They do all they can to improve their teaching abilities.

When rural middle and primary schools are put under the care of the communes and brigades, part of the money the state formerly spent on these schools will go to those communes and brigades which have difficulties in running schools, part of it will be used to improve the equipment of key schools in the county and part will be used to raise the pay of state-employed teachers.

The experiment in Hebei Province is of great significance. China has plans to popularize primary school education in most of its counties by 1985. The task has already been accomplished in one-fourth of them. Now, only 30 per cent of the young and middle-aged peasants are educated at or above junior middle school level. Rural schooling, which is closely related to agricultural modernization, shoulders a heavy task in raising the nation's educational level. Hebei Province's experiment makes it possible to find a better way to speed up the development of China's rural education.

Authoritative "Notes From The Editors"

In my opinion, the column "Notes From the Editors" is very authoritative. Comparing the article "New Productive Forces in Rural Areas" with Vice-Premier Wan Li's report, "Developing Rural Commodity Production," (see issue No. 9) I find the former is really profound.

In Japan, some people wonder whether the specialized households will become "new rich peasants."

Thanks to the article, which points out the functions and importance of the new commodity producers in the social economy, foreign readers can deepen their understanding of the problem. These new commodity producers, known as specialized households, always work hard, take the lead in using new technology and are good at intensive farming. That is why their productivity is much higher than that of ordinary peasant households. As a result, they are able to sell 70-90 per cent of their products as commodities. They are pace-setters for agricultural modernization.

Although the peasants have long been emancipated from the old exploiting system, farm production has developed since the agricultural co-operative movement was completed in 1956, the backward self-sufficient mode of production had still not been fundamentally changed. The co-operative economy was handicapped by over-concentrated, single-crop farming and absolute egalitarian distribution. This forced the peasants, who make up more than 80 per cent of China's population, to tie up their labour power on a limited area of cultivated land just to feed

the nation. The analysis penetratingly explains an extremely important issue in China's countryside under the socialist system.

"Absolute egalitarianism" was the banner of the peasant uprisings under the feudal system, and can also be said as a conservative idea inherited by Chinese peasants from old China. Therefore, eliminating this conservative idea is a key to realizing the four modernizations. Egalitarianism cannot be eradicated by a slogan or by a report. On the contrary, it is necessary to formulate specific policies, and to implement the household-based contract system within the framework of the co-operative economy, thereby effectively mobilizing the initiative of the millions of peasants.

The proportion of commodity production in the rural economy rose from 40 per cent to more than 50 per cent during the last five years, and about 100 million peasants have switched from farming to developing other natural resources. In my opinion, it means the agricultural population is decreasing while the agricultural productive forces and the national income are increasing.

Masatoshi Sawada
Akashi, Japan

Religious Policy in Full Force in China

Your issue No. 3, 1984 impressed me most. Your article entitled "Religious Policy in Full Force" told me what I did not know. Although I profess and practise Marxism, I did not know that religious freedom exists in socialist China.

Bruno Katitia
Lusaka, Zambia

Tibet: Changes in a Quarter Century

Tibet has changed more over the last 25 years than it has in centuries, said Lulu Caiwang Duoji, vice-chairman of the regional committee of the Chinese People's Political Consultative Conference on the occasion of the 25th anniversary of democratic reform in Tibet.

Lulu, also a member of the CPPCC National Committee, used to be one of the four major officials with the former Tibetan local government.

In 1951, when Tibet was first peacefully liberated, Lulu recalled, there was nearly no industry in the region. There were only two regular schools and a few dozen private schools, with fewer than 1,000 students. Apart from some Tibetan medical practitioners, there were only four people who might be called technicians.

Now, Tibet has established 2,542 primary schools with 124,600 pupils and 55 middle schools with 18,000 students. The students at the schools have increased 8.6 and 54 times respectively since 1959. There are also 13 secondary technical schools and three institutes of higher learning. Tibet University, which is being organized, will begin enrolling students in 1985.

The region now has more than 500 hospitals with 4,500 beds, and there are as many as 7,000 medical workers of all kinds. Furthermore, 10,000 scientific and technological personnel are doing research in various fields, such as agriculture, animal husbandry, industry, transportation and communications, energy, architecture and meteorology.

In 1982, the region's industrial

output value was 138 million yuan, a 13.8-fold increase from 1958, the year before the democratic reform. The agricultural output value was 634 million yuan, a four-fold increase. The output of grain, oil-bearing crops and living animals all doubled during the same period.

Last year, Lulu said, Tibet was hit by a serious drought rare in the past century. Although 75 per cent of cultivated land was affected and the lack of water led to a shortage of livestock fodder, the region's gross industrial and agricultural output value was basically kept at the level of 1982.

Xuikang Tubadain Nyima, Vice-Chairman of the People's Congress Standing Committee of the Tibet Autonomous Region, said, "The democratic reform in 1959 ended the rule of the 'three feudal lords' (nobles, monasteries and local

government) and won personal freedom and political equality for the serfs, who accounted for 90 per cent of the Tibetan population."

The key to realizing real autonomy for minority nationalities is to let minority nationality cadres administer their own affairs. But as a result of centuries of serfdom, most Tibetan working people are not intellectual and so there is need for people of other nationalities to help in administration. That is why when the democratic reform ended, Tibetan cadres made up only a third of those in the region.

During the past two decades, Xuikang said, the situation has changed significantly, owing to efforts in training minority nationality cadres. By the end of 1983, cadres of Tibetan and other minority nationalities made up 59

Horses and sheep grazing on Tibetan pastureland.



per cent of the region's total, an increase of 26 per cent up from the 1960s.

Among the chairmen, vice-chairmen and other leaders on the regional Party committee, the standing committee of the people's congress, the people's government and the CPPCC committee, cadres

of Tibetan and other minority nationalities make up 80 per cent.

Of the leaders at the city and prefectural levels, 74 per cent are minority nationalities. At the county level, they make up 78 per cent, while below county level, the leading cadres are all Tibetans or other minority nationalities.

Keeping Pace With World Technological Revolution

In the new world technological revolution China must adopt a correct strategy and policies for technological and industrial development if it wants to narrow the gap with the developed nations and catch up to or surpass the world advanced level relatively quickly.

Ma Hong, President of the Chinese Academy of Social Sciences, explained this position to about 2,000 senior and middle-ranking officials in one of a series of lectures sponsored by central government departments beginning in March.

Highlighted by the development and use of new information technologies, biological engineering, new types of materials, new energy resources and oceanological development, the current technological revolution has commanded widespread attention among Chinese economists, scientists and technicians.

"We should make full use of the opportunities and favourable conditions offered by this revolution to transform China's existing enterprises by directly employing new techniques that meet our needs. On this basis we should develop appropriate new industrial branches," Ma said.

China is handicapped by its huge population and weak industrial foundation, he noted, and is short both of funds and scientific

and technological resources. Therefore, in formulating policies, he suggested considering the following aspects:

— Developing labour-intensive and information-intensive industries to create products with distinctive Chinese characteristics;

— Developing those techniques which can be used by medium-sized and small enterprises, specialized peasant families and medium and small towns and sideline occupations;

— Stressing the development of those techniques which are urgently needed in China and will yield good economic results;

— Employing those new techniques which are compatible with present productivity and productivity in the near future;

— Adopting those new techniques which require less investment but may economize on the use of materials and energy;

— Strengthening the training of professionals and developing intellectual resources to raise the cultural and scientific standards of the nation as a whole;

— Organizing groups to master newly emerging technologies in which China already has some grounding.

Over the past 30 years China has built up a fairly complete in-

dustrial and economic system, Ma Hong pointed out. It has also made considerable progress in training its own scientists and technicians and mastering production technologies. A certain amount of research has been done into computers, genetic engineering, new materials and new forms of energy, and progress has been made in using them. These created favourable conditions for applying new technologies in certain branches of the economy, he said.

Nuclear Power Stations Planned

Two nuclear power stations will be built in east and northeast China during the Seventh Five-Year Plan (1986-90), Vice-Premier Li Peng announced.

China's first, the Qinshan Nuclear Power Station, with a designed capacity of 300,000 kilowatts is under construction in Zhejiang Province. Another site is being prepared in Guangdong Province.

By the end of this century, China will set up a group of million-kilowatt nuclear power stations using pressurized-water reactors, supplying 10 million kilowatts.

China's coastal areas are short of water and coal resources, and development of nuclear power station is therefore urgent in these areas.

Li said China will follow proper procedures in developing its nuclear power stations. The nuclear industry in China has begun to take shape. China has uranium resources. It has trained a number of nuclear professionals and set up a fairly comprehensive system for nuclear production. Their level of technical know-how is on par with that of other developing countries.

China hopes to import both nu-

clear equipment and manufacturing technology. This will help China become self-sufficient in building nuclear power stations.

Energy, Transport To Get Investment

China will invest 23.6 billion yuan (nearly US\$11.8 billion) in key energy and transport projects this year, 4 billion yuan more than in 1983, the State Planning Commission has announced.

These projects account for 36.3 per cent of the country's total investment in capital construction this year. Seventy-nine of China's 123 top-priority construction projects this year involve energy and transport. The 79 projects include 14 coal mines with an additional annual production capacity of 89.59 million tons, 40 million tons more than in 1983; 26 power generating projects with a combined generating capacity of 15.17 million kilowatts, a rise of 5.45 million kilowatts; and six petroleum projects capable of producing 7.7 million tons of crude oil a year.

There are also 17 railway projects, which will add 1,017 kilometres of new lines, 1,054 kilometres of double-tracking and 3,314 kilometres of electrified lines. Twelve transport projects will cover the construction of 51 shipping berths to handle 81.17 million tons of cargo annually, while four telecommunications projects will involve completing 84,000 cubic metres of earthwork and laying 3,000 kilometres of cables.

Beginning this year, auxiliary work at key projects will be included in the state plans to ensure their simultaneous operation.

Construction of 177 auxiliary projects will proceed along with China's 123 top-priority projects

this year. These will include 134 in energy and transport.

All these projects must be completed on schedule. Officials in charge of the projects will be held responsible if construction is delayed, said a spokesman of the State Planning Commission.

Co-operative Body Resumes Activities

A folk handicraft co-operative of handicapped youths was inaugurated in Beijing on March 19. This is the first organization of its kind established with the help of the Chinese Industrial Co-operative Movement (CIC) since it resumed activities.

The ceremony was held in a hall which was small but lavishly decorated with papercuts and other handicrafts hung on walls and pillars. Each of the co-operative members wore a triangular "Co-op" badge they made themselves. The youths were so confident and vigorous that people could almost forget they were all handicapped, although some were in wheelchairs.

Among those present were Luo Jun, founder of the CIC and newly elected chairman of the board, vice-chairman of the board Lu Guangmian and Ruth Weiss, a foreign expert with *China Pictorial*. They all said they hoped the co-operative would carry on the old traditions of the CIC and play an active role in China's socialist construction.

The CIC was established at the beginning of the anti-Japanese war (1937-45) by Rewi Alley and Edgar Snow, two foreign friends of the Chinese people, and Hu Yuzhi, Chen Hansheng and others. It was supported by Mao Zedong and Zhou Enlai. In 1939, when the international committee of the CIC was established in Xianggang

(Hongkong), Mme Soong Ching Ling was appointed its honorary chairwoman.

The main task of the CIC was to mobilize the masses to develop small industries in the rear areas, providing support for the anti-Japanese war and the War of Liberation (1946-49). During the anti-Japanese war, the CIC organized 3,000 small co-operatives which played a significant role in the struggle against the Japanese invaders by making army uniforms, weaving blankets, repairing arms, manufacturing light arms, and preparing medicines, vehicles and machines for the frontline.

The CIC will organize more co-operatives for production, services and handicrafts. These organizations serve the dual purpose of expanding production and preserving traditional handicraft techniques by training handicraft artists. They will also restore and develop exchanges with compatriots in Xianggang, Aomen (Macao) and Taiwan, overseas Chinese and international co-operatives and other friendly organizations.

Plans Drawn Up For Garden Park

Beijing residents and tourists from both home and abroad will soon have another stop on their itinerary of the city—the Baihe Garden Park, where they will be able to get away from all the hassles of city life and come closer to nature.

Ground will be broken this spring on the garden park, to be located 70 kilometres northeast of the capital. Upon completion, it will cover 720 hectares along the Baihe River.

Its location between Beijing and the city's summer resort, the Mi-

yun Reservoir, will allow holiday-makers to breathe in the garden park's fresh air in the morning and dive into the city's largest reservoir in the afternoon.

The Baihe Garden Park will have three parts: an entertainment garden, a nationality garden and a history garden. A railway will link the three sections together.

The history garden, 270 hectares to border on the Miyun Reservoir on the north, will be subdivided into small segments recreating in miniature the evolution and folkways of the Chinese nation through some of the dynasties in Chinese history. There will be three villages modelled on those in the Three Kingdoms Period (220-280 A.D.). Four streets will each represent a significant invention attributed to ancient China: the magnetic compass from the Warring States Period (475-221 B.C.), paper-making from the Eastern Han Dynasty (25-220 A.D.), gunpowder from the Tang Dynasty (618-907) and printing from the Song Dynasty (960-1279). Models will be made of the capitals of the Xia, Shang and Zhou Dynasties, as well as the Han, Song, Liao and Yuan Dynasties.

Park attendants will be dressed in the costumes of the period, and tourists will be able to relish the meals and travel in vehicles modelled on those of the dynasties.

The project will be constructed in three stages. The first involves stabilizing the river bed, planting fruit and garden trees, and building wind breaks and fish ponds.

Miyun County of Beijing is in charge of the construction. The municipal government has granted funds, and Chinese and overseas investments are welcome.

Other gardens and parks now under construction in Beijing include Shichohai Park and Shijing-shan Octagonal Park, the first sculpture park.

Support Reiterated For United Korea

General Secretary Hu Yaobang has told a delegation from the Democratic People's Republic of Korea that he plans to visit their country in early May at the invitation of President Kim Il Sung to reaffirm China's unreserved support for Kim's correct policy for the peaceful reunification of Korea into a confederation.

Hu met the delegation from the newspaper *Rodong Sinmun* on March 27. The delegation was led by its editor-in-chief, Kim Ji Nam who is also a member of the Central Committee of the Korean Workers' Party.

Hu told the guests that the main purpose of his upcoming visit is to have a full exchange of views with Comrade Kim Il Sung on the current international situation, particularly the situation in Asia, while learning from Korea.

Hu's visit will be his second to Korea. His first was in April 1982 in the company of Deng Xiaoping.

He said that the world was concerned about the situation on the Korean Peninsula. Relaxation of this situation and a peaceful reunification through negotiations between the north and the south would provide an important guarantee for peace and stability in the Asia-Pacific region.

Hu went on to say that the entire Korean nation had struggled for nearly a century for independence, liberation, democracy and progress. It suffered from colonial oppression for more than 50 years and has endured division for another 39 years, he added.

"President Kim Il Sung and Comrade Kim Jong Il are firmly in favour of easing relations between the north and the south and

bringing about a peaceful reunification in a confederation," Hu said, "This is the only correct policy."

The Chinese people are squarely behind the Korean people in their effort to achieve the great goal of peaceful and independent reunification of Korea, with the sympathy and support of people the world over, he added.

"Once reunification is attained, it will play a very important role in promoting peace and stability in the Asia-Pacific region and the world as a whole," he said.

Hu was quick to add that this goal should be reached through negotiation. "President Kim Il Sung proposed that tripartite talks be held for this purpose, and we are all for it," he said. "Any foreign country that opposes the settlement of the Korean question through negotiations will meet with worldwide condemnation."

"Should any country invade the northern part of Korea, we will, as we have stated, go all out to help you defeat the invaders," he told the delegation.

Kim Ji Nam told Hu Yaobang, "We believe that your coming visit, which will promote Sino-Korean friendship, will be an epoch-making event."

China Supports Latin America

President Li Xiannian has told Ecuadoran President Osvaldo Hurtado Larrea that the Chinese Government and people "sympathize with and support" the just positions and reasonable demands of the Latin American countries.

Li's remarks were made in a letter dated March 28, responding to a letter sent by Hurtado on February 21, informing Li of the results of the Latin American

economic conference held in Quito in January. The conference was attended by representatives from 26 Latin American countries and several regional and international organizations.

The conference, which had been proposed by Hurtado, adopted a "Quito Declaration" and a "Programme of Action" after two days of discussion on how to deal with the massive impact of world economic crisis in Latin America.

Li said the conference was convened at a time when the economic situation in Latin America was critical. The documents adopted at the conference presented many important proposals on how to overcome economic crisis and reform the old international economic order, he said.

He said, "The Chinese Government hopes the developed countries and the international financial institutions will adopt a sensible and farsighted policy and give a positive response to the reasonable demands of the Latin American economic conference."

Latin America has rich natural resources, an industrious people and a degree of national economic development, Li said, adding that he was convinced that its people will overcome the economic difficulties and make their contributions to promoting the world economy by relying on their own efforts, strengthening regional co-operation and seeking foreign assistance.

Sihanouk Hailed On His Trip Home

Premier Zhao Ziyang said that Norodom Sihanouk's tour of his country and his visit to five ASEAN nations has fired the Kampuchean people's anti-Vietnamese spirit and won greater sympathy and world support for Democratic Kampuchea. Zhao

was speaking at a banquet in honour of Samdech and Madame Sihanouk, who visited China on March 24 at the end of his tour.

The situation in Kampuchea is moving in directions beneficial to the Coalition Government and Kampuchean people, Zhao said. He believes that the Coalition Government and the Kampuchean armed forces and people will eventually win their just anti-Vietnamese struggle, under Sihanouk's leadership.

Sihanouk talked about the situation of the battlefield at the banquet and said the Kampuchean problem could only be solved through intensified armed struggles, to weaken Vietnamese forces and strengthen anti-Vietnamese fighters on the battlefields.

Condolences on Death of Toure

Chinese President Li Xiannian and Premier Zhao Ziyang sent a message of condolences to Guinean Prime Minister Lansana Beavogui on March 27, expressing deep sympathy on the death of Guinean President Sekou Toure.

The message says, "President Sekou Toure was a forerunner in the national liberation movement of Africa. He devoted his whole life to combating imperialism and colonialism, safeguarding national independence and state sovereignty and developing his nation's economy. He also made indelible contributions to promoting unity in Africa and all of the third world. His passing is a great loss to the Guinean people and to the people of other third world countries.

"President Sekou Toure is an esteemed old friend of the Chinese people. We will always remember his efforts for and contributions to the cultivation of the profound friendship between the Chinese and Guinean peoples and friendly

relations and co-operation between the two countries. The Chinese people are deeply grieved by his death."

Xi Zhongxun, Member of the Political Bureau and the Secretariat of the Chinese Communist Party Central Committee, attended the funeral of President Toure in Conakry on March 30 as Special Envoy of the People's Republic of China and Representative of the CPC Central Committee.

Zhao Meets With Belgian Minister

Premier Zhao Ziyang will officially visit Belgium later this year to hold talks with government officials on furthering bilateral ties and other matters of mutual concern.

China attaches great importance to strengthening its ties with Western Europe and hopes for greater co-operation with the European Community, said Zhao during talks with Belgian Vice-Premier Jean Gol on March 29. More European entrepreneurs were welcome to invest in China and open joint ventures or wholly owned businesses, he said.

Such investors, Zhao said, would be provided with convenience to aid sales of their products as long as they brought in advanced technology suitable for the Chinese market.

Regarding the European countries' need for raw materials, he said China can help it through various forms including joint exploitation. He hoped these co-operative forms will develop further.

The economic situation in China has improved recently, Zhao said. Expanded construction programmes under the Seventh Five-Year Plan, to begin in 1986, will create vast opportunities for co-operation with the European Community.

He was satisfied with the development of Sino-Belgian relations and appreciated the many exchanges between the judicial workers of the two countries.

Gol, also Belgium's Minister of Justice, said relations between his country and China are good and the two countries hold similar or identical views on many major international issues. Belgium is willing to co-operate in China's modernization drive, he said, and to contribute to promoting co-operation between China and European Community.

Sino-Soviet Talks Seen as Useful

The fourth round of Sino-Soviet consultations was held in Moscow from March 12 to 26, during which both sides pointed out that since the consultations began, the ties and exchanges between their countries in economic, trade, science, culture and sports had increased on the basis of mutual benefit.

Qian Qichen, Vice-Foreign Minister and Special Envoy of the Chinese Government for the consultations, and Leonid Ilyichev, Vice-Foreign Minister and Special Envoy of the Soviet Government, continued their exchange of views on the normalization of relations between the two countries during the talks.

The consultations proceeded in a frank and calm atmosphere. Both sides believed the talks had been useful, and decided to hold the next round in Beijing this October.

Andrei Gromyko, Soviet first Vice-Chairman of the Council of Ministers and Foreign Minister, met Qian Qichen on March 23.

During the meeting, they exchanged views on the normalization of Sino-Soviet relations, bilateral contacts and world issues.

China Backs Thais In Viet Fight

A Foreign Ministry spokesman said on April 2 that China firmly supports Thailand in its counter-attacks against Vietnamese intrusions.

The spokesman said, "The Vietnamese occupation troops in Kampuchea have recently once again intruded into Thailand, but were beaten back by the valiant Thai soldiers and civilians.

"On March 29, the Thai foreign ministry lodged a strong protest with the Vietnamese authorities. The Chinese Government indignantly condemns Viet Nam's aggression and firmly supports the stern and just position of the Thai Government on the matter."

The spokesman continued, "During his recent trip to a number of Asian and Pacific countries, Vietnamese Foreign Minister Nguyen Co Thach glibly talked about his so-called 'realistic attitude' and 'sincerity' in solving the Kampuchean problem.

"No sooner had he made these remarks than Vietnamese troops tried to march into Thailand, laying bare the hypocrisy and deceitfulness of the Vietnamese authorities."

The spokesman added, "Viet Nam's criminal action is a grave violation of Thailand's territory and sovereignty and a serious threat to peace and security in Southeast Asia. It is also a severe provocation to all justice-upholding countries and peoples."

Frontier Artillery Fire in Retaliation

Chinese frontier artillery corps in Guangxi and Yunnan Provinces

fired back at Vietnamese troops which had conducted ceaseless armed provocations against the Chinese border areas on April 2.

At noon, guns roared simultaneously in Fang Cheng, Ningming and Jingxi in Guangxi. The bombardment covered all enemy targets and destroyed its surface fortifications.

The shelling began in the morning along the border running through Jingping, Malipo and Funing in Yunnan. The shells fell precisely on the Vietnamese troops' posts.

Vietnamese troops instigated more than 80 incidents of armed provocation and harassment in the first three months of this year, killing and wounding many border inhabitants, taking away six civilians and destroying many houses and school buildings.

Recently, Vietnamese troops have carried out more armed provocations. Chinese peasants in the border areas are unable to proceed with spring ploughing and normal life.

Since spring arrived, Vietnamese troops have conducted repeated armed incursions and been responsible for many bloody incidents along China's border in Yunnan. According to incomplete statistics, Vietnamese troops fired more than 3,000 bullets and shells into Yunnan on more than 60 occasions, killing and wounding many border inhabitants and destroying a number of trucks and tractors.

Armed provocations by Vietnamese troops make it impossible for local people to tap rubber on 333 hectares of rubber plantations and to manage the 300,000 rubber saplings on the banks of the Honghe river. Ploughing and sowing of 667 hectares of farmland near the border cannot be completed in time due to the attacks.

Viet Nam

War of Words in Dry Season

by XIAO LING

VIETNAMESE Foreign Minister Nguyen Co Thach paid official visits to Indonesia and Australia last month, stopping twice in Bangkok on the way. As Viet Nam's aggressive war in Kampuchea entered its sixth year, Thach's diplomatic offensive was regarded as an attempt to create friction among the Association of Southeast Asian Nations (ASEAN) on the Kampuchean issue, and to split the three-party Coalition Government of Democratic Kampuchea (DK).

However, Thach's visits did not produce any of the desired results. They only served to show once again that Viet Nam will not change its aggressive policies towards Kampuchea, although it is still in a difficult predicament both at home and abroad.

When Thach was in Bangkok on March 9, he ruled out a unilateral withdrawal of Vietnamese troops from Kampuchea, and said he would not propose any new initiatives concerning the Kampuchean issue during his visits to the two countries.

In Hanoi's view, Indonesia is a weak link in the ASEAN chain. Thach considers Jakarta as the sole bridge connecting the ASEAN nations with the Indochinese countries. But in Jakarta Thach rejected ASEAN's latest proposals for a solution to the Kampuchean question, demanding a step-by-step withdrawal of Vietnamese troops.

Thach called on Indonesia to

join in facing what he called "the Chinese threat to Southeast Asia," and said Viet Nam would pull its troops out of Kampuchea only if that threat was eliminated. "China is the threat to the region and therefore we must co-operate to face it," Thach said after meeting Indonesian President Suharto. He added that Viet Nam and Indonesia share similar views regarding the challenges in the region.

However, Indonesian Foreign Minister Mochtar Kusumaatmadja said later Suharto did not respond to Thach's comments on this subject during their meetings. The so-called "Chinese threat" is fabricated by Hanoi, and Thach's plan was to divert people's attention from Viet Nam's aggression in Kampuchea.

Thach was not welcomed by many people in Australia, and met with a large-scale demonstration in Canberra. Ironically, the Vietnamese foreign minister said that a peaceful demonstration is much better than an armed confrontation. Thach claimed that Hanoi will put forward a new proposal on the talks concerning Kampuchea. He also spread the view, obviously with ulterior motives, that China's stance has become a bit softer.

Thach stressed that Viet Nam saw the removal of the Khmer Rouge as a military and political necessity, and demanded Khmer Rouge leaders be excluded from the DK Coalition Government before negotiations on Kampuchea can start.

The attitude of Viet Nam has revealed Hanoi's hegemonist am-

bitions. Five years ago Viet Nam launched a large-scale aggressive war in Kampuchea, attempting to wipe out the Khmer Rouge—the major obstacle to the establishment of Viet Nam's "Indochinese federation." However, the Khmer Rouge forces persevered in armed struggle and succeeded in establishing the Democratic Kampuchean Coalition Government with the other two patriotic armed forces. Since January of this year, the Kampuchean resistance forces and guerrillas have conducted a series of attacks against Vietnamese aggressors, and Viet Nam is confronted with setbacks and difficulties on the battlefield. Hanoi's attempt to wipe out the Kampuchean Khmer Rouge and other resistance forces has failed because it demanded the sacrifice of the Khmer Rouge. Viet Nam is vainly hoping to achieve by political dodges what it has failed to do on the battlefields.

Nguyen Co Thach's diplomatic visits have aroused the vigilance of the ASEAN states and the DK Coalition Government. Son Sann, Prime Minister of the DK Coalition Government, said it is no use for Viet Nam to try to split the coalition, and he has refused Thach's unreasonable demands. He stressed that the tripartite Coalition Government will strengthen its unity and fight to the end—the total withdrawal of Vietnamese troops.

Singapore Foreign Minister Supiah Dhanabalan said that Viet Nam's trick to split ASEAN is futile. The Thai Foreign Ministry has also refuted Thach's deceptive tricks. Describing Nguyen Co Thach as "a salesman of second-hand goods," Secretary General of the National Security Council of Thailand Prasong Soonsiri said

that Thach's propaganda would fail because Viet Nam's credibility is very low.

Both Malaysian Prime Minister Datuk Seri Mahathir and Indonesian President Suharto expressed their firm support of the Kampuchean people's resistance war.

Vietnamese authorities always

employ tactics both of military aggression and diplomatic cheating. As there is still some time before the rainy season starts, will Viet Nam conduct another military offensive against Kampuchean resistance forces after Thach's diplomatic failure? This question is certainly on the minds of many people.

Lebanon

Troubled National Reconciliation

by WANG SHANGZHI

NONE of the ceasefire agreements that have been reached between the warring factions in Lebanon have ever been truly followed. And now the situation in Beirut has deteriorated once again, with the Christian and Moslem militia groups bombarding each other's positions on March 28. Nearly two hundred people were killed or wounded in the latest fighting and many buildings were destroyed.

The endless turmoil in Lebanon has been caused largely by the deeply nursed hatred and confrontation between the Christian and Moslem factions, although there are complicated external factors as well. However, the Lebanese people have long been yearning for an end to the civil war and for a national reconciliation.

At the first round of the national reconciliation conference held in Geneva last November, the parties concerned concentrated on the repudiation of the Lebanese-Israeli accord of May 17, 1983, the withdrawal of the multinational forces from Beirut, consisted of US, French, British and Italian soldiers, and political and administrative reforms regarding distribution of state powers. Unable

to overcome what divided them, the parties reached no agreement.

The disputing factions, through Saudi Arabian mediation, and with Syria's support, again gathered on March 12 in Lausanne to proceed with the second round of negotiations.

However, the latest conference was held right after changes had occurred in the Lebanese situation. The Lebanese Government had decided to revoke the agreement with Israel, and at the same time the multinational forces, with the exception of the French troops, had retreated from Beirut. These developments removed major obstacles in the way of a dialogue between the opposing factions.

Also, President Amin Gemayel made a fruitful visit to Syria, greatly improving ties between the two countries. The improvement has prompted Syria, which, with its military presence and its powerful support for opposition factions, had a strong influence in Lebanon, to play a positive role in bringing about a national reconciliation. Naturally, the political and institutional reforms have become the only issue impeding reconciliation, and were the top priority at the Lausanne meeting.

At the Lausanne conference, the Christian leaders proposed the establishment of the "federation

system" — a plan to turn Lebanon into a federation of semi-autonomous cantons with each community running its own affairs and the central government responsible for foreign policy, defence, economy, finance and public education.

But the opposition Moslems want Lebanon to become a secular state and they put forward a package of reforms, including constitutional reforms, the formation of a senate, the abolition of "confessionalism" and the nomination of a prime minister by the Lebanese parliament.

The meeting was the scene of heated debates, with various factions seeking to maintain their own interests. Owing to these differences, the leaders of the various factions failed to reach an agreement on political and institutional reforms.

However, the conference ended with a common communique. The representatives unanimously agreed on a ceasefire to be accompanied by a series of steps to ensure that it would be observed. A supreme military-political committee, headed by Gemayel, was set up to oversee the ceasefire, and a 32-member "constitutional commission" chosen by the president was formed to work out a new constitution. The representatives agreed that antagonistic propaganda should stop, and that there should be continual negotiations upon Gemayel's request. But great efforts have to be made to implement the paper agreement.

There have been varied reactions to the Lausanne conference among the leaders of the different factions. Former President Camille Chamoun believes that the conference made some progress but the achievement is limited and not what was expected. Pierre Gemayel, Chairman of the Phalangist Party, said that conference cannot save Lebanon. Walid Joublatt, leader of the leftist Druze Progress-

sive Socialist Party, was dissatisfied with the conference. He predicted new fighting will break out.

In fact, clashes have continued since the conference ended. The factions have strengthened their control of the areas they occupy. The supreme military-political committee, which was formed according to the conference decision, held its first meeting on March 29 with the aim of resolving the differences and ending the chaos by adopting measures to realize a real ceasefire. Gemayel presided over

the meeting, which was attended by representatives from the major Lebanese factions and the heads of the military. Recently, Gemayel held talks with leaders of various groups and he had telephone talks with Syrian President Hafiz Al-Assad, asking for his support and help.

The road towards national reconciliation in Lebanon is full of twists and turns. Gemayel told the press that to solve Lebanon's contradictions will be a difficult and complicated process.

Although eight political parties took part in the election, the guerrillas and their political organization, the Democratic Revolutionary Front, firmly refused to join the election. The government demanded that the guerrillas lay down their arms and take part in the election, but they rejected the election as a "trick." Without any guarantees for personal safety, they claimed participation in the election was equal to collective suicide. Because the main opposition forces did not take part in the election, observers say this election will fall far short of easing El Salvador's deep internal conflicts.

The United States has paid much attention to the Salvadoran election. The keystone of US policy in Central America is to stabilize El Salvador and prevent "a second Nicaragua" from emerging. The Reagan administration energetically supports the present Salvadoran Government. Before the election Reagan put pressure on the US Congress to approve US\$93 million in emergency aid to El Salvador. At the same time the United States deployed more of its troops around El Salvador, trying to intimidate the Salvadoran guerrillas.

Supporting the Salvadoran election, the US administration hopes that after the election a legal government with a better image will be formed. This will calm some of the criticism at home and abroad of US policy in Central America.

But the general view is that no matter who wins, the fundamental problems — the economic inequality and sharp class contradictions — which led to the turbulence in El Salvador will not be removed. Although all the parties concerned have made certain efforts at a peaceful settlement, they have failed. The guerrillas have put forward three proposals for peace.

EL Salvador

Election Held Amidst Turbulence

by KE DAAN

ON March 25 El Salvador held its presidential election. According to the initial results, none of the eight candidates got a clear majority of votes. Within 30 days a run-off election should be held between the two leading candidates, in accordance with the country's constitution.

Fighting between government troops and guerrillas did not stop on election day. Actually, there was no voting at all in those areas controlled by the guerrillas or disputed by both sides. Because many voters' identity cards were confiscated and traffic was blocked, many voters could not cast their ballots. But voting was compulsory, and those who refused to do so would be fined, so many made great efforts to take part.

It is reported that the Christian Democratic candidate Jose Napoleon Duarte and the National Republic Alliance candidate Roberto D'Aubuisson have won the most votes. But they hold different political views and have attacked each other during the campaign, lessening hopes for a coalition.

Duarte supports economic reform, believing that the civil war will end through nationwide negotiations. During the campaign he said that if he won he would persuade the guerrillas to join in the democratic process.

D'Aubuisson is a former army officer who wants to develop the private economy and opposes nationalization of the banks and foreign trade. He has adopted an extremely adamant attitude towards the guerrillas, claiming he will completely destroy them within six months if he is elected.

This election was held while El Salvador is plagued by both internal and external complications. The civil war has gone on for more than four years. Government troops and guerrillas have now basically reached a stalemate. Before the election a large number of government troops mounted the largest operation since the beginning of this year. Later, the guerrillas launched an offensive aimed at obstructing the presidential election. The guerrillas claim that they are now in control of one-fifth of the country and 70 cities and towns.

but all were rejected by the government. The hope for peace is

slim, even after the presidential election.

year, while between 70 and 90 per cent of its industrial manufactured goods are for export. External trade, banking, tourism and capital export, as important parts of the Swiss national economy, are closely related to the world economy. Switzerland therefore must be active in international life, or it cannot develop in the face of the stormy and grave world market. The present major world economic issues such as energy resources, raw materials and trade are discussed and decided within the UN. The establishment of the new international order, a special problem concerning the entire world, cannot be solved through bilateral and multilateral negotiations. If the Swiss wish to develop economically, they must join the UN.

Switzerland

Why Seek UN Membership?

by REN YAN

GENEVA is the seat of the European Office of the United Nations and a number of its special agencies, yet Switzerland itself is not a member of the UN. This puzzling phenomenon has lasted for almost 40 years of constant debate among the Swiss over whether to join the international organization.

Since the late 60s, the Swiss Government has adopted an increasingly positive attitude towards entry into the UN. At the beginning of 1981 the Swiss Government put forward a request to join the organization. On March 22, 1982 it issued a formal proposal to the Council of States and the National Council, two bodies of the Swiss Federal Assembly. The Swiss National Council approved the proposal to become a UN member on March 15, and the Council of States will now hold a debate.

The Vienna Conference of 1815 recognized Switzerland as a permanently neutral country. Throughout the two world wars Switzerland maintained its neutral status. Because of its traditional neutrality it has often been the site of international organizational offices and negotiations between nations, offering its offices for international disputes and doing charitable work. These efforts have won the praise of the world.

Many Swiss people fear that if Switzerland joins the UN it will inevitably become involved in major international political struggles, affecting the traditional neutrality of their country. And naturally,

other Swiss people are afraid that the financial obligations of membership in the UN will place an increasing burden on the national budget.

However, more and more people including Swiss leaders maintain that the world of today is experiencing great changes, and the interests of various countries are closely related. Therefore, Switzerland has much to gain by joining the UN. Among the benefits are:

1. Avoiding international isolation. At present 158 countries, almost all the nations of the world, belong to the UN. Other neutral countries like Sweden and Austria have already joined the UN, isolating Switzerland to some extent.

2. Reducing the difficulties in international exchanges. As an observer Switzerland may attend the UN General Assembly, but it cannot join in the debate and has no voting rights. However, it is sometimes compelled to perform some obligations specified in the UN resolutions. As a neutral country it pays close attention to disarmament and security issues, trying hard to play an active role in them. But it cannot now join in the discussions. Even if the Swiss wish to distribute their initiatives at a meeting, they must obtain the approval of at least four UN member states in advance.

3. Strengthening international economic ties and safeguarding its own economic interests. Although Switzerland is a developed country, it relies on other countries to a great degree. It must import 95 per cent of the raw materials and energy resources it needs each

4. Maintaining the status of Geneva and the resulting economic benefits. Geneva has long been a centre for international activities. Its role is one important aspect of Swiss foreign policy. By providing conveniences and services for the UN organizations in Geneva, Switzerland earns 850 million Swiss francs every year. The presence of the world organization also raises the prestige of this city and of Switzerland. However, recently some nations have suggested withdrawing some UN organizations from Geneva, and discounting it as a site for future offices and international meetings. One of the reasons for this is that Switzerland is not a UN member. In this regard Vienna, Geneva's main rival, is in a favourable position. Of course, the Swiss wish to hold on to what they have. Joining the UN will take care of that.

However, there are differences of opinion in Switzerland and it is not easy to join the United Nations. In the end, the voters will make the final decision. Whether or not the proposal will pass smoothly is difficult to predict at present.

Banking Reform Favours Centralization

Beginning this year, the People's Bank of China is functioning exclusively as a central bank, and the Industrial and Commercial Bank of China has been established to take over industrial and commercial credit and deposits. The new banking system, which includes various specialized monetary institutions with the People's Bank still at the centre, has begun to take shape. Lu Peijian, President of the People's Bank of China and Chairman of the Central Bank Council, answered some questions from our correspondent Li Haibo on the details and significance of the reform. — Ed.

Question: Why should China's banking system be reformed? Would you please provide some related background information?

Answer: From 1949 through 1978, China had a unified national banking system. The People's Bank of China not only managed national monetary affairs and issued currency, but also handled credit, savings, settling accounts and foreign exchange. This all-inclusive system was related to the highly centralized economic management and unified state payments in China. But it could not be adapted to the requirements of national economic development and monetary expansion.

After 1979, the Agricultural Bank of China, the Bank of China and the Investment Bank of China were opened or reopened. The People's Insurance Company of China started up business again, and the International Trust and Investment Corporation was founded. There was some improvement after these specialized institutions began sharing part of the business of the People's Bank of China, but it still exclusively controlled industrial and commercial credit and bank deposits. This inevitably



China's banking reform will help develop the national economy and strengthen contacts with foreign economic and monetary institutions.

weakened its position as the central bank because funds were managed by more than one department, while their use became over-decentralized.

The national economy has grown a great deal, and public funds and personal income have increased since 1979 as a result of the economic restructuring and the implementation of the policy of opening to the outside world and invigorating the domestic economy. By the end of 1983, personal savings reached a record 89,200 million yuan, or 88.5 yuan per capita, four times that in 1978. In the course of development, funds concentrated and distributed through banking channels greatly increased in both quantity and scope. From 1979 to 1983, bank deposits increased by 150,000 million yuan, an average annual increase of 18 per cent. Bank credit also extended from the original circulating capital to fixed assets investments. The bank was playing an increasingly important role in controlling and regulating the national economy.

In light of this, the State Council decided that beginning from 1984, the Industrial and Commercial Bank of China would be set up to handle the industrial and commercial credit and bank deposits originally managed by the People's Bank of China. The People's Bank will be the true central bank to strengthen centralized management and the balance of funds and better serve in decisions of economic importance.

In addition, as China has become a member of the International Monetary Fund and the World Bank, economic contacts with foreign countries are increasing. A true central bank repre-

senting the country is therefore required.

This major reform will give China's socialist banking system unique characteristics and will play an important role in developing the national economy and strengthening contacts with foreign economic and monetary institutions.

Q: What is the organizational structure of China's monetary system after reform? What are the functions of the various banks and monetary institutions?

A: Since the reform, relations between China's monetary system and the various banks can be outlined in this chart:

rules and regulations on national monetary affairs and be sure they are implemented, after approval by the State Council;

While the specialized banks and other monetary institutions are guided by the People's Bank of China through economic means, they function independently within the business scope set by the state.

rates on Renminbi and foreign exchange rates;

It works out national credit plans and controls credit funds;

It controls state foreign exchange, gold and silver, and gold and foreign exchange reserves;

It acts as the state treasury;

It examines and approves the establishment, merger and dissolution of monetary organizations;

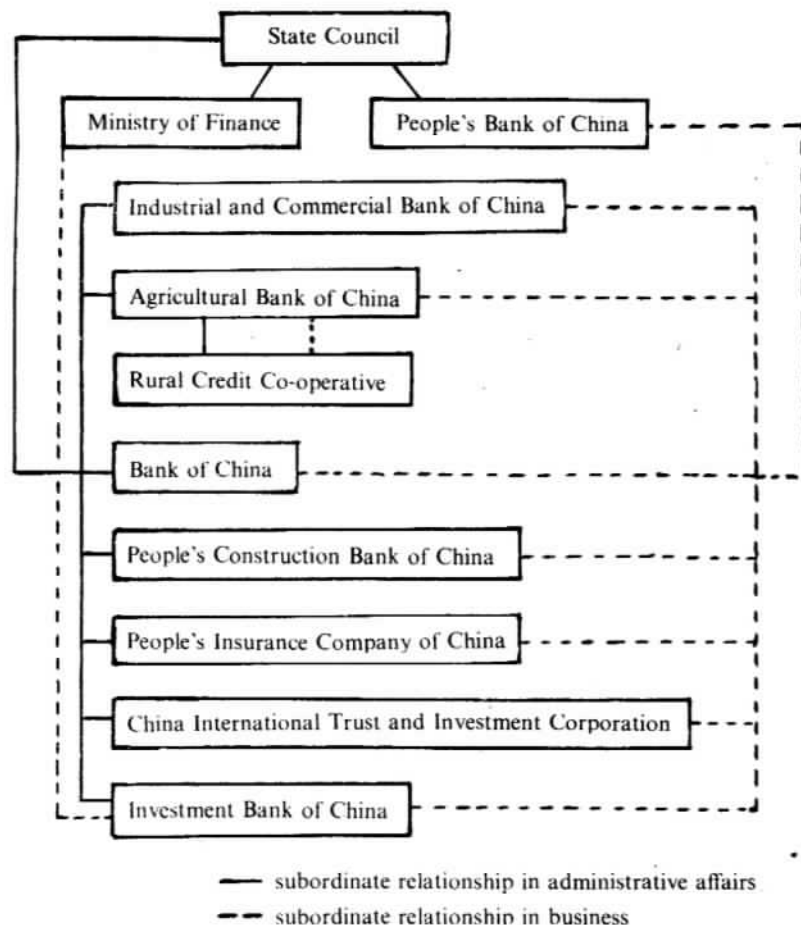
It co-ordinates and examines the operations of all monetary organizations and operates in the international monetary system on behalf of the Chinese Government.

The Industrial and Commercial Bank of China was founded on January 1, 1984. It mainly administers deposits for industrial and commercial enterprises, loans for their circulating funds and technical transformation, and handles settlement of accounts and urban residents' personal savings deposits.

The Agricultural Bank of China is a specialized bank extending credit for agricultural projects and handling rural savings. The rural credit co-operatives, which are under the control of this bank, are collective monetary organizations, handling savings and credit for township people's governments, commune and brigade enterprises, and individual commune members. They also handle other rural monetary affairs.

The Bank of China is a state-run bank specializing in foreign exchange transactions. It is entrusted by the state and the People's Bank of China with the task of concluding agreements with foreign governments and central banks. (See this year's issue No.10 for a brief introduction to the Bank of China. — Ed.)

The People's Construction Bank of China specializes in handling al-



The main functions of the People's Bank of China are as follows.

It studies and formulates principles, policies, decrees and basic

It issues currency and controls its circulation on the market;

It exercises unified control over credit and deposit interest

locations and loans for capital construction.

Under the reformed banking system, the functions of these specialized banks remain basically unchanged.

The China International Trust and Investment Corporation was founded in October 1979, mainly to absorb foreign capital and engage in trust investment.

The Investment Bank of China was established in December 1982, to raise foreign capital for national construction and handle investment credits.

On January 1, 1984, the People's Insurance Company of China was separated from the People's Bank of China, to handle domestic and international insurance.

Q: Compared with the original banking system, what are the main characteristics of the banking system after the reform?

A: One of the major new features is that the People's Bank of China now functions exclusively as a central bank, and will operate as a state institution responsible for administering national monetary affairs under the leadership of the State Council.

Also the relationship between the People's Bank of China and the various specialized banks and monetary institutions has been clarified. The People's Bank is the bank of the others. Prior to the reform because the People's Bank of China was itself an industrial and commercial bank, not a central bank in the full sense, it had no control over the specialized banks and could not mediate in any business conflicts. It often ran into trouble when dealing with the specialized banks and monetary institutions.

Q: Can you be more specific about the relationship between the central bank and the specialized banks?

A: In China, the central bank and the specialized banks are all run by the state. They are identical in their fundamental interests. This fundamentally differs from the banking systems of Western countries.

China's goal in the present banking reform is to establish a system under the unified management and co-ordination of the central bank, with the proper division of work and co-operation between the specialized banks and monetary institutions.

The specialized banks and other monetary institutions function independently, within the business scope set by the state. Their regular business and administrative affairs are not to be interfered with by the central bank. However, the People's Bank of China does exercise authority over the various specialized banks and monetary institutions, chiefly by economic means. For instance, specialized banks have to submit credit and cash payment plans and transfer a certain percentage of their deposits to the People's Bank of China.

Because the economic restructuring is not yet complete, the People's Bank of China has set up a policy-making council to resolve those problems which are difficult to deal with solely by economic means. The council adjudicates on questions arising between the specialized banks. When a decision cannot be reached, the question is settled by the State Council.

Q: Are there any plans to further reform the banking system?

A: The reform of China's banking system is an important experiment, proceeding from the economic realities of China while drawing on the useful experiences of foreign countries.

But the present reform is only a beginning. Our goal is to gradually establish a system under the unified management and co-ordination of the central bank, with the proper division of work and co-operation between the specialized banks and monetary institutions. There is still much to be done before we can achieve this. We must formulate new banking laws as soon as possible and gradually set up and perfect rules and regulations to deal with every aspect of banking and finance.

Our reform will undoubtedly attract the attention of financial institutions abroad. Since China implemented the policy of opening to the outside world, relations have rapidly developed between the People's Bank of China and the banks and monetary institutions of other countries. One of the major functions of the People's Bank of China now is to act on behalf of the Chinese Government in international finance. In this capacity, it will be able to contribute to establishing a new international economic order, by strengthening its understanding of the world economy and friendly contacts and co-operation with international financial institutions. □



Patent Law

Of the People's Republic of China

Adopted at the Fourth Session of the Standing Committee
Of the Sixth National People's Congress'

March 12, 1984

Patent Law

Of the People's Republic of China

CHAPTER I General Provisions

Article 1. This Law is enacted to protect patent rights for inventions-creations, to encourage invention-creation, to foster the spreading and application of inventions-creations, and to promote the development of science and technology, for meeting the needs of the construction of socialist modernization.

Article 2. In this Law, "inventions-creations" mean inventions, utility models and designs.

Article 3. The Patent Office of the People's Republic of China receives and examines patent applications and grants patent rights for inventions-creations that conform with the provisions of this Law.

Article 4. Where the invention-creation for which a patent is applied relates to the security or other vital interests of the state and is required to be kept secret, the application shall be treated in accordance with the relevant prescriptions of the State.

Article 5. No patent right shall be granted for any invention-creation that is contrary to the laws of the state or social morality or that is detrimental to public interest.

Article 6. For a service invention-creation made by a person in execution of the tasks of the entity to which he belongs or made by him mainly by using the material means of that entity, the right to apply for a patent belongs to the entity. For any non-service invention-creation, the right to apply for a patent belongs to the inventor or creator. After the application is approved, if it was filed by an entity under ownership by the whole people, the

patent right shall be held by the entity; if it was filed by an entity under collective ownership or by an individual, the patent right shall be owned by the entity or individual.

For a service invention-creation made by any staff member or worker of a foreign enterprise, or of a Chinese-foreign joint venture enterprise located in China, the right to apply for a patent belongs to the enterprise. For any non-service invention-creation, the right to apply for a patent belongs to the inventor or creator. After the application is approved, the patent right shall be owned by the enterprise or the individual that applied for it.

The owner of the patent right and the holder of the patent right are referred to as "patentee."

Article 7. No entity or individual shall prevent the inventor or creator from filing an application for a patent for a non-service invention-creation.

Article 8. For an invention-creation made in co-operation by two or more entities, or made by an entity in execution of a commission for research or designing given to it by another entity, the right to apply for a patent belongs, unless otherwise agreed upon, to the entity which made, or to the entities which jointly made, the invention-creation. After the application is approved, the patent right shall be owned or held by the entity or entities that applied for it.

Article 9. Where two or more applicants file applications for patent for the identical invention-creation, the patent right shall be granted to the applicant whose application was filed first.

Article 10. The right to apply for a patent and the patent right may be assigned.

Any assignment, by an entity under ownership by the whole people, of the right to apply for a patent, or of the patent right, must be approved by the competent authority at the higher level.

Any assignment, by a Chinese entity or individual, of the right to apply for a patent, or of the patent right, to a foreigner must be approved by the competent department concerned of the State Council.

Where the right to apply for a patent or the patent right is assigned, the parties must conclude a written contract, which will come into force after it is registered with and announced by the Patent Office.

Article 11. After the grant of the patent right for an invention or utility model, except as provided for in Article 14 of this Law, no entity or individual may, without the authorization of the patentee, exploit the patent, that is, make, use or sell the patented product, or use the patented process, for production or business purposes.

After the grant of the patent right for a design, no entity or individual may, without the authorization of the patentee, exploit the patent, that is, make or sell the product, incorporating the patented design, for production or business purposes.

Article 12. Any entity or individual exploiting the patent of another must, except as provided for in Article 14 of this Law, conclude with the patentee a written license contract for exploitation and pay the patentee a fee for the exploitation of the patent. The licensee has no right to authorize any entity or individual, other than that referred to in the contract for exploitation, to exploit the patent.

Article 13. After the publication of the application for a patent for invention, the applicant may require the entity or individual exploiting the invention to pay an appropriate fee.

Article 14. The competent departments concerned of the State Council and the people's governments of provinces, autonomous regions or municipalities directly under the Central Government have the power to decide, in accordance with the state plan, that any entity under ownership by the whole people that is within their system or directly under their administration and that holds the patent right to an important invention-creation is to allow designated entities to exploit that invention-creation; and the exploiting entity shall, according to the prescriptions of the state, pay a fee for exploitation to the entity holding the patent right.

Any patent of a Chinese individual or entity under collective ownership, which is of great significance to the interests of the state or to public interest, and is in need of spreading and application, may, after approval by the State Council at the solicitation of its competent department concerned, be treated alike by making reference to the provisions of the preceding paragraph.

Article 15. The patentee has the right to affix a patent marking and to indicate the number of the patent on the patented product or on the packing of that product.

Article 16. The entity owning or holding the patent right shall award the inventor or creator of a service invention-creation a reward and, upon exploitation of the patented invention-creation, shall award the inventor or creator a reward based on the extent of spreading and application and the economic benefits yielded.

Article 17. The inventor or creator has the right to be named as such in the patent document.

Article 18. Where any foreigner, foreign enterprise or other foreign organization having no habitual residence or business office in China files an application for a patent in China, the application shall be treated under this Law in accordance with any agreement concluded between the country to which the applicant belongs and China, or in accordance with any international treaty to which both countries are party, or on the basis of the principle of reciprocity.

Article 19. Where any foreigner, foreign enterprise or other foreign organization having no habitual residence or business office in China applies for a patent, or has other patent matters to attend to, in China, he or it shall appoint a patent agency designated by the State Council of the People's Republic of China to act as his or its agent.

Where any Chinese entity or individual applies for a patent or has other patent matters to attend to in the country, it or he may appoint a patent agency to act as its or his agent.

Article 20. Where any Chinese entity or individual intends to file an application in a foreign country for a patent for invention-creation made in the country, it or he shall file first an application for patent with the Patent Office and, with the sanction of the competent department concerned of the State Council, shall appoint a patent agency designated by the State Council to act as its or his agent.

Article 21. Until the publication or announcement of the application for a patent, staff members

of the Patent Office and persons involved have the duty to keep its content secret.

CHAPTER II

Requirements for Grant of Patent Right

Article 22. Any invention or utility model for which patent right may be granted must possess novelty, inventiveness and practical applicability.

Novelty means that, before the date of filing, no identical invention or utility model has been publicly disclosed in publications in the country or abroad or has been publicly used or made known to the public by any other means in the country, nor has any other person filed previously with the Patent Office an application which described the identical invention or utility model and was published after the said date of filing.

Inventiveness means that, as compared with the technology existing before the date of filing, the invention has prominent substantive features and represents a notable progress and that the utility model has substantive features and represents progress.

Practical applicability means that the invention or utility model can be made or used and can produce effective results.

Article 23. Any design for which patent right may be granted must not be identical with or similar to any design which, before the date of filing, has been publicly disclosed in publications in the country or abroad or has been publicly used in the country.

Article 24. An invention-creation for which a patent is applied does not lose its novelty where, within six months before the date of filing, one of the following events occurred:

- (1) Where it was first exhibited at an international exhibition sponsored or recognized by the Chinese Government;
- (2) Where it was first made public at a prescribed academic or technological meeting;
- (3) Where it was disclosed by any person without the consent of the applicant.

Article 25. For any of the following, no patent right shall be granted:

- (1) Scientific discoveries;
- (2) Rules and methods for mental activities;
- (3) Methods for the diagnosis or for the treatment of diseases;
- (4) Food, beverages and flavourings;
- (5) Pharmaceutical products and substances obtained by means of a chemical process;

(6) Animal and plant varieties;

(7) Substances obtained by means of nuclear transformation.

For processes used in producing products referred to in items (4) to (6) of the preceding paragraph, patent right may be granted in accordance with the provisions of this Law.

CHAPTER III

Application for Patent

Article 26. Where an application for a patent for invention or utility model is filed, a request, a description and its abstract, and claims shall be submitted.

The request shall state the title of the invention or utility model, the name of the inventor or creator, the name and the address of the applicant and other related matters.

The description shall set forth the invention or utility model in a manner sufficiently clear and complete so as to enable a person skilled in the relevant field of technology to carry it out; where necessary, drawings are required. The abstract shall state briefly the main technical points of the invention or utility model.

The claims shall be supported by the description and shall state the extent of the patent protection asked for.

Article 27. Where an application for a patent for design is filed, a request, drawings or photographs of the design shall be submitted, and the product incorporating the design and the class to which that product belongs shall be indicated.

Article 28. The date on which the Patent Office receives the application shall be the date of filing. If the application is sent by mail, the date of mailing indicated by the postmark shall be the date of filing.

Article 29. Where any foreign applicant files an application in China within 12 months from the date on which he or it first filed in a foreign country an application for a patent for the identical invention or utility model, or within six months from the date on which he or it first filed in a foreign country, an application for a patent for the identical design, he or it may, in accordance with any agreement concluded between the country to which he or it belongs and China, or in accordance with any international treaty to which both countries are party, or on the basis of the principle of mutual recogni-

tion of the right of priority, enjoy a right of priority, that is, the date of which the application was first filed in the foreign country shall be regarded as the date of filing.

Where the applicant claims a right of priority and where one of the events listed in Article 24 of this Law occurred, the period of the right of priority shall be counted from the date on which the event occurred.

Article 30. Any applicant who claims the right of priority shall make a written declaration when the application is filed, indicating the date of filing of the earlier application in the foreign country and the country in which that application was filed, and submit, within three months, a copy of that application document, certified by the competent authority of that country; if the applicant fails to make the written declaration or to meet the time limit for submitting the document, the claim to the right of priority shall be deemed not to have been made.

Article 31. An application for a patent for invention or utility model shall be limited to one invention or utility model. Two or more inventions or utility models belonging to a single general inventive concept may be filed as one application.

An application for a patent for design shall be limited to one design incorporated in one product. Two or more designs which are incorporated in products belonging to the same class and are sold or used in sets may be filed as one application.

Article 32. An applicant may withdraw his or its application for a patent at any time before the patent right is granted.

Article 33. An applicant may amend his or its application for a patent, but may not go beyond the scope of the disclosure contained in the initial description.

CHAPTER IV

Examination and Approval of Application for a Patent

Article 34. Where, after receiving an application for a patent for invention, the Patent Office, upon preliminary examination, finds the application to be in conformity with the requirements of this Law, it shall publish the application within 18 months from the date of filing. Upon the request of the applicant, the Patent Office may publish the application earlier.

Article 35. Upon the request of the applicant for a patent for invention, made at any time within three years from the date of filing, the Patent Office will proceed to examine the application as to its substance. If, without any justified reason, the applicant fails to meet the time limit for requesting examination as to substance, the application shall be deemed to have been withdrawn.

The Patent Office may, on its own initiative, proceed to examine any application for a patent for invention as to substance when it deems it necessary.

Article 36. When the applicant for a patent for invention requests examination as to substance, he or it shall furnish pre-filing date reference materials concerning the invention.

The applicant for a patent for invention who has filed in a foreign country an application for a patent for the identical invention shall, at the time of requesting examination as to substance, furnish documents concerning any search made for the purpose of examining that application, or concerning the results of any examination made, in that country. If, without any justified reason, the said documents are not furnished, the application shall be deemed to have been withdrawn.

Article 37. Where the Patent Office, after it has made the examination as to substance of the application for a patent for invention, finds that the application is not in conformity with the provisions of this Law, it shall notify the applicant and request him or it to submit, within a specified time limit, his or its observations or to amend the application. If, without any justified reason, the time limit for making response is not met, the application shall be deemed to have been withdrawn.

Article 38. Where, after the applicant has made the observations or amendments, the Patent Office finds that the application for a patent for invention is still not in conformity with the provisions of this Law, the application shall be rejected.

Article 39. Where it is found after examination as to substance that there is no cause for rejection of the application for a patent for invention, the Patent Office shall make a decision, announce it and notify the applicant.

Article 40. Where, after receiving the application for a patent for utility model or design, the Patent Office finds upon preliminary examination that the application is in conformity with the requirements of this Law, it shall not proceed to examine it as to substance but shall immediately make an announcement and notify the applicant.

Article 41. Within three months from the date of the announcement of the application for a patent, any person may, in accordance with the provisions of this Law, file with the Patent Office an opposition to that application. The Patent Office shall send a copy of the opposition to the applicant, to which the applicant shall respond in writing within three months from the date of its receipt; if, without any justified reason, the time limit for making the written response is not met, the application shall be deemed to have been withdrawn.

Article 42. Where, after examination, the Patent Office finds that the opposition is justified, it shall make a decision to reject the application and notify the opponent and the applicant.

Article 43. The Patent Office shall set up a Patent Re-examination Board. Where the applicant is not satisfied with the decision of the Patent Office rejecting the application, he or it may, within three months from the date of receipt of the notification, request the Patent Re-examination Board to make a re-examination. The Patent Re-examination Board shall, after re-examination, make a decision and notify the applicant.

Where the applicant for a patent for invention is not satisfied with the decision of the Patent Re-examination Board rejecting the request for re-examination, he or it may, within three months from the date of receipt of the notification, institute legal proceedings in the people's court.

The decision of the Patent Re-examination Board in respect of any request by the applicant for re-examination concerning a utility model or design is final.

Article 44. Where no opposition to the application for a patent is filed or where, after its examination, the opposition is found unjustified, the Patent Office shall make a decision to grant the patent right, issue the patent certificate, and register and announce the relevant matters.

CHAPTER V

Duration, Cessation and Invalidation Of Patent Right

Article 45. The duration of patent right for inventions shall be 15 years counted from the date of filing.

The duration of patent right for utility models or designs shall be five years counted from the date of filing. Before the expiration of the said term, the patentee may apply for a renewal for three years.

Where the patentee enjoys a right of priority, the duration of the patent right shall be counted from the date on which the application was filed in China.

Article 46. The patentee shall pay an annual fee beginning with the year in which the patent right was granted.

Article 47. In any of the following cases, the patent right shall cease before the expiration of its duration:

(1) Where an annual fee is not paid as prescribed;

(2) Where the patentee abandons his or its patent right by a written declaration.

Any cessation of the patent right shall be registered and announced by the Patent Office.

Article 48. Where, after the grant of the patent right, any entity or individual considers that the grant of the said patent right is not in conformity with the provisions of this Law, it or he may request the Patent Re-examination Board to declare the patent right invalid.

Article 49. The Patent Re-examination Board shall examine the request for invalidation of the patent right, make a decision and notify the person who made the request and the patentee. The decision declaring the patent right invalid shall be registered and announced by the Patent Office.

Where any party is not satisfied with the decision of the Patent Re-examination Board declaring the patent right for invention invalid or upholding the patent right for invention, such party may, within three months from receipt of the notification of the decision, institute legal proceedings in the people's court.

The decision of the Patent Re-examination Board in respect of a request to declare invalid the patent right for utility model or design is final.

Article 50. Any patent right which has been declared invalid shall be deemed to be non-existent from the beginning.

CHAPTER VI

Compulsory License for Exploitation Of Patent Right

Article 51. The patentee himself or itself has the obligation to make the patented product, or to use the patented process, in China, or otherwise to authorize other persons to make the patented product, or to use patented process, in China.

Protection of Patent Right

Article 52. Where the patentee of an invention or utility model fails, without any justified reason, by the expiration of three years from the date of the grant of the patent right, to fulfil the obligation set forth in Article 51, the Patent Office may, upon the request of an entity which is qualified to exploit the invention or utility model, grant a compulsory license to exploit the patent.

Article 53. Where the invention or utility model for which the patent right was granted is technically more advanced than another invention or utility model for which a patent right has been granted earlier and the exploitation of the later invention or utility model depends on the exploitation of the earlier invention or utility model, the Patent Office may, upon the request of the later patentee, grant a compulsory license to exploit the earlier invention or utility model.

Where, according to the preceding paragraph, a compulsory license is granted, the Patent Office may, upon the request of the earlier patentee, also grant a compulsory license to exploit the later invention or utility model.

Article 54. The entity or individual requesting, in accordance with the provisions of this Law, a compulsory license for exploitation shall furnish proof that it or he has not been able to conclude with the patentee a license contract for exploitation on reasonable terms.

Article 55. The decision made by the Patent Office granting a compulsory license for exploitation shall be registered and announced.

Article 56. Any entity or individual that is granted a compulsory license for exploitation shall not have an exclusive right to exploit and shall not have the right to authorize exploitation by any others.

Article 57. The entity or individual that is granted a compulsory license for exploitation shall pay to the patentee a reasonable exploitation fee, the amount of which shall be fixed by both parties in consultations. Where the parties fail to reach an agreement, the Patent Office shall adjudicate.

Article 58. Where the patentee is not satisfied with the decision of the Patent Office granting a compulsory license for exploitation or with the adjudication regarding the exploitation fee payable for exploitation, he or it may, within three months from the receipt of the notification, institute legal proceedings in the people's court.

Article 59. The extent of protection of the patent right for invention or utility model shall be determined by the terms of the claims. The description and the appended drawings may be used to interpret the claims.

The extent of protection of the patent right for design shall be determined by the product incorporating the patented design as shown in the drawings or photographs.

Article 60. For any exploitation of the patent, without the authorization of the patentee, constituting an infringing act, the patentee or any interested party may request the administrative authority for patent affairs to handle the matter or may directly institute legal proceedings in the people's court. The administrative authority for patent affairs handling the matter shall have the power to order the infringer to stop the infringing act and to compensate for the damage. Any party dissatisfied may, within three months from the receipt of the notification, institute legal proceedings in the people's court. If such proceedings are not instituted within the time limit and if the order is not complied with, the administrative authority for patent affairs may approach the people's court for compulsory execution.

When any infringement dispute arises, if the patent for invention is a process for the manufacture of a product, any entity or individual manufacturing the identical product shall furnish proof of the process used in the manufacture of its or his product.

Article 61. Prescription for instituting legal proceedings concerning the infringement of patent right is two years counted from the date on which the patentee or any interested party obtains or should have obtained knowledge of the infringing act.

Article 62. None of the following shall be deemed an infringement of the patent right:

(1) Where, after the sale of a patented product that was made by the patentee or with the authorization of the patentee, any other person uses or sells that product;

(2) Where any person uses or sells a patented product not knowing that it was made and sold without the authorization of the patentee;

(3) Where, before the date of filing of the application for patent, any person who has already made the same product, used the same process, or made necessary preparations for its making or using,

continues to make or use it within the original scope only;

(4) Where any foreign means of transport which temporarily passes through the territory, territorial waters or territorial airspace of China uses the patent concerned, in accordance with any agreement concluded between the country to which the foreign means of transport belongs and China, or in accordance with any international treaty to which both countries are party, or on the basis of the principle of reciprocity, for its own needs in its devices and installations;

(5) Where any person uses the patent concerned solely for the purposes of scientific research and experimentation.

Article 63. Where any person passes off the patent of another person, such passing off shall be treated in accordance with Article 60 of this Law. If the circumstances are serious, any person directly responsible shall be prosecuted for his criminal liability, by applying *mutatis mutandis* Article 127 of the Criminal Law.

Article 64. Where any person, in violation of the provisions of Article 20 of this Law, unauthoriz- edly files in a foreign country an application for a patent that divulges an important secret of the State, he shall be subject to disciplinary sanction by the entity to which he belongs or by the competent authority concerned at the higher level. If the circum- stances are serious, he shall be prosecuted for his criminal liability according to the Law.

Article 65. Where any person usurps the right of an inventor or creator to apply for a patent for

a non-service invention-creation, or usurps any other right or interest of an inventor or creator prescribed by this Law, he shall be subject to disciplinary sanc- tion by the entity to which he belongs or by the com- petent authority at the higher level.

Article 66. Where any staff member of the Patent Office, or any staff member concerned of the State, acts wrongfully out of personal considerations or commits fraudulent acts, he shall be subject to disciplinary sanction by the Patent Office or the competent authority concerned. If the circumstances are serious, he shall be prosecuted, for his criminal liability, by applying *mutatis mutandis* Article 188 of the Criminal Law.

CHAPTER VIII Supplementary Provisions

Article 67. Any application for a patent filed with, and any other proceedings before, the Patent Office shall be subject to the payment of a fee as prescribed.

Article 68. The Implementing Regulations of this Law shall be drawn up by the Patent Office and shall enter into force after approval by the State Council.

Article 69. This Law shall enter into force on April 1, 1985.

(Translated by the Patent Office of the People's Republic of China. In case of discrepancy, the original version in Chi- nese shall prevail).



Oil Exploitation in South China Sea (1)

The Eve of a Massive "Battle"

The Nanhai (South China Sea) Oilfield, located in the area of the Zhujiang (Pearl) River estuary, Beibu Gulf and Yingge Sea, is one of China's confirmed rich offshore oilfields. Large-scale exploration work has been going on under the arrangement of China's joint ventures with foreign companies. What are the results so far? What kind of work has been done? And the prospects? The following is the first of three specially prepared reports for readers of "Beijing Review."—Ed.

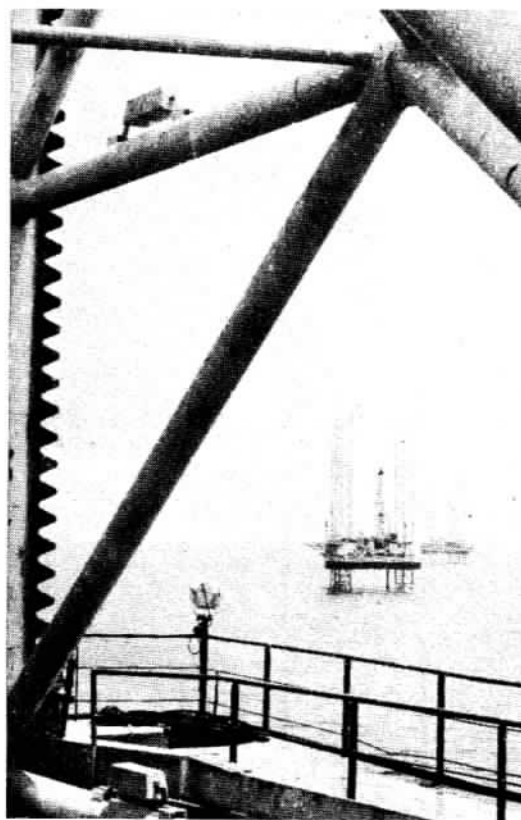
by **JING WEI**
Our Correspondent

IN the wintry, stormy South China Sea, the Chinese ship *Nanhai 2*, chartered by the British Petroleum Development Ltd. (BP), was busy sinking test wells outside the Zhujiang River estuary. Not too far away were prospector ships and the oil experts were trying to locate other drilling sites.

"Spring will soon be here," said Wang Yan, General Manager of the Nanhai Western Petroleum Corporation and a graduate in the 1950s of Beijing Petroleum Institute. "There will then be more

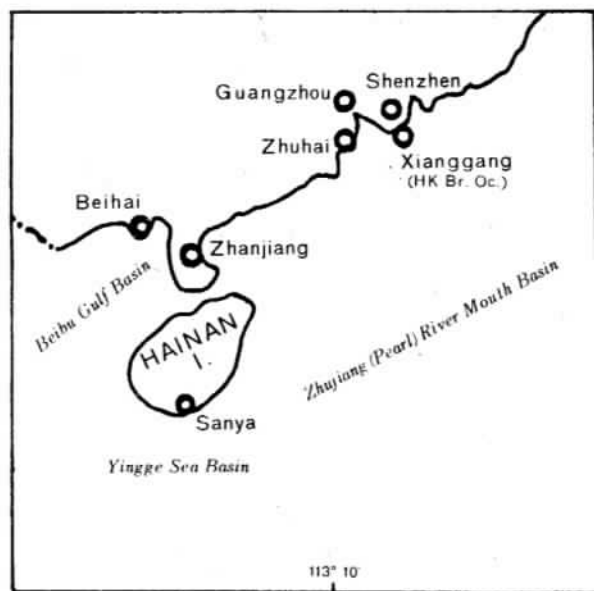
drilling vessels. Together with the supply ships, transport vessels, guard ships and geophysical prospector ships and a squadron of helicopters, they will make quite a sight."

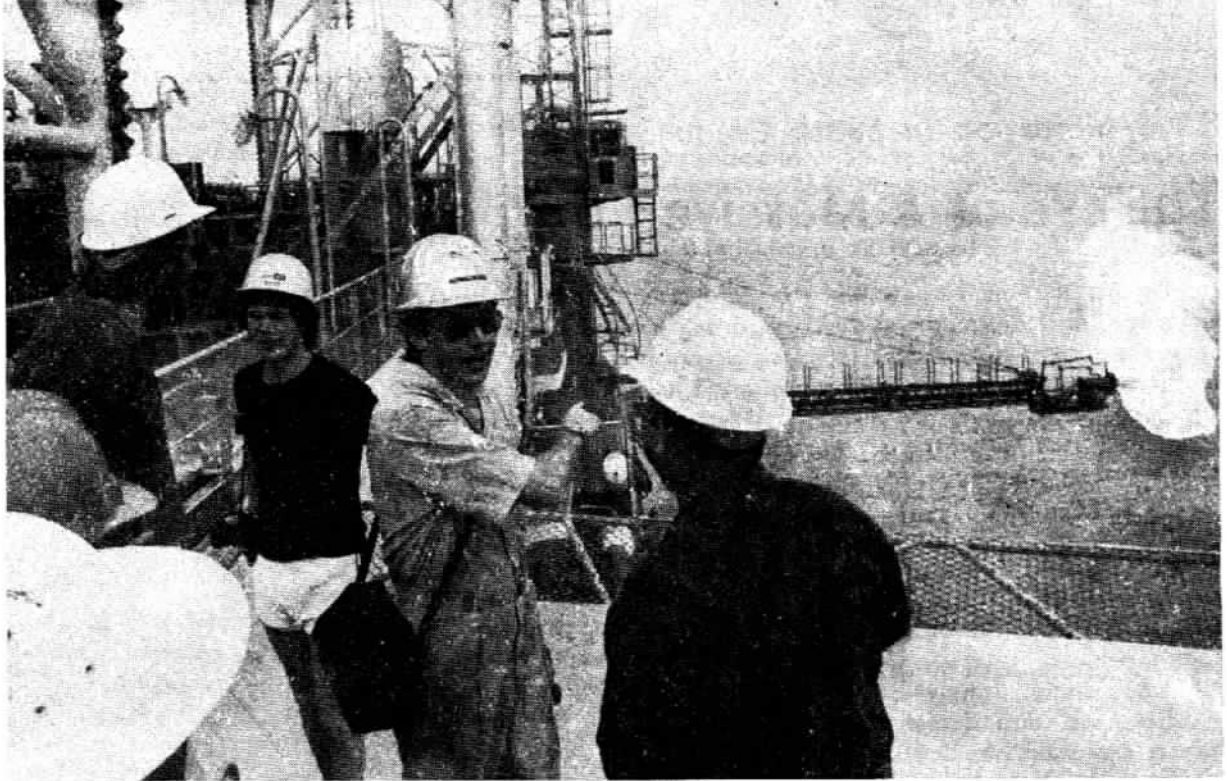
Wang Yan went on, in an exclusive interview with a *Beijing Review* reporter, "In the early 1960s, we fought an oil battle, as it were, at Daqing in the northeast and won. Now we have found another battlefield in the south and we are not going to lose. The difference in oil-extracting this time is that we can work in co-operation with some 20 companies from eight foreign countries. The D-day is not far away."



Another "North Sea"

The rich oil and gas deposits in the South China Sea have attracted the attention of overseas oil companies. As early as 1981, the Xinhua News Agency already an-





Chinese and French drillers aboard the Nanhai 3 platform.

nounced that the South China Sea and the southern Huanghai Sea had large oil reserves.

Soon after the announcement, oil experts abroad assessed the situation and concluded that the oil reserves along China's southern coast are as rich as those in the North Sea in Europe at the very least. They could well be richer, and the estimated figure was 30,000 to 100,000 million barrels.

Ever since the early 1960s, China has been conducting surveys of the geological formations on its continental shelf. The findings have convinced the experts that the offshore oilfield covers an area of 620,000 square kilometres, including the Bohai Sea basin, Huanghai Sea basin, East China Sea basin, Zhujiang River estuary basin, Beibu Gulf basin and Yingge Sea basin. Several wells have turned out a substance which proved to have enormous industrial value, and three drilling platforms have been set up accordingly in the Bohai Sea.

From 1979 to 1980, further efforts were made, with the co-opera-

tion of 16 foreign companies from the United States, Britain, France, Italy and other countries. Something like 420,000 square kilometres of the South China Sea and the southern Huanghai Sea were thoroughly explored. Specialists carried out a 110,000-kilometre seismic linear survey and collected 130 tons of samples. The study of the material by specialists from home and abroad led to the same conclusion that sedimentary formations dominate the area surveyed. Thick and numerous, they may turn out to be excellent oil-bearing and oil- and gas-storing formations.

Pointing at the maps of geological formations, Guo Shuisheng, Deputy General Manager of the Nanhai Western Petroleum Corporation, said, "In the three basins of the Beibu Gulf, Yingge Sea and Zhujiang River estuary alone, there are more than 190 oil-bearing formations in the 148,000 square kilometres under the charge of our company. We have worked out that the oil reserves are more than 2,500 million tons. If you add to this the oil deposits in the eastern South China Sea, you will come up

with a figure of at least 5,000 million tons.

Information on Drilling

There have been sceptics, of course.

A weekly in London, for example, printed an article not long ago in which the writer said that he had not heard any exciting news from the pioneer drillers in the South China Sea. According to the writer, TOTAL, a French company, had sunk 14 wells and could not find any indication that there was going to be any oil. In short, does the South China Sea Oilfield exist only in imagination?

Deputy General Manager Guo laughed, as he replied, "It seems that the author of the article in the weekly has not read any of the reports in the Chinese and French papers. Each time we struck oil here, TOTAL and our company would issue the news in Paris and Beijing simultaneously. Facts are facts."

Guo briefed the *Beijing Review* reporter about the exploration work which has been done so far

Date of Signing The Contract	Successful Bidder	Co-operative Exploration Zone	Code of Contract Area	Area (sq km)	Total Area (sq km)	
May 10, 1983	BP Petroleum Development Ltd. Petro-Canada Exploration, Inc. Ranger Oil Ltd. Petrobras Internacional S.A.-Braspetro The Broken Hill Proprietary Company Ltd.	South China Sea	14/29	3,199	14,086	
			27/31	2,256		
			28/27	1,286		
			26/14	3,209		
		South Huanghai	23/06	4,136		
August 6	Occidental Eastern, Inc. Tricentrol Exploration Overseas Ltd. Hispanica De Petroleos S.A. Ampol Exploration Ltd. CSR Ltd.	South China Sea	28/23	1,284	2,570	
			Occidental Eastern, Inc. ELF Aquitaine Chine Tricentrol Exploration Overseas Ltd. Total Chine	26/29		1,286
August 23	ESSO China Ltd. Shell Exploration (China) Ltd.	South China Sea	40/01	2,580	5,120	
			04/27	2,540		
September 5	Japan National Oil Corporation Idemitsu Oil Development Co. Ltd. Natomas (Far East) Ltd. Cluff Oil P.L.C.	South China Sea	28/14	1,283	2,246	
			22/22	963		
October 29	Japan National Oil Corporation Getty Oil International (Orient) Inc. Sun Orient Exploration Company Texas Eastern Orient, Inc. Cluff Oil P.L.C.	South China Sea	15/33	1,279	5,737	
		South Huanghai	10/36	4,458		
November 15	Sun Orient Exploration Company Pennzoil Far East Company Ampol Exploration Ltd. Hispanica De Petroleos S.A.	South China Sea	23/25	530	1,415	
			22/36	885		
November 29	Philips Petroleum International Corporation Asia Pecten Orient Company	South China Sea	15/11	2,835	2,835	
December 2	Agip S.P.A. Chevron Overseas Petroleum Ltd. Texaco Orient Petroleum Inc.	South China Sea	16/08	3,189	3,189	
		South Huanghai	24/11	2,001	2,001	



Newly built houses for foreign oil co-operative partners in Zhanjiang.

by TOTAL and ARCO, an American oil company.

TOTAL began its work in May 1980, in the Beibu Gulf. It sank 14 wells in three years, 10 of which had struck oil or gas. That means a success rate of 70 per cent or more.

From 1982 to 1983, four wells on an oil-bearing formation named "Wei 10-3" each produce 1,000 tons of oil a day. Now both the Chinese and French parties are getting ready to extract oil before 1986.

In another development, ARCO, the American company, has been more lucky in the Yingge Sea, where it started co-operation with China in September 1982. Its second well, sunk last June, yielded high-quality gas with a daily output of 1.2 million cubic metres. Specialists have since then estimated that the gas reserves in the South China Sea will amount to no fewer than 50,000 million cubic metres. China's total gas output in 1983 was 11,900 million cubic metres.

At his meeting with Deng Xiaoping in December 1, 1983, ARCO director Robert Anderson said that normally gas fields were seldom

found in isolation. His company was confident that there were more oil fields in the South China Sea. ARCO is getting ready for the exploration drive in the coming spring.

Deputy General Manager Guo of the Nanhai Western Petroleum Corporation said that the drilling of the above-mentioned two oil companies had provided valuable information. He believed that the exploration work had been done and full-scale oil-extracting work would soon begin.

Overseas Businessmen and Accommodation Problems

Successful bidders from overseas make their homes in Zhanjiang and Guangzhou, the headquarters of the Nanhai Western and Nanhai Eastern Petroleum Corporations respectively. Ma Qifu, Deputy General Manager of the Nanhai Eastern Petroleum Corporation, said, "Five of the seven foreign companies have already set up their offices in Guangzhou. The remaining two will soon follow suit. The families of each company's staff have arrived and they will be in Guangzhou for some time."

Staff from other foreign companies will soon be arriving, as the joint ventures go into operation. Altogether, by the end of 1983 no fewer than 27 oil companies from nine different countries had signed co-operative agreements with China, with 26 companies to work on oil-extraction in the South China Sea.

The influx of foreign businessmen and their family members have created problems in accommodation, of course. But generally the hotels in Zhanjiang and Guangzhou have been able to cope. Said Liang Zhonghan, head of the Zhanjiang branch of the Service Company of the South China Sea, "We have let out all our apartment buildings and villas. And we still have to house the newcomers from Japan and the United States."

As Lu Hongbing, Deputy General Manager of the China Restaurant in Guangzhou put it, the Nanhai Oilfield has brought great fortune to the local hotel industry. His restaurant, funded by overseas Chinese and opened last December, has let out all its 160 suites and more than 85 per cent of the office buildings have been rented, all by foreign oil companies.

Other foreigners take up lodgings in the White Swan Hotel by the Zhujiang River in Guangzhou. One American company has signed a long-term lease with the hotel and is planning to turn an office building into a comfortable apartment building for its increasing number of staff.

The Dongfang (Oriental) Hotel in Guangzhou is famous for its palace-style architecture and modern facilities. Both Chinese and foreign visitors like to stay in the hotel. Its general manager Yang Xianting said, "Although we may not have enough guest rooms, we'll do our best to receive our oil co-operative partners. We'll do everything we can to make sure they'll feel at home." □

Patent Law Encourages Chinese and Foreign Inventors

The Patent Law of the People's Republic of China offers protection and encouragement to creativity and invention, which promotes technological transfer, exchange and development

by **HU MINGZHENG**

THE Patent Law of the People's Republic of China is an important legislation for encouraging creativity and invention and promoting technological development so as to speed up our socialist modernization. It is also a major step in implementing our country's policy of opening to the outside world and invigorating the domestic economy, and in gradually perfecting our economic legislation. The Patent Law (see Supplement for the full text), which will become effective on April 1, 1985, will give incentive to scientific and technological workers to invent new devices and techniques and will play an active role in accelerating the imports of technology, the utilization of foreign funds and the development of international economic and technological exchanges.

Scope of Protection

The purpose of the Chinese Patent Law is to protect the rights of inventors and creators. In the law, "inventions creations" means inventions, utility models and industrial designs.

An invention or utility model may be granted patent rights if it is a new technical achievement which possesses novelty, inventiveness and practical applicability.

The author is Deputy Director of the Legal Affairs Department of the China Council for the Promotion of International Trade.

The difference between an invention and a utility model is that the former is a product or process at higher inventive level, while the latter is a product of a certain shape and structure at lower inventive level.

An industrial design for which patent rights may be granted is a new, aesthetic plan for the shape and/or pattern and/or colour of an article. Inventions, utility models and industrial designs are legally protected in most countries with patent legislation.

Under the Chinese Patent Law, no patent rights will be granted for food, beverages, flavourings, pharmaceutical products, chemical substances, animal and plant varieties. However, patents may be granted for the processes used in producing such products. This provision is based on the specific circumstances of our country, with due regard to the practices of many developing countries.

Priority Rights

The Chinese Patent Law says that any foreign individual, enterprise, or other organization with no habitual residence or business office in China may apply for a patent for an invention, utility model, or industrial design in accordance with an agreement between the country concerned and China, or in accordance with any international treaty to which both countries are party, or on the basis of the principle of reciprocity. The law also says that any foreign in-

dividual, enterprise, or other organization filing an application in China within 12 months from the date on which he or it first applied for a patent in a foreign country for the same invention or utility model, or within 6 months from the date on which he or it first filed an application in a foreign country for a patent for the same industrial design, may, in accordance with any agreement concluded between that country and China, or in accordance with any international treaty to which both countries are party, or on the basis of the principle of mutual recognition of the right of priority, enjoy a right of priority. That is, the date on which the application was first filed in the foreign country shall be regarded as the date of filing.

In other words, the Chinese Patent Law has adopted the principles of national treatment and priority rights for the protection of industrial property now prevailing in the world.

The Chinese Patent Office receives and examines applications and grants patent rights. Foreign applicants are required to apply through a patent agency designated by the State Council, i.e., China Council for the Promotion of International Trade, to act on their behalf.

The Patent Office, after receiving a patent application, must publish it within 18 months from the filing date. It then examines the substance of the invention to

determine whether it is new, non-obvious and applicable to industry. With applications for utility models or industrial designs, it only makes a formal examination. In all cases, if it is found after examination that the invention or design conforms to the requirements of the Patent Law, the Patent Office will announce this.

Any person may file an opposition within 3 months from the date of the announcement. If no opposition is filed, or if the opposition is found unjustified, the Patent Office will issue a patent certificate and grant the applicant patent rights.

If the application is rejected by the Patent Office but the applicant is not satisfied, he may ask the Patent Re-examination Board to make a re-examination. If the application for a patent is rejected by the Board and the applicant still is dissatisfied, he may institute legal proceedings in the People's Court.

With a view to ensuring that the patent rights granted are absolutely justified, the Patent Law provides that after the patent right has been granted, any person may ask the Re-examination Board to declare it invalid, if it appears that the patent does not conform to the requirements of the Patent Law. The decision of the Board to invalidate or uphold the patent right of a utility model or an industrial design is final. It is not final in the case of an invention. Then the patent holder may institute legal proceedings in the People's Court if he is dissatisfied with the decision.

The Patent Law stipulates that the duration of a patent for inventions is 15 years, and for utility models and industrial designs, 5 years with a 3-year renewal. As inventions are more complicated and difficult to surpass than utility models and industrial designs, which are comparatively simple

and changeable, the protection terms for the former is longer than those for the latter. Generally, patent rights for inventions extend for about 20 years in developed countries and about 10 years in most developing countries; China's term is in the middle.

Patent Exploitation

A patent is a kind of property giving the individual or organiza-

Foreign patent holders are encouraged to use their patented inventions-creations as direct investments or to license them in China. This brings mutual benefits, . . .

tion the right to exclude others from exploiting the patent without authorization during the life of the patent. Exploiting the patent means making, using or selling a patented product, using a patented process, or making or selling a product incorporating a patented industrial design for production or business purposes.

Any individual or organization intending to exploit the patent of another must conclude a written license contract and pay a fee to the patent holder. Otherwise, it will be considered an infringement. The patent holder, or any interested party, may ask the administrative authority for patent affairs to handle the matter, or may directly institute legal proceedings in the People's Court within two years from the date he discovers the patent infringement. The administrative authority for patent affairs is empowered to order the offender to stop the infringement and compensate for the damage. Any dissatisfied party may institute legal proceedings in the People's Court.

The Patent Law also expressly lays out the obligations of the patent holder. He must pay annual fees and exploit the patent himself or authorize others to exploit it. The patent rights will be terminated before their expiration if an annual fee is not paid as prescribed. If the patent holder of an invention or utility model fails, without any justified reason, to exploit the patent within three years of its being granted, the Patent Office may, upon the request of those units, who are qualified to exploit it, grant a compulsory license.

These provisions show that the Chinese Patent Law provides full protection for the patent rights lawfully obtained in China by foreign individuals, enterprises and other organizations. Foreign patent holders are encouraged to use their patented inventions-creations as direct investments or to license them in China. This brings mutual benefits, and helps China to proceed with the transfer of technology.

The China Council for the Promotion of International Trade (CCPIT) is a non-governmental organization maintaining contacts with worldwide economic and trade circles. It has been the sole trademark agency in China, designated by the State Council, since 1957, and has established friendly business relations with the trademark agencies and trademark agents of many other countries. With the implementation of the Patent Law, it will be China's patent agency, designated by the State Council to act on behalf of foreign individuals and enterprises applying for patents in China and on behalf of Chinese enterprises or individuals applying for patents in foreign countries. It will actively co-operate with the patent agencies and patent attorneys of various countries in the development of patent arrangements. □

Braving a White Wilderness for Science

by LI YONGZENG

Our Correspondent

ON the morning of Feb. 3, 1983, Jiang Jialun, an ocean biologist from Hangzhou, and an Australian colleague got into a small boat at Davis Station on the coast of Antarctica and travelled 10 kilometres across Prydz Bay to take samples of algae in the frigid waters. A helicopter was planned to bring them back at 6 o'clock that evening. Jiang had been on the "white continent" one month.

At noon, unexpected high winds pushed the boat to the far side of the bay they were in. The stern flooded and the boat began to sink. With no way of getting in touch with the station, Jiang, 46, and the Australian finally had to jump into the freezing water. The two quickly drifted apart. The 29-year-old Australian, only a dozen metres from shore, managed to get out of the water and started running to keep warm. But Jiang was swept out another 100 metres. Fortunately he was a good swimmer and eventually pulled himself on to an iceberg.

The helicopter, coming to fetch them and not finding the boat, began to search the area. The Australian was spotted first and then Jiang. Jiang can recall clearly his joy when he saw the helicopter overhead but has no memory of what happened afterwards. By the time the helicopter reached the station, his body temperature was 30 degrees centigrade, just 2 degrees higher than the limits of life. He was placed in a tub of lukewarm water and 10 minutes later he came to. Treated for frostbite to his fingers and acute stomach-

ache, he recovered and finished his winter studies Davis Station. The result was a paper in the Canadian magazine *World Algae* about a new species, which caught the attention of marine biologists around the world.

Also, before leaving Antarctica on January of this year, Jiang planted an aluminium plaque in the snow, with the words "Hangzhou, China," the first permanent monument erected by a Chinese on that continent.

To date, at the invitation of Australia, New Zealand, Chile and Argentina, China has sent 32 scientists in five groups to the world's southern-most body of land to undertake research in conditions as arduous as those experienced by Jiang. The first two, Dong Zhaoqian and Zhang Qingsong, arrived at Casey Station in January 1980 as guests of the Australian Government to participate in a comprehensive scientific survey during the southern hem-

isphere's summer months (November 1979—March 1980). Since then, they and those who followed them have made outstanding achievements, collecting numerous samples of rocks, fossils, lichen, moss, algae, sea water, penguins and krill (tiny shrimp-like creatures eaten by whales). Many of these specimens can be seen in the hall of the National Committee for Antarctica Research in Beijing. The scientists also took numerous photographs, and their studies and sample analyses have led to the writing of many theses. A collection of 38 of them was published, dealing with geology, geomorphology, ancient glaciers and magnetic fields, ancient forms of life, sedimentation, the special features and evolution of the natural environment, hydrology, weather, geophysics, marine chemistry, and biology, including the discovery of previously unknown species.

Until this century, scientific research on Antarctica was limited.

Li Huamei at New Zealand's Scott Station.



It particularly gained momentum during the International Year of Geophysics (1957-58) when various countries, in a spirit of international co-operation, established research stations to study the continent, which has been described as an ideal place for research. Orderly and uninterrupted investigations started, with 13 countries setting up nearly 40 year-round stations and 100 summer stations so far.

Because of Antarctica's unusual physical environment — more than 95 per cent of it is overlaid with a sheet of ice that averages nearly 2,000 metres deep — the 14 million square-kilometre continent is home to a number of natural oddities. Forms of life that disappeared from other parts of the world 6 million years ago can still be found here. Even in the airless ice, a type of alga has been found growing. An understanding of this frozen world is vital to understanding the entire planet. Its extreme environment and its position at one of the world's poles directly affects the weather, oceans, geophysics and telecommunications of other continents.

The Standing Committee of the National People's Congress adopted a decision on May 9, 1983 for China's membership in the Antarctic Treaty. The Government declared that China wishes to explore Antarctica to better understand the continent, contribute to its peaceful utilization, and help China's economic construction. The National Committee for Antarctica Research is preparing to set up a Chinese station on the continent, as well as a polar research institute and several training bases at home.

Scientists working in Antarctica must go through a physical check-up more rigorous than that for airline pilots, including a review of the medical history of their families. Those who have had major operations are not allowed



Li Huamei (right) chatting with Zhang Qingsong, one of the first Chinese scientists who went to Antarctica.

to take part in expeditions. And those spending a winter there must first have their appendixes removed — in the event of an emergency, it would be difficult to obtain a surgeon to provide medical aid. Even their personalities must be considered if they are to stay long. Short-tempered people are not suitable. Isolated from the rest of the world, especially during the long winters, the scientists will meet the same faces every day. The solitude, loneliness and monotony can become a painful ordeal. There is an almost perpetual wind, which can gust up to a ferocious 320 kilometres an hour, and temperatures have been recorded at minus 52 degrees centigrade — cold enough to freeze carbon dioxide. There have already been 60 air accidents. To many, the continent is known as the "devil's deep-freeze."

Dong Zhaoqian was a member of the first party of Chinese scientists in 1980. A year later he was back again on board a ship inspecting biological systems and resources in the Southern Ocean. The 77-day voyage was hazardous. There were snow storms two or three times a week with winds of 90 kilometres an hour, gusting sometimes to 290 kmh. The ship was constantly buffeted by waves,

which tilted it at times to 40 degrees, making it difficult to stand on deck. Twice the ship was surrounded by icebergs. The expedition's helicopter was unable to guide the ship because of high winds and zero visibility. For several days, the crew was at the mercy of nature, likely to strike an iceberg at any moment. Newspapers in Australia were writing about the danger the ship was in. Even under these conditions, Dong still went out on his observations, eight hours a day, getting drenched to the bone. These observations, however, were rewarded by two papers he later wrote in co-operation with the Australian scientists.

The isolated scientists go out of their way to help one another. The Chinese, besides being well-received at their hosts' bases, have been welcomed at US, Polish and French stations. Li Huamei, 48, spent 32 days at New Zealand's Scott Station collecting rock samples. The energetic support she received from her colleagues of different nationalities impressed her deeply. The Japanese gave her specimen bags. The New Zealanders offered her their reference books and provided her with planes and guides. She received 109 letters of encouragement from the United States, Britain, France,

the Soviet Union, West Germany, Switzerland and Sweden during her stay. She recounted the hardships — and the unexpected pleasures:

"The main trouble in Antarctica was the cold. The winds were fierce. With all our heavy clothes — our boots alone weighed two and a half kilogrammes — and with heavy loads on our backs, it was tiring walking on ice.

"There was no pollution and we had no difficulty seeing mountains dozens of kilometres away. Sometimes it seemed a mountain was near by, but it would take hours to get there. A mountain that looked easy to climb would turn out to be 2,000 to 3,000 metres high.

"In the summer, the sun was up 24 hours and it was difficult to sleep. Often I had a poor appetite. Once I was ill during a trip and my gums swelled. I could hardly move a step against the roaring winds. Luckily I was not alone. Lao Xu [another Chinese scientist] helped me carry the heavy instruments.

"You never catch a cold in Antarctica because there are no flu germs. Fresh water was scarce. This made daily life really hard."

Still, the work goes on, as scientists explore the continent's resources. In recent years there has been interest in the possibilities of economic exploitation. Antarctica has more than 200 kinds of minerals, including rich deposits of coal, iron and uranium. One of the world's largest coalfields is there, stretching over 2,400 kilometres. Verified energy reserves total 45,000 million barrels of oil and 115,000,000 million cubic feet of natural gas. In the sea, reserves of krill are estimated at between 1,000 million and 5,000 million tons. An annual catch of 100 million to 150 million tons is suggested as safe for the ecological equilibrium. □

Rural Responsibility System In Theory and Practice

by FANG TAO

RECENTLY a national meeting in Hubei Province, attended by scholars and leading cadres and members of agricultural commissions and economic and agricultural economic associations, dis-

Specialized households fall into two categories. With contracted households, the means of production remain part of the collective economy, and with self-managing households, the means of production are owned by themselves.

cussed the theory of the production responsibility system in the countryside.

The popularization and development of the responsibility system, based on contracted households, has given rise in the last few years to many new things, including some theoretical problems which need further study, such as, will the appearance of specialized households in great numbers weaken the socialist nature of the rural economy, and are the dividends earned by combined economic operations run by the peasants exploitative?

The majority of participants held

that specialized households fall into two categories, contracted households and self-managing households. They agreed that since the land and other basic means of production contracted by the specialized households remain part of the collective economy and the households must hand over part of their yield to the collective economic units, the contracted households are not divorced from the original collective economic system, they are simply a form of management of the collective economy and are of a socialist nature. Self-managing households own the means of production and their own output. They are a form of the private economy under the socialist system.

Some participants expressed the following opinions:

(1) It is necessary to analyse China's rural economic situation according to the Marxist-Leninist theory on the transition period. Lenin regarded the realization of socialism as the course in which the old is replaced by the new; this course has both socialist and non-socialist factors. Self-managing households are a form of the private economy allowed by law to exist as a complement to socialist public ownership. Some pointed out that if the contracted households failed to plant their crops, use farm machines, buy and manage large farm machines and water conservation facilities under a unified plan, they would act as a private economy, even if the

contracted land belongs to the collective. So long as these households persist in doing these things under a unified plan they will remain a form of the collective economy.

(2) The nature of the specialized households is connected closely

with politics, economics, law and other social factors. With sound legislation, reasonable tax laws and better social management, specialized households, both contracted and self-managing, and integrated economic operations can play up their strong points while

avoiding their weak points, and be helpful to socialism, and maintain their socialist nature. But bad social management and unreasonable distribution of benefits will cause the appearance of a capitalist tendency in the management of the contracted households and the combined operations.

Responsibility System. Under the responsibility system (or contract system) in agricultural production, the production brigades or production teams conclude contracts with their members. Both sides must fulfil all their stipulated responsibilities and tasks on time. The system is characterized by the combination of unified management and decentralized management, and by the linking of remuneration with output.

Contractors can be individuals, households, or groups composed of several households. The scale of a contract depends on the different trades, the technical skills and the extent of specialized production involved. Since most farm work in China's rural areas is done by hands and is suited to decentralized management and because the peasants, besides having wide farming experience, have a tradition of household management, the household contract system has become popular in the countryside. The contract always includes the amount of land the contractor must till, the output he must produce, what the brigade or team must provide, and how the yield will be distributed. The contracted household organizes its work on its own. This is a break from the past, when the brigade and team leaders organized all the work and the peasants were paid by the working day.

There are various forms of payment. The most typical one is the fixing of quota contracts. Under this arrangement, the peasants keep what is left of their output after turning over the state's purchasing quotas, paying agricultural taxes and contributing to the collective's welfare funds. The contractors are clear about their responsibilities. They get their benefits directly and are ensured to earn more for increased labour. In addition, the procedures are simple.

Public ownership of the means of production is not changed. The peasants have rights to till the land owned by the collective and to use the collective's farm tools and water conservation facilities, but are forbidden to sell or buy them and transfer them to others. The peasants hand part of their yield over to the collective for developing production, improving public welfare and helping households in difficulties.

New Economic Integration. In the past the rural areas carried out a system of three-level ownership—commune, production brigade and production team—with the production team as the basic accounting unit. All communes, production brigades and teams were divided according to their geographical locations. The peasants did what their team leaders asked them to do and the

division of labour was not clear. With the popularization of the contract system, the older one is no longer suitable to the new situation, in which division of labour has become clear. Depending on local conditions, many places have adjusted the system and tried out new forms of co-operative economic organization, including relationships between households, between state enterprises and collectives and households, between collectives, and between collectives and households.

As for management, there are contracting relations between peasant households and the collectives and between small economic organizations established by the peasants themselves. Depending on the distribution methods, the peasants are generally paid according to output. Some get benefits according to their shares and some have wages from their employers according to the contracts signed.

All these forms of economic integration have three features: they are organized by the peasants on their own for the benefit of both production and the peasants themselves; they are run by the peasants, who own the means of production and uphold the principle of distribution according to work; and they are run to serve the society and provide it with more commodities on a certain scale of production.



Wang Yulan (left), from Baoting County in Guangdong Province, and a member of her family fertilizing her rice seedlings.

holding, something worth studying. It would mean people with money would contribute cash while others would contribute materials, skills or labour. All these materials, skills and labour can be converted into shares according to the Marxist theory of abstract labour. This practice would maintain a socialist nature in the combined economic operations.

(2) The problem concerning dividends. No definite method of distributing benefits under the socialist system can be found in the classic works. Engels and Lenin suggested that co-operatives distribute their benefits according to the land, money and labour invested by the peasants. Today to give out dividends in rural areas is to encourage the peasants to invest more in production. It is different from capitalist shareholding, quite different in the use of the investments and in the nature of dividends.

The distribution of dividends is not done according to labour. First, the dividend for a share acquired through labour is not the income of labour, therefore it is not exploitative. The dividend, which is a little higher than the interest paid by the bank, is allowable. But if a dividend is too high, its nature will be non-socialist. Second, income from exploitation converted into dividends is exploitative and it has vestiges of the old society. Therefore it is necessary to uphold the principle of distribution according to work. □

CORRECTIONS: In issue No. 10, March 5, 1984, in the article "Exploring for Oil in South China Sea" (page 10) the name China Marine Petroleum General Corporation should read China National Offshore Oil Corporation. In the fourth paragraph, Amoco Orient Petroleum Corporation should read ARCO China Inc. In Issue No. 12, March 19, 1984, in the article "Yu Youren's Poems and Calligraphy Published" (page 34, line 5 in the second column), the sentence "On April 16, 1949, Yu was going to Nanjing with a peace agreement" should read "On April 16, 1949, Qu was going to Nanjing with a peace agreement."

(3) It is necessary to place importance on the study of the new problems which have cropped up in the countryside. For instance, while many peasants have earned much more money and prospered by making great contributions to the state, other people who have contributed smaller amounts are also getting a lot of money. Apart from an unreasonable parity between the prices of goods, there is an imbalance between the labour the specialized households put in and the income they earned for their labour. This should be readjusted and egalitarianism should not be allowed in practice. The specialized households use more conveniences provided by the society than other ordinary peasants, such as transportation and communication facilities and loans. So it is reasonable for the society to take away part of their income.

The participants held that the new combined economic operations in rural areas are of a socialist nature. But these operations are in a state of flux and it would be wrong to say that all their actions are of a socialist nature.

For instance, the dividends earned by combined economic operations are an issue connected to the nature of these operations that requires conscientious study. The participants discussed two aspects of it:

(1) The problem of shares in the combined operations. Some people invest property or money while others invest their labour. All these forms of investment are socialist. But there are some people who invest nothing but get a dividend. This is non-socialist, a result of feudal privilege, and is forbidden to exist.

Also the amounts invested by each member influences the nature of the operation. Everyone can invest equally; or some members may invest a little more than others; or some may invest a lot more than others. The participants held that the more some members invest compared with other members, the more the socialist nature of the combined operation will be weakened.

The participants held that this contradiction in the structure of the shares can be solved by a "comprehensive" method of share-

Teacher Suggests Retirement Centre

from "GUANGMING RIBAO"
(Guangming Daily)

PROLONGING life is the index of human happiness, social progress and cultural improvement, said Prof. Yuan Xiaoyuan from the United States. But are all the old people in the world happy in their evening years? Every country in the world faces this question.

Generally speaking, old people in China may be the happiest in the world. Thanks to improvements in sanitation, health care and medicine, the average life expectancy in China has risen from 35 years before liberation to 67.88 years in 1982.

The extended family is the tradition, with most Chinese families having three generations under one roof. During the day, when sons and daughters are out working, the old people take care of the grandchildren. At night, when the working parents are back, the family gathers together, with the little ones as their delight. Playing and chatting with the young, the old never feel lonely or deserted. More often than not this sense of belonging is absent from the lives of old people abroad.

Respect for old people is one of China's fine traditions. As early as several centuries B.C., a Chinese philosopher said, "Treat other old people as you treat your own father." This ideal has been carried on to become an integral part of today's socialist ethics. On buses, for instance, one can find seats reserved for the old, infirm, sick, and handicapped. Old people come first!

China has implemented a retirement policy and gives retired people excellent care. Even in the countryside, aged people are beginning to retire from field work. Old folks homes and clubs have emerged throughout the country. These may not rate mention compared materially with the advanced facilities in the West, but the mental and emotional gains of the Chinese old people are unheard of in the West. This is because material wealth is not everything to aged people. The older one gets, the more one yearns for mental and emotional company.

The aged should be given opportunities to take part in what is happening. This will assure them that they are component members of society and not unwanted. The Chinese Government has arranged for this, and old people here do not feel forgotten. They can join the others to make contributions to their country.

Prof. Yuan suggested that China set up a retirement centre

where old people from all over the world could come to while away their remaining years. China has body-building shadow-boxing, breathing exercises and massage therapy, life-prolonging medicinal herbs and temperament-moulding chess games, calligraphy and painting, and nutritious Chinese food. Old people could not only go sight-seeing amidst China's magnificent cultural relics and scenery, they would also be overwhelmed by respectful and hospitable people. Retired professionals could be invited to lecture in universities and colleges. They would be able to enjoy their later years with their Chinese counterparts.

Prof. Yuan has proposed planting an international friendship wood near the Ming Tombs on the outskirts of Beijing. If the authorities would open an international old people's centre nearby, old people could watch the young playing and even join them if they feel fit. A children's entertainment park could be added. These would attract the old and the young alike, to join them together so that the old would feel really at home.

Stranger Averts Family Tragedy

from "RENMIN RIBAO"
(People's Daily)

LAST November on a train, a one-month-old baby boy went into convulsions. His face grew dark purple and presently he stopped breathing. His parents and grandmother, escorting the infant to see doctors in Tianjin, were frantic.

Hardly had the train announcer asked for help through the public address system when two doctors, one of them a foreign woman,

rushed to the boy's rescue. They gave the boy emergency treatment and he was soon out of danger. His parents and grandmother relaxed.

Half an hour later, without warning the boy was overwhelmed by another attack of convulsions, this one longer, and his breathing stopped. What was worse, this time he did not respond to the doctors' treatment. At this juncture of life and death, the foreign doctor began practising mouth-to-mouth respiration.

One minute — two minutes —

five long minutes elapsed before the boy showed any sign of life. Then gradually his breathing returned to normal and he regained his complexion.

The boy's parents and grandmother were so relieved and touched that words failed them. The foreign doctor was exhausted.

Who was this doctor? Her interpreter finally disclosed that she is from Australia.

The Australian further advised that as the boy was still under the shadow of the sickness, he required a doctor's full-time care. The train attendants contacted the Tianjin railway station to get ready an ambulance, doctors and oxygen.

When the train pulled in, the Australian handed the boy over to the waiting doctors on the platform.

Monkeys on Mount Emei

from "JIEFANG RIBAO"
(Liberation Daily)

THE rhesus monkeys living on Mt. Emei in Sichuan Province belong to a species protected by the state. Zhang Xiaosong who recently toured the mountain reported back. He met four troops of monkeys, each with dozens of members, which accepted without hesitation the food offered them by visitors. Some even climbed on to the people's shoulders, looking around while enjoying their treats.

However, the monkeys' closest friends are the professional photographers who work on the mountain. The monkeys considered these photographers, who wander all day long around the temples or along the paths, as their protectors. They stretch out their hands and ask for food, refusing like spoiled children to leave until they are given some peanuts. Zhang also noted that the monkeys are loyal

to their friends. Occasionally a monkey would run off with a tourist's bag, but if a photographer came over to chastise the thief, the wrong-doer would obediently give back the stolen goods.

One day Zhang met a troop of monkeys in front of the *Yuxian* (Meeting a Fairy) Monastery. Beside the stone-paved road, sat an old monkey with silver hairs on its face, obviously the "king of the mountain." Behind him, several giant adult monkeys sat in line. It was clear that nobody could pass without paying the monkeys.

What was more interesting was the young monkey who hung by

its tail from a branch stretching over the road, asking for food. Zhang took a picture of them all, whereupon the young monkeys immediately grew excited, jumping on to the branches around him, chattering and dancing.

The monkeys began coming to temples during the Ming Dynasty (1368—1644). They grew tame, asking for food, gibbering and teasing. The monks, abiding by the Buddhist commandment of "never hurt a life," often fed the animals, and the pilgrims followed suit. It became eventually a custom that pilgrims to Emei Mountain should show respect for the monkeys.



Egrets in Qingjiazui: they have certainly got a nice home.

Protect Egrets With Care

from "RENMIN RIBAO"
(People's Daily)

IN 1965 a flock of egrets roosted in two banyan trees in Nanchong County's Qingjiazui brigade in Sichuan. Since then the brigade members have painstakingly protected the birds.

Immediately after the arrival of the egrets, they worked out an agreement. Nobody is allowed to catch the egrets. At night they light the trees to chase away the wild boars and yellow weasels who

would steal the eggs and young egrets. As a result of their hard work, the egret population has increased from 50-60 to 4,000-5,000.

At the same time the brigade has enjoyed successive good harvests over the past years because they collect and spread the bird droppings on their rice fields.

The brigade members were recently praised by the county government for their efforts to preserve the ecological balance.

Countdown to Los Angeles Olympics

China is prepared to field a full Olympic squad in Los Angeles for the 23rd Olympic Games, to be held from July 28 to August 12. To date, China has a place for men's basketball, women's volleyball, track and field, gymnastics and rhythmic gymnastics, swimming and diving, weightlifting, shooting, archery, fencing, wrestling, judo, cycling, rowing, ca-

noeing, yachting and surfing, and women's handball, with water polo and women's basketball yet to qualify.

Since it will be the People's Republic's debut at the Summer Olympics, "Beijing Review" is running a series of background articles to familiarize our readers with China's status and prospects for the coming games. — Ed.

Chinese Gymnastic Upstarts

In the mid-1970s, Chinese gymnasts were lingering somewhere in obscurity amidst the explosion in international gymnastics. But entering the 1980s, their inborn acrobatic talents soon vaulted them to distinction. Some Chinese gymnasts have fought their way to international stardom and given their country hope for gold medals in the coming Los Angeles games.

China's women's team took second place and the men's team came in third in the 21st World Gymnastics Championships in 1981. In 1982, novice Li Ning took six of the seven golds for the men's events in the 6th World Cup Gymnastics Competition, bringing home one of the biggest medal collections ever. To complete the collection, Li's countryman Tong Fei snatched the remaining gold for the high bar and a silver for the men's all-round. During the 22nd World Championships last year, China's men's team stole the limelight, beating the two-time champions, the Soviets, to win the team title. Lacklustre as they were in the championships, Chinese women gymnasts also displayed their strength in quite a few areas.

In just four years, Chinese gymnasts have captured the attention of fans and of their counterparts throughout the world. Training young people has proved to be the key to China's success.

It is believed in China that today's gymnastic competitions are not matches among adults, but among youngsters — the reserve strength of a nation. Training the young has been emphasized, and most of the 3,000 spare-time juvenile sports schools throughout the country offer gymnastic classes with experienced coaches and good equipment. There boys and girls are not only given traditional training, but can also keep up-to-date with world gymnastics.

Almost all the star gymnasts in China have been trained in spare-time sports schools. The country's first world gymnastic champion, Ma Yanhong, began training at eight in such a school. Li Ning and Tong Fei were well schooled in the ABCs of music, dance and gymnastics when they were young.

Another factor contributing to the accomplishments of Chinese

gymnasts is the originality and difficulty of their routines. Coaches realized through their own experiences in international contests that in order to keep up with the rapid developments in gymnastics and win important matches, new, elegant combinations of movements are essential. So, Chinese gymnasts have long given free rein to their imagination and originality, always expanding their repertoire.

One typical example is the dismount from the pommel horse. When a Soviet gymnast made a hit with his new dismount from a handstand position in the 21st World Gymnastics Championships, scores of gymnasts followed suit. Li Ning, however, did not simply copy the movement. He made something new out of it, combining various pommel horse movements to create his unique forward scissors handstand with a quarter turn straddle dismount. Li also brought the one arm circle of the high bar to the rings.

On the high bar, the one arm circle has become quite common. But the Chinese gymnasts execute this movement with special grace, with the other arm tucked close to their bodies. They also invented the reverse grip one arm circle and the reverse grip one arm circle with a half turn. On the floor, the Chinese also executed double twists and double cartwheel somersaults.

China's women lost no time in keeping pace with the international trends. They performed traditionally men's movements such as circles and vaults on the high bar



Li Ning (left) and Tong Fei in action on their pommel horses.

on their own uneven bars, and some of them even tried the straight backward somersault with three twists.

While always increasing the difficulty of their moves, Chinese gymnasts also train hard to ensure their accuracy and elegance in execution. More often than not in matches, the landing will make or mar an entire performance. Although it takes a fraction of a second, it requires years of sweat and effort to land firmly and gracefully. Chinese gymnasts therefore follow a strict training course, during which they execute each of their movements thousands of times to ensure precision. They have set out eight taboos: not to bend the toes or legs at will during training sessions, not to move the hands on the apparatus at random, not to touch the apparatus for support, not to falter or lose their grip, etc. These have become unwritten laws for the gymnasts on the national roster and in the spare-time sports schools, laying the ground from which the sport has taken off.

In the coming Summer Games in Los Angeles, intense competition is expected among the Soviet Union, China, Romania, the German Democratic Republic and the United States, who are almost even in the world stand-

ings. Only the gymnasts who are fully prepared and in excellent form will be able to bring home the gold.

New White Cell Blood Group Found

The Blood Centre of Shanghai recently discovered a new white cell blood group among samples taken from 119 people of 18 families. Named CSH 2, this blood group exists only among the Oriental race.

There are more white cell blood

groups than red cell groups. The 92 types of white blood cells group found in the world so far are important in the transplant of bone marrow and organs and in the determination of blood relationships. They are also significant in studies of immunology, genetics and anthropology.

The immunogenetics departments of the New York Blood Centre and the American Red Cross Blood Services laboratories confirmed the findings. The Shanghai Blood Centre had mailed the specimens and supplementary materials to the United States last May.

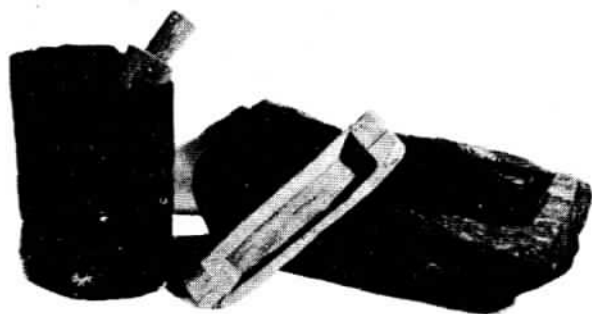
Ancients Dug Advanced Copper Mines

Throughout the world the bronze artifacts crafted in ancient China are renowned for their great beauty and superb execution. But not so well known is how copper, an essential element of bronze, was mined and smelted so long ago. Recent archaeological findings in Daye County, Hubei Province, indicate copper was produced in China on a large scale, using advanced techniques by the world standards of the time.

Beginning the 1970s, archaeol-

ogists have excavated 18 mining areas, seven strip mines and 50 smelters dating back to the Western Zhou Dynasty (c.1100-771 B.C.) in the county's Tonglushan mining area, one of China's copper and iron producing centres since ancient times.

Among their finds are about 400,000 tons of slag, believed to be the result of extracting 100,000 tons of copper from the ore, a number of crucibles, and numerous tools of copper, iron, wood,



Left: The remains of a copper smelter and slag dating back about 2,500 years. Right: Tools for determining the chemical composition of copper ore by the "gravity method"—a mortar and pestle, a wooden "pan" and a wooden container.

bamboo and stone used for mining, hoisting, loading and unloading, and drainage.

In the mining areas, about 360 shafts and tunnels have been uncovered. These shafts are of different structures and depths, indicating a mastery of digging vertical and inclined shafts in search of the copper lode. Evidently they had an elementary knowledge of geology, too. Most of the shafts were dug in zones of seritization alteration, a geological process in which a type of mica is produced. Even today, the presence of seritized skarn (iron ore with mica flakes) is regarded as a telltale sign of certain ores.

The ancient mine shafts have been discovered mostly where there are rich, high-grade ores, whose cuprite and copper content could be easily determined by the "gravity method"—that is, by panning the ore in powder form. Wooden plates of varying sizes, some oblong, others boat-shaped, and not unlike have been found in mine shafts dating back to the late Western Zhou Dynasty and Western Han Dynasty (206 B.C.-8

A.D.). There is further evidence of a relatively systematic mining technology in ancient China. In a 2,000-year-old shaft, archaeologists unearthed two wooden windlass axles complete with brakes in what is believed to have been a drainage system. In even older mines, troughs were laid to divert water through tunnels to wells installed with buckets and windlasses. Lighting, ventilation and the use of props in shafts 50 metres underground were all advanced. In some shafts, the props are still well preserved.

The archaeological discoveries in Tonglushan also include eight vertical crucibles dating back to

the Spring and Autumn Period (770-476 B.C.). They were built with a variety of heat-resistant materials, including red clay, quartz sand, powdered iron ore and charcoal powder. Some of them stand 1.5 metres high and have a capacity of 0.32 cubic metres.

Chemical analyses of the slag show that the temperature in these crucibles could reach 1,200 degrees Celsius. The chemically stable slag found around the crucibles contains 0.7 per cent of copper and the right amount of silicate for effective smelting, showing that the ancient refiners had discovered, probably through trial and error, the correct proportions of materials to be fed into the crucibles.

Located close to Daye Lake, which is linked with the Changjiang (Yangtze) River, the Tonglushan area is known for its huge copper reserves. Most of the ores are in well-defined, exposed veins or in veins not far from the earth's surface. Convenient transportation, a mild climate and vast forests (for mine constructed materials and for charcoal) make the region ideal for the copper industry to thrive.





Pilgrimage to the West.



Lu Bu Flirts With Diao Chan.

ART PAGE

Papercuts

Papercuts are a form of folk art. As early as the Han Dynasty (206 B.C.-220 A.D.), women bedecked their temples with flowers or birds made of gold or silver foils or silk. As time passed, they began to cut flowers, plants, animals and heroes from literature out of coloured paper to decorate their windows and doors during festivals.

Using only a pair of scissors or a knife, these artists cut the paper without drawing any outlines first, using only their imagination to reflect their likes and dislikes and their bright future.



The Legend of the White Snake.



Beauty Defies Tyranny.



Entering the Palace for the Second Time.



A Character From a Traditional Play.

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