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# BEIJING REVIEW

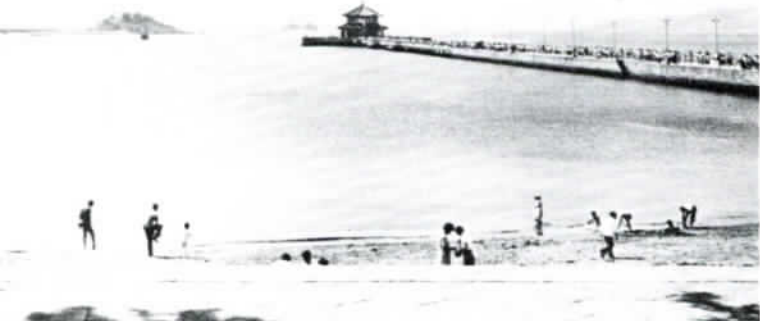
北京周報

A CHINESE WEEKLY OF  
NEWS AND VIEWS

- China, Japan Forge New Links of Amity
- Qingdao, an Oasis Surrounded by Sea



# Qingdao



Qingdao, Shandong Province, is a picturesque city with a mild climate. Visitors on the bridge enjoy the coastal landscape.



A wharf of the port city.  
Laoshan Mountain — one of the famous scenic spots in Qingdao.



A bird's-eye view of the city.



Using shells, girls of Qingdao create a variety of art works.

## SPOTLIGHT

The No. 1 bathing beach in Qingdao.



# BEIJING REVIEW

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Photo by Zheng Jianhua

### *New Chapter in Sino-Japanese Ties*

Wang Zhaoguo, a Chinese youth leader and the country's chief representative on the 21st Century Committee for Sino-Japanese Friendship, discusses the four major hallmarks of Sino-Japanese relations in the next century, which he predicts will be even closer and more amicable than ever before. (p. 16)

The visit to China by 5,000 Japanese young people at the invitation of Chinese leader Hu Yaobang will be an important step towards achieving this goal. (p. 4)

### *Investment Protection Clarified*

In an interview with a *Beijing Review* correspondent, an official of the Ministry of Foreign Economic Relations and Trade explains the similarities and differences between investment protection agreements signed by China and those concluded among other countries. (p. 18)

### *Qingdao Prepares for Investment*

One of 14 cities recently declared open to the outside world, Qingdao will attract foreign investors with its rich natural resources, beautiful landscape and preferential investment policies. (p. 24)

### *Rejuvenation of an Ancient Town*

Though it is 5,000 years old, Wuxi has been rejuvenated in the 55 years since 1949. One of the staff members of *Beijing Review* returns to his hometown to find booming industry and a better life there. (p. 20)

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# A New Chapter in Sino-Japanese Friendship

by **MU YOU LIN**  
International Editor

At the invitation of the Party General Secretary Hu Yaobang, 5,000 Japanese young people are due to arrive in China this week for a fortnight's visit.

During their stay in China, the Japanese guests will get together with young people in Beijing, Shanghai, Hangzhou, Nanjing, Xian and Wuhan and attend the People's Republic's 35th anniversary celebrations on October 1. Chinese young people are anxiously looking forward to meeting their Japanese friends.

The young visitors, most in their twenties and early thirties, come from all walks of life — government departments, universities, friendship associations, trade unions and women's organizations. A total of 500 organizations will be represented. Some are children of those who have made major contributions to Sino-Japanese friendship. The event will, no doubt, go down in the annals of Sino-Japanese relations as the largest and most widely representative youth delegation ever to visit China.

The visitors' agenda covers a wide variety of activities, including get-togethers, sight-seeing tours, public assemblies and discussion meetings. Sometimes during the visit the Japanese will be grouped according to their professions so they can talk shop and swap experiences with their Chinese counterparts. There will also be visits to factories, villages, schools and Chinese families. The extensive contacts will bring the

young people of both countries closer, instilling a deep confidence in the future of the Sino-Japanese friendship. The contacts will also provide a strong impetus for co-operation and exchanges in economy, culture, science and technology.

The growing amity between China and Japan, linked by a strip

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***The forthcoming Japanese visit to China will foster the conviction that the hard-won Sino-Japanese peace and friendship should be highly treasured and that, despite the differences in their social system and economic development, the two nations can and should live in harmony.***

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of the Pacific is backed by 2,000 years of mutual help and respect. Friendship has always boosted the economic and cultural development of each nation, as they have learned from one another.

It goes without saying that the Japanese invasion of China decades ago was an unhappy memory for peoples of both countries, but the sad history does not mar the time-honoured friendship between them.

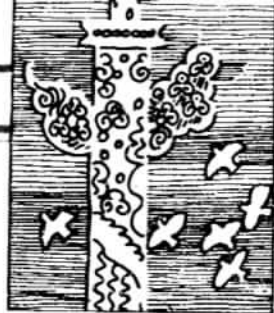
Good relations are, first of all, deep-rooted among the two peo-

ples. In fact, it was the extensive people-to-people exchanges that laid the groundwork for the close ties between the two governments. It is fair to say that the smooth development of Sino-Japanese relations over the last decade is the result of common efforts of both the governments and their people. And it should also be pointed out that the friendly ties between the young people of both countries have been a prime component of the non-governmental reciprocal relations.

China is the world's largest developing nation, while Japan is a highly developed country. They are also under different social systems. For the two countries to live peacefully and co-operate with each other in a friendly manner is not only in their own interests but crucial to peace in Asia and the world.

In seeking to perpetuate the smooth development of good-neighbourliness, the government and people of both China and Japan have pinned high hopes on the younger generation. "Be friendly to each other from generation to generation" is both a goal and a cherished ideal.

If three decades constitute a generation, then members of the first generation who pioneered post-war Sino-Japanese friendship have all become gray-headed, and the second generation members have grown up. To prolong the amity forged by the first generation, it is necessary, first of all, for the second and third generations of both nations to carry forward the efforts made by their predecessors.



Friendship and co-operation are based on mutual understanding, but the Chinese and Japanese who grew up in the post-war peaceful environment still don't know each other very well. The forthcoming Japanese visit will surely provide a good opportunity for the young people of both countries to enhance their mutual understanding and trust. It will also foster the conviction that the hard-won Sino-Japanese peace and friendship should be highly treasured, and that, despite the differences in their social systems and economic development, the two nations should and could live in harmony. On that basis, there is little doubt that such friendship will be carried down from generation to generation.

In the hope of living in peace with other countries, particularly their neighbours, the Chinese people cherish their friendship with the people of these countries. The Chinese young people will do their utmost to fulfil the historical task of furthering ties with young people of other countries and contributing to world peace and human progress.



### Big Improvements

I am most impressed by your attractive colour cover, which implies not only the gradual improvement of the magazine but also the continuous development taking place in China.

Your decision to start publishing articles about third world countries in Africa, Latin America and Asia was a very good one. The sufferings of the poor people in those countries can be brought more to the attention of the world through your unique magazine.

**Somapala Weerafunga**  
Malabe, Sri Lanka

*Beijing Review* improved enormously since I first started buying this journal in August 1982. Your magazine has consistently covered important and interesting subjects. The new emphasis on covering important Chinese political events and presenting complete documents and official communiques is impressive. However, it would be unwise to include colour photographs in your magazine, as I believe this would detract from its appearance as a theoretical journal.

**Richard Muirhead**  
Hongkong

### Support From China

The Democratic People's Republic of Algeria deeply respects the foreign policy of China. China has made great efforts to support the developing countries, especially African countries like our own. We have been given material and certain preferential treatment in business. Chinese products available here are also of high quality at cheap prices.

**Amina Meguitif**  
Oran, Algeria

### Useful Reference

Being a college professor handling courses about China (government and politics, introduction of Chinese civilization, etc.), I find most of your articles interesting and very useful. I have often assigned articles in your magazine as references for my students. Indeed, I am grateful that your magazine is available for use in our college library.

Perhaps you can offer special rates for students and poor low-paid professors like us?

I appreciate your new style of writing, using fewer of the terms identified with ultra-radical Leftist writings.

**F. C. Abaya**  
Tacloban, the Philippines

### More on India

The articles appearing in your journal are generally informative and interesting. But I would like to see more about Indo-Chinese relationships — cultural, commercial and political — in the magazine. Barring the unpleasant episode of 1962, India and China have had extremely friendly ties over a period of nearly 1,500 years. The Chinese and the Indians have similar aspirations and problems. Co-operation between the two would benefit both. As a shipping journalist, I would like to see more information about the shipping, shipbuilding and port developments in China.

**T. S. Sanjeeva Rao**  
Thane, India

# Beijing Ready for National Day

All-day festivities, including military and civilian parades of about 500,000 people, will mark the 35th anniversary of the founding of the People's Republic of China on Oct. 1 in Beijing.

An organizing committee headed by Vice-Premier Wan Li has been set up to oversee the activities.

The China Central Television will cover the military and mass parades. TV stations all over the world will be able to show live coverage of China's National Day parades via satellite. Radio Beijing will broadcast live in English to major cities such as Beijing, Shanghai and Guangzhou, and North American listeners will also be able to tune in on short-wave radio.

There will be evening festivities, including a large fireworks display in Tian An Men Square.

China has not specially invited foreign heads of state or delegations to the celebrations, but all visiting guests—including diplomats, journalists, foreign experts, a group of 5,000 Japanese youths participating in a cultural exchange, and delegates of compatriots in Hongkong, Macao and Taiwan and overseas Chinese will be invited to attend.

A military review, as well as mass parades, was held annually in the 50s, but the practice was suspended in 1960. The military review next month will be the first in 25 years.

Recent restoration work on the Tian An Men rostrum and all around the huge square has given the parade site a new look.

Starting from this year, special National Day activities will be planned for every five- and 10-year anniversary, but on different scales of course.

## Agronomist Gets 10,000 Yuan Bonus

Agronomist Hu Daofen was awarded 10,000 yuan not long ago for her success in breeding high-yielding strains of winter wheat.

Hu, 51, is an associate research fellow with the Beijing Academy of Agriculture and Forestry Science. During her six years of study, she bred new strains of *Jinghua No. 1*, *Jingdan No. 52* and *Jingdan No. 106*, which are high-yielding and disease- and drought-resistant. Her achievement was recognized by the Beijing Municipal People's Government.

Hu is the first researcher to receive a bonus under the Regulations on Awards for Promotion of Scientific and Technological Advances of the People's Republic of China published by the State Council on Sept. 12. According to the regulations, outstanding scientists and technicians will receive state bonuses of 5,000, 10,000 or

15,000 yuan, according to their achievements, in addition to certificates and medals. If their work is really exceptional, they will get a special award, with the approval of the State Council.

By offering a large bonus to outstanding scientists and technicians, authorities hope to develop research in China, State Councillor Fang Yi said at a recent science and technology conference.

Fang also said the state will encourage scientists and technicians to earn what they can from their own work, although subsidies will still be available. They will also be encouraged to increase their income and improve their living standards by applying for patent rights on their inventions, updating technology, providing technical services and popularizing scientific research achievements.

Since the introduction of the production responsibility system in rural areas, the socialist principle of to each according to his work or more pay for more work has been better implemented and more peasant households are prospering. But egalitarian ideas, known as "everybody eating from the same public pot" still hold back the progress of the arts and sciences in China.

Recently an actor was awarded five yuan for his excellent performance at an international folk arts festival. This shows that some people do not respect the achievements of artists, writers, scientists and technicians. They have some prejudice against work which does not create a tangible product.

Now, this incorrect tendency is being criticized.

## 7.83 Million Jobs Assigned Annually

From 1979 to 1983, 39.16 million people were assigned jobs in China's cities and towns, an average of 7.83 million each year. They make up one-third of all the people employed in the past 35 years.

At the end of 1983, 115.15 million people were working in China, which is 14.2 times as many as in 1949. The number of people each employee supports (including himself) dropped from 3.29 in 1957 to 1.71 in 1983.

There are many channels of employment under the overall state planning. Jobs can be assigned by state labour departments or local labour service companies, the

The newly built labour service company in Xuhui District, Shanghai.



latter being civilian-run. People can also search for jobs themselves or open individual businesses. This is a change from the old practice, in which all jobs were assigned by the administrative departments.

In recent years the number of people working in the retail and service trades or producing consumer goods has increased enormously. By the end of 1983, there were 16.68 million people employed in the retail, catering and service trades in China, an increase of 2.7 times that of 1978.

## East China Seeks Nine Power Plants

Officials in east China plan to raise 2 billion yuan locally to construct nine new power plants between 1985 and 1990 to supply the economically developed region along the coast.

The nine projects will be in addition to others planned by the state. All totalled, the locally funded projects will supply Jiangsu, Anhui and Zhejiang Provinces and Shanghai Municipality with an extra 2 million kilowatts of generating capacity, producing 14 billion kilowatt hours of electricity a year. The added capacity is equal to one-quarter of the current capacity in the eastern China power grid.

There is an increasing demand on the power industry as the national economy develops. During the past few years, the shortage of electricity in some areas has been somewhat eased due to the rapid exploration of other energy resources and the readjustment in the national economy. However, the inadequate power supply has not been expanded enough to meet the need, especially in economically developed coastal areas. Some 20 per cent of the country's produc-

tion capacity is unfulfilled due to lack of energy. It is estimated that the shortage of electricity in the east China region may reach 10 billion kilowatt hours annually after 1990 if no additional power projects are built besides those planned by the state.

Confronting this situation, officials from the three provinces and Shanghai decided to jointly run power projects in a step to ease the region's energy shortage. After completion of the power stations, electricity will be distributed according to the proportion of funds raised in each area.

## Peasants Insure New Prosperity

When nine milk cows died of illness in Nanping near Chongqing their owners were paid more than 6,500 yuan from their insurance company. They used the money to buy more cows, thus ensuring steady production.

In recent years, the suburbs of Chongqing have been developing their insurance trade. By last July 11,000 peasants and 774 villages and town enterprises had purchased family or business property insurance. Ninety-two per cent of the local peasants and 74 per cent of these village and town enterprises are insured in this year.

In the past, backward production methods and low living standards left the peasants with very little worth insuring. But since the responsibility system has brought the peasants a richer life, many expensive items have been sold in the countryside.

Last May, when the insurance company went to Huquanyan production brigade in Guanyinqiao village, all 152 families in the brigade insured their property to the tune of 344,000 yuan.

Now, 10 types of insurance are available in the suburbs of Chongqing. Between January and July this year 1,000 cars and tractors, 500 motorbikes and 100 ships belonging to individuals or collectives had been insured. This is double last year's figure. In order to meet the peasants' further needs, the insurance company will offer policies to cover oranges, vegetables, pigs, chickens and fish in the near future.

## Cement Output Second in World

China's 1983 cement production totalled 108 million tons, ranking second in the world behind the Soviet Union.

The country's first cement plant was set up in 1889, and only some 20 cement plants were established between 1889 and 1949 when the People's Republic was founded. In 1949, the annual output of cement was only 600,000 tons and there was little variety.

China now has 57 large and medium-sized cement plants and some 5,000 small ones. In addition to ordinary cement used for general projects, the plants now produce special performance cement for storage dams, cement for oil wells, high-strength cement and cement able to withstand high temperatures, quick-drying cement, cement resistant to sulphate and cement for decorative purposes. All totalled, the country turns out more than 60 kinds of cement.

Research has led to the development of several dozen new building materials and products since the 1960s. New products include light-weight high-strength concrete panels, aerocrete, various kinds of chemical building materials and stone slabs for decorative purposes. Buildings have been constructed with prefabricated com-



Construction of the Ninggou Cement Plant in Anhui.

ponents in Suzhou, Wuxi, Beijing and Harbin. And consumers can move indoor walls and change the layout of rooms according to their own needs.

Production of plate glass, stone slabs, bricks, tiles and other ceramics has also made rapid progress. At the same time, building material departments have made efforts to develop various kinds of rare non-metallic minerals. The new inorganic non-metallic materials developed in the late 1950s have been used for man-made satellite, missile and rocket and its carrier.

Since 1949, China has built 121 large and medium-sized building material plants and around 1,000 small ones.

## Rubber Acreage Fourth in World

In 1983 rubber trees covered 474,667 hectares in China, making it fourth among the world's 37 rub-

ber-producing countries and regions. China's output of dried rubber in 1983 amounted to 174,200 tons, which is 860 times the output of the early days after liberation, moving up to fifth position in the world.

From 1950 to 1983, China produced 1.44 million tons of dried rubber, saving the state US\$1,400 million in foreign exchange which would have been used to import rubber. Today, the country's natural rubber output can meet half its needs.

Some scientists abroad believe that north of 17 degrees north latitude it is impossible to grow rubber trees. But China has succeeded, through 30 years of efforts since 1952, in planting rubber trees on large areas 18-24 degrees north, and has developed natural rubber plantations on Hainan Island, in Yunnan's Xishuangbanna and in other areas. China has also developed its own rubber growing techniques and scientific management methods.





Using special grafting techniques, specialists at the Huanan Tropical Crops Research Institute can make these rubber trees grow at twice the normal pace.

Today, China has already established a complete rubber production and research system based in state rubber farms, institutes, centres and stations which study rubber and other tropical crops, and has different kinds of rubber processing factories with a combined annual capacity of 260,000 tons. It now produces seven varieties of processed rubber used as raw material to 30 specifications, as compared with one in the past.

## Peasants Going Back to School

Special schools for peasants have mushroomed to meet a thirst for education in the past few years. In the first six months of this year, 520,000 peasants in the 10 counties surrounding Shanghai attend-

ed classes, more than double the number who studied during the same period last year.

Classes often have a direct bearing on work and production. For example, though mushrooms had been planted for eight years by the Zhongnan brigade in Nanhui County, output was very low. To reverse the situation, eight women who handled the production of mushrooms entered a class to learn scientific mushroom-growing methods. When they applied their new-found knowledge and reaped more high-quality mushrooms, the classroom expanded from dozens of students to 400.

Various TV universities, radio classes and district peasants' schools have been set up in the Shanghai suburban counties, some 90 per cent of the townships have an adult education school and every brigade has its own popular science and social science training class.

In Sichuan Province, 440,000 junior and senior middle school peasant graduates have entered 2,563 township-owned technical secondary schools, studying more than 40 agricultural techniques and basic social sciences. Now 30 per cent of the townships have opened such schools.

In the past three years, such schools in Sichuan have turned out 238,200 graduates, indicating the greater role of education in the countryside economy.

## Traffic Jammed on Beijing's Streets

Rush-hour traffic in Beijing is a mess.

With some 3 million bicycles, a daily bus ridership of 8 million and thousands of trucks bringing goods into the city daily, the streets of the capital have become almost unbearably congested.

Though streets have been improved and bus service expanded, the city's transportation company contends the facilities cannot keep up with the burgeoning population, now estimated at 9.33 million.

Between 1949 to 1983, transportation officials said, the number of buses increased 30 times, bus routes 15 times, and total mileage increased 23 times. The bus ridership, however, far outpaced the buses, increasing to 8 million, 104 times its 1949 level.

Booming tourism in Beijing is another contributor to bus crowding. For instance, bus number 345 which runs from the city proper to the distant Ming Tombs, and bus number 332 which runs from the Beijing Zoo to the Summer Palace, are extremely crowded. On bus 332, as a rule, hundreds of people wait at the terminals during rush hour.

Another factor worsening the jammed traffic are new high-rise living quarters. The new apartments are often in areas with inadequate bus service and the buses that do come by are often slowed by construction work detours.

Television coverage of the crowded buses has recently called the authorities' attention to the problem. To cure the bus crowding headache, Beijing city hall and the transportation company have increased the number of buses and opened new routes during rush hours. In addition, the state has dispatched 500 buses annually for new routes in recent years.

Beginning this year, the city inaugurated four new minibus lines to connect Beijing Railway Station with tourist attractions such as Beihai Park, the Beijing Zoo and the Summer Palace. With a fare (one yuan) higher than public buses but much lower than taxis, the small buses stop to pick up passengers who wave.

The added bus service has helped somewhat to keep traffic manageable. However, adding more and more buses, a transportation official said, will only make traffic more jammed. The only solution, he predicted, is to add more subways to Beijing's underground system. But that solution is out of the question in the short-run. The municipal government is now considering a temporary solution: trucks may be banned during the day and forced to make evening deliveries. Eliminating trucks from the rush-hour traffic would reduce much of the congestion.

## Committee Seeks China-Japan Ties

Delegates to the first meeting of the 21st Century Committee for China-Japan Friendship came away from the Sept. 10-12 session in Japan feeling optimistic that the next century will see growing ties between the neighbour nations.

Mutual trust was the emphasis of the meeting. Japanese Prime Minister Yasuhiro Nakasone, in his greeting to the opening session, said, "I believe close and long-term complementing relations are indispensable in maintaining peaceful economic development. While in such a changing and unstable international situation, only countries linked by mutual trust will be able to withstand the tempests and storms."

Nakasone said, "The 21st Century Committee for Japan-China Friendship, assembling wisdom from all walks of life in both countries, is with no exaggeration the 'brain-trust' for Japan-China co-operation." Its task, he said, is to:

Observe the principles and spirit of the Japanese-Chinese joint statement (issued in 1972) and the Japan-China peace and friendship treaty (1978);

Explore new possibilities in Japan-China relations in line with the four principles of peace and friendship, equality, mutual benefit, mutual trust and long-term stability worked out by the two governments;

Transcend the differences in social systems and seek ways that enable bilateral relations to develop on a long-term and stable basis; and

Submit proposals to the respective governments.

Wang Zhaoguo, China's chief representative to the committee, proposed in his keynote speech that certain signs must exist for Sino-Japanese relations to grow more friendly in the 21st century. He said China and Japan should be:

- An example of peaceful co-existence for countries under different political systems;

- Economic partners that grow together on the basis of equality and mutual benefit.

- Friends that learn from each other and co-operate in progressing through culture and science and technology exchanges;

- Active in promoting human progress and maintaining peace in international affairs.

Japanese chief representative Tadao Ishikawa, who gave the other keynote speech, said views on relations on both sides were "surprisingly consistent or similar." He said, "The traditional feelings for China are widespread among the Japanese people, based on the communications which lasted more than 2,000 years. China's domestic and foreign policies in recent years provide new and tremendous possibilities for the long-term, stable development of Japan-China relations and for peace and stability in Asia and in the whole world."

To boost Chinese-Japanese relations, both sides agreed to establish a committee on the medium- and long-term development of Japan-China relations; a committee on

economic, scientific and technological exchanges; and a committee on cultural exchanges between Chinese and Japanese youths.

The 21st Century Committee for China-Japan Friendship was initiated by Japanese Prime Minister Nakasone in response to a suggestion made by Chinese Communist Party General Secretary Hu Yaobang during his visit to Japan last November. The formation of the committee was announced on March 24 of this year during Nakasone's visit to China. Both nations have 10 representatives on the non-governmental committee.

## Peaceful Efforts Win Applause

Italian Senate President Francesco Cossiga recently lauded China's efforts to settle the Hongkong and Taiwan questions by peaceful means as an example for the world to follow in resolving disputes.

He made the remarks on Sept. 8 while meeting with Deng Xiaoping, Chairman of the CPC Central Advisory Commission. Deng told the Italian official that China is using the principle of seeking truth from facts, as advocated by the late Chairman Mao Zedong, to settle its reunification.

"China is now holding talks with Britain on the Hongkong issue, and agreement can be reached on that issue," Deng told Cossiga, who arrived in Beijing on Sept. 6.

Deng added that China's "one country, two systems" policy is a "new question and idea" that must be solved by this generation or the next." Deng was referring to the fact that Hongkong will continue to operate as a capitalist country after being reunified with socialist China.

Cossiga also met Premier Zhao Ziyang, and NPC Standing Committee Chairman Peng Zhen and

other Chinese officials during his visit.

## China Demands US Compensation

A Chinese official has demanded compensation for any trade loss China might suffer as a result of the United States' new "country of origin" rules on textile imports.

Wang Pinqing, deputy to the minister of Foreign Economic Relations and Trade, told US Ambassador Arthur Hummel on Sept. 14 that the new rules would certainly "bring about negative effects on bilateral trade as a whole." He added that the unilateral action by the United States "violates the existing textile trade agreement and multi-fiber arrangement and contradicts international trade practice."

The US Customs Service recently announced the new rules in an effort to crack down on countries it said that had been avoiding their quotas by shipping unfinished goods to countries that are not using all of their quotas. The fact is that many textile products are partially manufactured in one country and finished in another. The new rules are thus designed to further limit the imports of textiles.

China demanded that consultations be held with the United States as soon as possible, and that US side make fair and reasonable compensation for the losses to be suffered by China because of the implementation of the new regulations, Wang said.

The relevant departments in China are closely watching the development of the situation, and will further assess the economic losses to be suffered, he added.

Wang said, "The US government shall be held responsible for any possible negative consequences resulting from the implementation of the new regulations."

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## Congratulations on China's Success at Olympiad

*Many of our readers have written to "Beijing Review" to express their congratulations on China's success at the Olympiad. Here we choose and print a few of these letters. — Ed.*

We Californians wish to thank the People's Republic of China for sending such superb athletes to Los Angeles for the 23rd Olympiad. Because of their magnificent athletic ability, their self-discipline, and their cheerful personalities, they won the hearts of the American people. And, on the opening day, when the Chinese delegation marched into the Los Angeles Coliseum, your athletes received the loudest cheers from the audience, so delighted were we that you were with us. That moment will stay with me for ever.

We hope more young people will come again soon so that the friendship between our two nations will continue to grow.

**Eugenia F. Zeitlin**  
California, USA

As an American of Chinese origin, I was covered with goose pimples when 90,000 spectators cheered and gave the Chinese an ovation as the athletes paraded into the coliseum during the opening ceremonies of the 23rd Olympiad. My goose pimples became more numerous when I saw the American flag appear with its large contingent of happy young men and women. My emotions overtook me, and I could hardly hold back the tears.

The opening ceremonies that night in Los Angeles gave a true example of world unity and friendship.

As you mentioned in the August 13 issue of *Beijing Review*, China won and surprised many people. China won the first gold medal of

the 23rd Olympiad, and it was also the first China had ever won. This was indeed a special distinction. The subsequent string of gold, silver and bronze medals that Chinese athletes won demonstrated to the world that China's young men and women are equal to any in the globe. Through their physical training, perseverance and continued struggle to reach their pinnacle, they may even surpass others in the future. It is heartening to see sportsmanship shown and comradeship developed among the young people of the participating nations as it happened in Los Angeles.

**William Q. Wu**  
Missouri, USA

My husband and I want to send congratulations to your people for an excellent showing at the 23rd Olympiad. All the people of China should be proud of your athletes and their accomplishments. We were excited for your athletes, in fact, we were rooting for them to win medals. Of course, we were proud of our American athletes. But for a country which was suppressed for three decades, there was joy in our hearts for your people to do so well.

Not the "Oriental Dragon" — it is the "Chinese Dragon" which has taken off and we are positive by the next summer Olympics your athletes will win more medals.

We were impressed with your athletes' dress and conduct and the big smiles on their faces. They indeed impressed the rest of the world with their respect for friendship, unity and graceful modesty as well as their performances.

Please extend our congratulations to your athletes and all the wonderful Chinese people.

**Darlene Classen**  
Colorado, USA

## Mediterranean

### Foreign Ministers Meet in Malta

by HUANG CHANGRUI

**F**OREIGN ministers from non-aligned nations in the Mediterranean earlier this month adopted a declaration opposing foreign interference in the region and supporting a withdrawal of foreign warships from Mediterranean waters.

The declaration came on Sept. 11 at the close of a meeting in Valletta, capital of Malta. The mere fact that the non-aligned nation ministers were able to get together and discuss regional concerns was seen as a success.

Mediterranean countries have differed on many issues in the past, but the growing militarization of the region has prompted the non-aligned nations to unite. Delegates from Algeria, Cyprus, Egypt, Libya, Malta, Morocco, Syria, Tunisia, Yugoslavia and the Palestine Liberation Organization were able to set aside their differences and gather to discuss peace and co-operation in the region.

A chief concern of the non-aligned nations is the presence of superpower warships in Mediterranean waters. Since the end of World War II, the United States has stationed its sixth fleet in the Mediterranean Sea. And the Soviet Union has frequently dispatched its Black Sea fleet to cruise the same waters. The intensified rivalry of the two superpowers has left the Mediterranean nations uneasy about their security.

Malta's Prime Minister and Foreign Minister Dominic Mintoff proposed 11 years ago at the

European Security Conference in Helsinki that the superpower fleets be withdrawn. But his proposals were attacked by the Soviet Union. Last year Malta again called for a reduction in foreign military forces during a follow-up session of the security conference in Madrid. Again, the proposal was rejected by the Soviet Union, the United States and a few other countries. It appears the superpowers are not interested in any proposal for Mediterranean peace and security while they battle for superior strength.

In addition to calling for a withdrawal of foreign warships, the non-aligned nations agreed on several other items during the Valletta meeting. Among them are:

- The ministers condemned US support for Israel's policy of aggression and expansion. They demanded the total withdrawal of Israeli forces from all Arab territories oc-

## Afghanistan

### Soviet Pressure Deadlocks Talks

by QI DELIANG

**T**HE fourth round of the United Nations-sponsored indirect talks between Pakistan and the Kabul regime of Afghanistan, held in Geneva on August 24-30, ended as the previous talks had, with no results.

Both sides basically maintained the same positions they adopted when the talks first began in June, 1982.

cupied since 1967. The ministers also expressed support for the Palestinian people to set up their own country in their rightful homeland.

- The ministers called for solving the Cyprus question on the basis of relevant UN Security Council resolutions.

- The ministers pledged to strengthen co-operation among countries in the region and among other developing countries.

The declaration reflects the desire of the non-aligned Mediterranean nations to safeguard national independence, develop their economies and oppose foreign interference and aggression.

But beyond the points of the declaration, the fact that the meeting was held at all is seen as a major event in the non-aligned movement. As the declaration states, the meeting was a "step of major political significance aimed at strengthening the efforts of the Mediterranean non-aligned countries to transform the Mediterranean into a region of peace, security and co-operation."

Pakistan insisted that a firm timetable for the Soviet troop withdrawal from Afghanistan is the key to a political settlement in the region.

The Karmal regime, acting on instructions from Moscow, refused to give a timetable for the Soviet withdrawal, and charged that other countries continue to "interfere" in Afghanistan's internal affairs. These irreconcilable differences left the talks deadlocked.

The trouble in Afghanistan has

not abated since the Soviet army invaded that country in 1979. Every year since, the United Nations has adopted a resolution demanding that the Soviets withdraw. The non-aligned movement and Islamic Conference have adopted similar resolutions. However, the Soviet Union, ignoring international opinion, continues its military occupation of Afghanistan, posing a stern threat to all of Southern Asia and the Persian Gulf.

The large number of Afghan refugees pouring into Pakistan have threatened the country's economic development and social stability. With the support of the international community, Pakistan discussed the problem with the Kabul regime once in 1982 and twice in 1983, passing messages via UN Under-Secretary General Diego Cordovez.

From the very beginning of the talks Pakistan's position has been very clear. It insists that the sovereignty, independence and non-aligned status of Afghanistan be protected. It believes the Afghan people have the right to choose their own form of government and social system without foreign intervention, subversion and pressure. All foreign troops should withdraw from Afghanistan and all Afghan refugees can then return to their country safely and with dignity.

The key to realizing this plan is the Soviet troop withdrawal. But the Kabul authorities, who act as agents of the Soviets, have repeatedly refused to address themselves directly to the Pakistan's position. Instead, they have created a number of pretexts for continuing the Soviet occupation and have repeatedly demanded an "international guarantee" that no one will interfere in Afghanistan's affairs as a pre-condition for any Soviet troop withdrawal.

However, the Soviet Union is

so far the only country interfering in Afghanistan's affairs. The insistence on an international guarantee is an artificial obstacle imposed by the Kabul regime to avoid any real breakthrough during the indirect talks.

Before the fourth round of talks, the Soviet Union intensified its military operations in Afghanistan and encircled the Afghan resistance forces. Many villages were razed to the ground and a great number of innocent civilians were killed or wounded.

The Soviet Union has also continued to exert strong diplomatic, political and military pressure on Pakistan. From August 13 to 23 the Kabul troops constantly shelled and bombed the western borders of Pakistan. During the current round of talks Moscow de-

ployed more than 10,000 troops along the eastern Afghan border with Pakistan. The Soviets also launched a provocative propaganda offensive against Pakistan. In mid-July the Soviet Union indefinitely postponed the planned visit of Pakistan foreign secretary to Moscow.

The Soviets are clearly trying to pressure Pakistan into abandoning its original position on Afghanistan. Facing the Soviet threat and attack, Pakistan President Zia ul-Haq stressed that Pakistan will not be intimidated by the air raids and incursions of the Kabul regime, and it will not retreat from its opposition to the Soviet occupation of Afghanistan. Pakistan's firm call for justice has won the respect and appreciation of the whole world.

## Washington-Moscow

# Behind Reagan-Gromyko Meeting

by CHEN SHI

**US** President Ronald Reagan's announcement that he will meet with Soviet Foreign Minister Andrei Gromyko in Washington later this month has prompted worldwide speculation about the real intentions of Washington and Moscow.

After the Soviets announced that Gromyko is willing to meet Reagan when he goes to New York to attend the United Nations General Assembly, Reagan quickly agreed and announced on Sept. 11 that he had invited Gromyko to the White House for a Sept. 28 meeting.

Reagan said that one of his top priorities at the meeting would be to demonstrate to the Soviet Union that the United States "means no harm."

"I just want to see if we can't do something that will rid the world of this (nuclear) threat," the US President said.

However, political and foreign policy analysts speculate that Reagan's willingness to meet the Soviet Foreign Minister largely stems from his re-election campaign. Reagan's Democratic Party opponent, Walter Mondale, has accused Reagan of being "trigger happy" and has blamed him for strained Soviet-US relations. Some read the Sept. 28 meeting as a Reagan effort to deflect Mondale's criticism about Reagan being the only US president who has not met high-level Soviet officials during his four-year term.

If the meeting is held and produces even faint signs of a renewed US-Soviet dialogue, analysts say, Reagan will be able to refute the accusation that he is unwilling to talk to Moscow. And even if the talks turn sour, Reagan will still be able to put the blame on Gromyko and the Kremlin.

Other Western diplomats in Washington note that the meeting

is certain to be seen as reflecting a slight thaw in US-Soviet relations.

The Soviet reasoning for the meeting, however, is somewhat vague. Soviet First Deputy Foreign Minister Georgi Kornienko described such a meeting as a "tradition." He said, "In the past there was a tradition where Mr. Gromyko, while on a visit to New York, also visited Washington for discussions with the president. . . . If this time in Washington they think it appropriate to return to that practice, I believe that there will be no difficulties on our part."

Actually, some diplomats say, the Soviets know a Gromyko visit to the White House could help Reagan in his re-election bid, but they think Reagan will win anyway. The Western press has suggested the Soviets hope the talks

may set the stage for a return to arms control talks during a second Reagan four-year term.

At the critical moment when Reagan is seeking re-election, some observers say, Moscow might think that because Reagan is eager to gain political profits from the meeting the Soviets may be able to force Reagan to make some concessions. And, if the White House talks lead nowhere, Gromyko could lay the blame squarely on the United States, perhaps hoping to undermine Reagan's image as a peacemaker in the eyes of American voters.

Despite speculation over what truly lies behind the Reagan-Gromyko talks, analysts generally hold that the meeting may warm the cold atmosphere between the two superpowers.

The new constitution provides for the creation of two separate parliamentary chambers for coloured citizens and Asians, but they may deal only with non-political affairs of the respective races such as housing, religion, education and medical services. The whites will continue to enjoy absolute political power in the government.

The new parliament will have 85 coloured deputies, 45 Asian delegates and 178 white members of parliament. The black majority will continue to be deprived of any role in the government.

The new constitution also replaced the prime minister with an executive state president. Former Prime Minister Botha was elected to that post on September 5.

Since its inception, the new constitution has been strongly opposed by blacks and whites who oppose apartheid policy.

Last November, the Pretoria regime held a national referendum to endorse the racist amended constitution, in which only the white people were allowed to vote. Nearly half of those did not vote. The United Democratic Front of black people was set up in August 1983 to block the implementation of the new constitution. In an anti-constitution petition drive they collected about one million signatures.

During the recent election, the blacks, Indian and coloured citizens as well as some whites took part in waves of protest demonstrations and held rallies opposing the new constitution. An estimated 600,000 university students and school children boycotted classes. The South African authorities sent large numbers of police to arrest leaders of black mass organizations and students, trying to stamp out the flames of opposition.

Since P.W. Botha came to office, his government's policies of

## South Africa

# Elections Strongly Opposed

by ZHONG TAI

**I**N the first two weeks of September, new violence swept the townships of South Africa. Riot police killed more than 40 blacks and wounded at least 300. The unrest was sparked by the forced implementation of the country's new constitution, which gives limited political power to Asians and people of mixed race (coloured), but continues to ignore the vast black majority.

Designed to create two separate Asian and coloured chambers of parliament, the election on August 22-28 was boycotted by most coloureds and Asians in the country. According to the press reports, 60 per cent of the country's coloureds were registered to vote, but less than 30 per cent of them actually did. Only 20 per cent of the registered Asians cast their votes.

Of the 30 million people in South Africa, 73 per cent are black. The Asians (mainly Indians) and coloured people together account for 12 per cent and the whites for only 15 per cent. But the South African authorities have long clung to their apartheid policy, which deprives the black majority of the right to vote or to stand for election. This policy has aroused strong opposition from the South Africans and brought about widespread protests.

In order to ease domestic conflicts, win more support from Western countries, and improve its relations with other African nations, especially those on its borders, the South African regime has since 1978 indicated its willingness to make some reforms and to amend the constitution to allow Asian and coloured people to participate in the country's political affairs.

apartheid and suppression have subjected the South African authorities to universal condemnation and placed them in agonizing isolation.

Recently, the Organization of African Unity (OAU) passed a resolution supporting the South African people's struggle against the new constitution and demanded that the Pretoria regime release black leaders who have been arrested.

The UN Security Council also adopted a resolution on August 17, declaring the new South African

constitution and the results of the election null and void. Many representatives to the UN Security Council condemned the recent South African parliamentary election, which was designed to deceive the international community and divide the blacks from Asian and coloured South Africans.

No matter what political tricks or armed suppression the Pretoria regime uses, its actions will only fuel the flames of the South African people's struggle against racism and speed the racist regime to its doom.

## Latin America

# New Efforts to Solve Debt Crisis

by **GUAN YANZHONG,  
TONG LEI**

**T**HE Cartagena Group's second ministerial meeting ended on Sept. 14 with a call to all creditor countries to hold "direct political dialogues" with debtor countries in the first part of next year, so as to reach a complete understanding and the co-operation which is indispensable in solving the current world debt crisis.

In his opening address at the two-day conference in Mar del Plata, Argentine, President Raul Alfonsin pointed out that the Latin American nations now owe US\$350 billion to various foreign banks. Capital is flowing out of the region so fast that interest payments alone took up nearly one-third of Latin America's earnings last year. This staggering debt is not only dangerous to each nation's economy, but has threatened the region's political stability as well, Alfonsin said.

Since the beginning of this year the Latin American countries have been working hard to find a way out of their debt problem. A regional economic meeting last January in Quito, the capital of

Ecuador, proposed that the Latin American countries act in co-ordination. Last May Argentina, Brazil, Mexico and Colombia issued a joint statement condemning the industrial countries for their trade protectionism.

Under their initiative, the Latin American economic meeting on the debt problem was held in Cartagena, Colombia last June. The ministers of 11 Latin American countries, whose foreign debt accounts for 90 per cent of region's total, attended. They proposed talks with creditor countries.

Their reasonable proposals have won the support and sympathy of much of the international community. However, some creditors did not respond. Some US banks ignored the call for discussions, and even raised the interest rate again after Cartagena meeting, arousing strong indignation from the Latin American countries.

Since the beginning of this year, US banks have raised their interest rates four times, from 11 per cent to 13 per cent. This has increased the urgency of the Latin American debt problem.

Because a major cause of the

current debt crisis is the past shifting of the economic problems of developed countries, the creditors have an obligation to listen to the debtors, and discuss possible settlements. If the creditor institutions force unreasonable repayment schedules upon the Latin American debtors, they will not only harm the economic development of the region, but will also threaten the recovery of the world economy. This is not in anyone's interests.

All the participants at the Mar del Plata meeting pointed out that the debt problem is not solely economic, and cannot be dealt with solely between the private banks and the debtor countries. Real understanding is necessary to create conditions for the settlement of this problem through "direct political dialogue." Separate talks between the debtor countries and the countries where creditor banks are registered would be mutually beneficial.

During the Mar del Plata meeting US Secretary of the Treasury Donald Regan hurriedly issued a statement saying the United States would not join a meeting between the Latin American debtor nations and creditor nations which is planned for sometime in the future. The attitude of the United States — the biggest creditor — has aroused serious concern among the Latin American countries.

The Latin American countries are all confronted by a similar economic situation, and are strengthening their unity and co-operation in the face of tremendous pressure. All the ministers at Mar del Plata agreed to hold another meeting in the Dominican Republic at the beginning of next year to continue their consultations. Observers in Mar del Plata noted that although this meeting has enhanced unity in the region's efforts to solve its debt problem, the struggle ahead will remain difficult and complicated.

# Sino-Japanese Friendship Looks to the Future

*The following is the slightly abridged keynote report by Wang Zhaoguo, China's chief representative to the 21st Century Committee for Sino-Japanese Friendship, on its first meeting in Tokyo on Sept. 10. It explains China's main reasons for wanting to extend Sino-Japanese friendship into the 21st century, and outlines the tasks of the committee. — Ed.*

IT is both important and critical for our two nations to look into the future of Sino-Japanese relations in the 21st century. When General Secretary Hu Yaobang visited Japan and Prime Minister Yasuhiro Nakasone came to China, both leaders found themselves in like mind with their hosts on their wishes for the long-term, steady development of Sino-Japanese friendship. Both sides said they hoped to make the 21st century a better one for good neighbourly relations.

Thanks to the kind concern and personal suggestions of leaders in both countries, the 21st Century Committee for Sino-Japanese Friendship has been set up. Its task of promoting friendship far into the future is warmly welcomed by the Chinese and Japanese people, and has attracted worldwide attention.

Our purpose — to make the 21st century a better one for Sino-Japanese friendship — reflects our common aspirations and fully embodies the needs of the times and the inevitable developments of history.

China and Japan are close neighbours, separated by only a strip of water, and have an ancient tradition of friendly contacts. Our ancestors, defying hardship to climb the mountains and cross the sea, visited each other often to exchange gifts and ideas and

thus helped promote the development of their nations.

Monk Jian Zhen (Ganjin Wajo), determined to cross the East China Sea to Japan, failed five times, but did not give up. He succeeded on his sixth attempt, although he had already become blind. Abeno Nakamaro, one of the masters who dedicated himself to Sino-Japanese friendship, died and was buried in Changan (Xian). This friendly history, unchanged for 2,000 years, is both a treasure for our later generations and an excellent historical example of relations between nations. We have a firm foundation upon which to develop Sino-Japanese friendship into the 21st century.

In modern times, there was an unfortunate period of hostility between China and Japan, from which the Chinese people suffered very much. So did the Japanese people. But afterwards, more people with higher ideals worked with fervour to foster cordial relations between China and Japan. Some were not afraid to devote their lives entirely to this cause.

The Chinese writer Lu Xun once predicted, "For all the disasters the brotherhood has remained; a smile upon meeting and enmity is banished." The war launched by Japanese militarists in the 1940s not only failed to cut off the friendship between our two nations, but made people recognize how important and valuable good neighbourliness between China and Japan really is.

Since the normalization of diplomatic relations between China and Japan, the hopes for friendship which our peoples had kept locked in their hearts quickly turned into actions, promoting the development of relations in all areas. In just 12 years we have accomplished a great deal. Friendly co-operation between the two

countries has reached its highest level ever. Ever-growing friendship has and will continue to benefit all our people, and has pointed to broad prospects for development.

The historical vicissitudes of Sino-Japanese relations tell us clearly that both China and Japan will suffer if they fight each other, while both will prosper if they are on good terms.

Today, developing Sino-Japanese friendship into the 21st century has even more practical and immediate significance. Two great catastrophic wars have threatened humanity since the beginning of the 20th century. How fresh are the memories of tragedy which remain! Now, when the international situation is turbulent and the danger of war still exists, Sino-Japanese friendship and our pledge never to fight each other again not only establish a stable environment for our own peaceful development, but also greatly contribute to the establishment of peace in Asia and the world.

China and Japan are different in economic development, scientific and technological attainment and natural resources. We need each other and replenish each other, now and for our future development. This has made close co-operation possible. To advance this co-operation into the 21st century will surely bring our two nations prosperity and happiness.

Our wish for friendship with the Japanese people is sincere. From our own experiences, we know keenly the great virtue of treating people equally and the ugliness of using strength to bully the weak. China will never seek hegemony and opposes others seeking hegemony. Our historical experiences tell us that unless we



completely rid ourselves of the policy of closing our country to international intercourse, we will never be able to make China strong. We will stick to our independent and peaceful foreign policy, keep our doors open, and concentrate our energies on developing our economy. This is the Chinese people's wish from bottom of their hearts, China's unalterable orientation, and the Chinese Government's basic policy.

Japan is our friendly neighbour. One important part of our basic national policy is to further our good relations with your country. We firmly believe that as long as we treat each other sincerely, trust each other, show good faith and work together, the grand goal of making the 21st century one of closer Sino-Japanese friendship will be realized.

What will be the main goals in realizing this friendship? It seems to us that politically, China and Japan should become a fine example of peaceful-coexistence among countries with different social systems.

Good or bad relations between countries are not decided by their social systems. This was proved eloquently by the reconstruction and development of Sino-Japanese relations. Provided both countries scrupulously stand by the 1972 Chinese-Japanese Joint Statement, the 1978 China-Japan Peace and Friendship Treaty and the four principles guiding bilateral relations, any obstacles or international disturbances will not affect our long-term friendship.

Economically, China and Japan should become partners on the basis of equality, mutual benefit and prosperity.

The ever-growing economic co-operation between China and Japan will propel the economic development of each. The continued prosperity of the Japanese economy and the gradual realiza-

tion of China's modernization in the near future will bring more extensive, efficient co-operation between our two countries. As long as both sides fully tap the superiorities of each, keeping equality and mutual benefit foremost, we will be able to forge a partnership which will complement each and enhance both.

In cultural, scientific and technological exchanges, China and Japan should become friends who learn from each other and march forward side by side.

Both China and Japan have a long, rich history and their people are industrious and intelligent. Along with the other Eastern nations, they created the splendid oriental civilization. Continuous cultural and technological exchanges will boost each other's cultural development and make new contributions to world civilization.

In international affairs, China and Japan should become a positive force to oppose war, safeguard peace and promote human progress.

Both China and Japan are important countries in Asia, and both have an unshirkable commitment to international peace and development. Sino-Japanese friendly co-operation should help bring about peace in Asia, alleviate conflicts between the North and South, and promote the common progress of mankind.

The 21st century is not so far away. Making it a century of better Sino-Japanese friendship is both a high ideal and a difficult task. Because we have different ideologies and social environments, and because friendly diplomatic relations have only recently been re-established, it is only natural that some problems remain. But the important thing is that we should be farsighted, practical and realistic in dealing with the present problems. We

should communicate frankly with each other to promote real trust and mutual understanding, and make every effort to strengthen the long-term friendship between our two countries.

Since the establishment of the committee, people and friendly associations in both countries have given it their enthusiastic support and place great hopes on it. We feel the weight and honour of the responsibilities placed upon us. We'd like to work together with our Japanese representatives with a common sense of duty and urgency. We on the committee will thoughtfully consider how best to ensure the long-term, steady development of good relations between China and Japan, and will make feasible proposals to both governments.

The Chinese committee will also continue to educate the Chinese people, and particularly the youth, on the importance of extending Sino-Japanese friendship into the 21st century. The young are the future of any country, and the realization of closer ties depends on them. We will also work with the Japanese committee, conducting together or separately friendly activities centred on exchanges between young people of both countries.

Cementing good relations between China and Japan is a cause of the people, and it requires the efforts of all friendly organizations and groups in both countries. For decades, many old friends have contributed their share to this cause. Their great efforts will be treasured by both peoples whenever they look on the history of Sino-Japanese friendship. On behalf of the Chinese committee, I wish to take this opportunity to offer our respects. The 21st Century Committee for Sino-Japanese Friendship regards the pioneers of both countries as examples.

# Investment Protection: Key to Open Policy

**Yuan Zhenmin, General Director of the Department of Treaties and Law under the Ministry of Foreign Economic Relations and Trade, answers the questions of our correspondent Zhang Zeyu about China's investment protection agreements.**

**Question:** With which countries has China signed investment protection agreements? And which countries is it negotiating or having contacts with? Because the information in newspapers is not consistent, would you please give a precise answer?

**Answer:** Since the policy of opening to the world was adopted to develop and strengthen economic co-operation between China and other countries, China has conducted negotiations on investment protection agreements with a few countries. And through joint efforts, China has signed such agreements with Sweden (March 29, 1982), Romania (Feb. 10, 1983), the Federal Republic of Germany (Oct. 7, 1983), France (May 30, 1984), Belgium-Luxemburg Economic Union (June 4, 1984), Finland (Sep. 4, 1984) and Norway (initial-ed). Of those, the agreements with Sweden and Romania have become effective and others are subject to completion of legal procedures before going into effect. The Chinese Government is now negotiating similar agreements with Japan, Switzerland, the United States, the Netherlands, Austria and Italy. Negotiations with Britain will start before the end of this year. And some other countries have expressed their desire to negotiate the same kind of agreements with China. In addition to investment protection agreements, the Chinese



Government reached investment incentive agreements relating to investment insurance and guarantees with the United States (Oct. 30, 1980) and Canada (Jan. 17, 1984).

**Q:** What will these agreements mean?

**A:** Opening to the world is China's long-term state policy. Reaching investment protection agreements will help implement this policy. The significance of signing these agreements lies in the fact that, under these agreements, China and other countries can create favourable conditions for each other's investors based on the principle of equality and mutual benefit. The agreements ensure the security of investments and their returns so as to promote the flow of each other's capital

and the development of economic co-operation.

Friendship Treaty was the common goal our two peoples struggled towards.

Today, we hope the ideal of making the 21st century one of better Sino-Japanese friendship will be a new banner for our peoples. We believe that under it,

and the development of economic co-operation.

At present, China is striving for its four modernizations. It will rely mainly on its own efforts to build the country into a modern nation. But China needs international support and co-operation to speed up the development of the modernization programme. These agreements can pave the way for increased foreign investment in China. Also, since China adopted its open policy, it has made some investments abroad, though in smaller amounts, which will also be protected by these agreements.

**Q:** What are the main content and characteristics of the investment protection agreements China has signed?

**A:** In terms of structure, these agreements are more or less the same as those signed among other countries in the world. They include: (1) definition of investments and investors; (2) treatment accorded to investment and activities related to investment in the host country; (3) the conditions which shall be accorded with in case of expropriation, nationalization or similar measures to be taken against investment in the host country; (4) guarantee for transfer (repatriation) of capital and returns related to the investment; (5) investment insurance and subrogation; and (6) settlement of disputes, etc.

all the parties, organizations and people all over our countries will converge to form a historical current flowing into the 21st century. They will write an even more brilliant chapter in the history of Sino-Japanese friendship in the years to come. □

Looking back at the course of Sino-Japanese friendship, we can see that the normalization of diplomatic relations between China and Japan was once a rallying banner and propelling force for Sino-Japanese friendship. Later, signing the China-Japan Peace and

In terms of substantive contents, the agreements signed by China have distinguishing features from those signed among other countries, for which I would like to point out the following:

(1) In regard to treatment granted to investors, only a most-favoured-nation treatment provision is set out rather than a national treatment provision in the agreements China signed. That stems from the fact that China is a socialist country with a planned economy. There are three different types of economic ownership in China: state, collective, and individual, between which there are big differences in rights enjoyed and duties imposed. The situation in China differs greatly from that of the mercantile economy countries. Therefore, it is impossible for China to grant "national treatment" to foreign investors. It is not only China that is confined in this case. All agreements signed by socialist countries stipulate only most-favoured-nation treatment without any mention of the so-called "national treatment." By saying this, I do not mean at all that China accords foreign investment less preferential treatment. In fact, in accordance with the Chinese laws, foreign investors in some cases enjoy more preference than Chinese state-owned enterprises. For example, income tax rates imposed on foreign investments are lower than those on Chinese enterprises.

(2) As for compensation for expropriation, nationalization or other measures taken against investments, no investment protection agreement signed by China adopts the wording "prompt, adequate and effective compensation," which the developed countries maintain, because expropriation and nationalization are a sovereign action of a state. There is a clear stipulation of "appropriate compensation" in the Charter of Economic Rights and Duties of States adopted by the

United Nations in 1974. As a signatory, China shall not violate the UN principle.

We stand for the rational and equitable principle of equality and mutual benefit as stipulated in the signed agreements and protocols: Either contracting party may expropriate, nationalize or take similar measures against investments of the other contracting party for public interest under domestic legal procedures without discrimination. Compensation should amount to the value of the expropriated investment immediately before the expropriation and it shall be in convertible currency and freely transferable, and it shall be paid without undue delay. If a dispute on compensation arises and cannot be settled through consultation, the competent court of the contracting party adopting the measure of expropriation or an international arbitration tribunal shall, upon the request of the investor, review the amount of the compensation. We think that such stipulations are just and rational for both sides concerned and can provide full protection for the interest of investors.

(3) Concerning the transfer of capital and returns, as well as other proceeds and gains, we have no objection to the stipulation of "free transfer." But we hold that in countries where there are laws or regulations on the control of foreign exchange, the laws or regulations shall stand in force. This is a stand of respecting the sovereignty of the state and proceeding from the practical situation. Under such a prerequisite, some flexible measures may be taken in order to protect the legitimate rights of foreign investors. In China, such transfers shall, in accordance with the Provisional Regulations for Exchange Control of China, be made by debiting the foreign exchange deposit accounts of the investors concerned in the Bank of China or other banks approved by the Administration of Foreign Ex-

change. In cases where the deposited amount in the account is not enough to meet the requirements of the transfer, the Chinese Government shall ensure to the investors a free transfer of the following: capital and additional investment, payment of compensation for the expropriated investment, payment made pursuant to a loan in connection with an investment guaranteed by the Bank of China, the proceeds from the transfer or liquidation of an investment, the income in the inconvertible currency derived from the sales or services on the Chinese market as approved specially by the Chinese Government, or the sum which is allowed to be converted into foreign currency in accordance with special approval by the Chinese Government. This is also an example of flexible measures taken by the Chinese Government to encourage foreigners to invest in China. Our stand has already been accepted by some countries.

(4) We have noticed that many countries have signed the Convention on the Settlement of Disputes Between States and Nationals of Other States, done in Washington on March 18, 1965. For them, such disputes shall be submitted to the International Centre for Settlement of Investment Disputes (ICSID) for arbitration. No doubt, China will consider the same way of dispute settlement if it becomes a signatory to the convention. But China is not a signatory now. Therefore, it is inappropriate for China to use the ICSID. Nevertheless, the Chinese Government agrees, upon the option of the investor concerned, to take the disputes to a competent local court or to submit them to an international ad hoc arbitration tribunal. Moreover, the tribunal shall determine its own procedure with reference to the arbitration rules of the Arbitration Institute of Stockholm Chamber of Commerce, or ICSID or UNCITRAL rules. □

## Wuxi: Booming Industry and Better Life

by WANG GUOZHEN

*Beginning with this issue, "Beijing Review" will publish a series of articles written by its staff members describing the changes that have taken place in their hometowns since 1949. This is part of our project to mark the 35th anniversary of the founding of the People's Republic of China. —Ed.*

A GIRL in jeans, about five, stood in a pavilion posing for her picture. Just as her fashionably dressed mother's Canon clicked, the youngster, distracted by a mechanical horse that was "galloping" in response to a given oral command and a set of chairs which were rotating to the accompaniment of music played by a built-in cassette, jumped down and started running towards the horse and chairs. She abruptly stopped between them, in a quandary as to which one she should try first.

This little scene caught my eyes as I was wandering through an exhibition and trade fair held by the Wuxi Sports Apparatus Factory (WSAF) at the Cultural Palace in Wuxi, Jiangsu Province. Although the recreational equipment on show are not highly sophisticated, still they represent the progress of WSAF, a factory composed of only four carpenters 20 years ago.

After an absence of six years, I took my family back to Wuxi to visit my parents early this summer. In China, married working couples enjoy a three-week paid

leave every four years to visit parents in another city, including part of their travel expenses. Unmarried working people are given a fully paid trip home once a year.

WSAF is only a two-minute walk from my parents' house. In 1964, four jobless carpenters signed up with a street committee to start a business making palm-size wooden pieces for switches to be fixed on walls. By the following September, when I moved up to Beijing, the group had already recruited 20 others and set up a tattered workshop close to our house. Thirteen years later when I was back home, the workshop had expanded into a factory with a 3-storey and a 2-storey buildings, three brick workshops and 174 workers, making exercise equipment for adults.



The factory changed to producing children's items such as seesaws in 1981, when they realized the government was encouraging the whole nation to show more concern for "the nation's flowers."

Now they can also manufacture electric and electronic products, although they still have a long way to go in producing better-shaped, more sophisticated items in more attractive colours. Last year, the factory's output value reached 1.56 million yuan, as against 1.03 million yuan in 1982, 0.62 million yuan in 1981, and 2,000 yuan in 1965.

The factory is one of six now under the direct leadership of the Nanchang district authorities, according to Lu Junwei, who is in charge of planning and finance in the district. "In spite of the progress WSAF has made over the past two decades, its output value is still way behind the other five," he said. "Products from the Wuxi Shoe Factory and the Wuxi Xinfeng Garment Factory, for example, have even made their way into the world market."

Enterprises like WSAF are neither private nor state-owned. They are under the direct supervision of the district or street authorities. Cities like Wuxi are divided into districts, with each one exercising leadership over several street committees composed of a number of neighbourhood committees.

These factories must procure their own raw materials and market their own products. They are solely responsible for their own gains and losses. A family friend, who is director of a street committee-owned welfare society composed mainly of the handicapped, told me that the wages of such factory workers are generally lower than in state-owned enterprises.

In Wuxi there are thousands of factories like WSAF. They form a considerable portion of the city's industry. Most of them have made big progress over the past 20 or 30 years.

We used to enjoy a very comfortable environment around my home, located on the outskirts of the city. Outside the eastern wall was a basketball court near a dilapidated blacksmith shop. Out in front were paddyfields where I used to snare eels with something like the American Indian gorges.

But all this has changed. The blacksmith's has developed into the Wuxi Industrial Boiler Factory, with a 4-storey building towering over several workshops. The paddyfields have made way for rows of factories.

I was told that the state-owned enterprises have the privilege of taking on any workers they choose, while district factories can have only the "left-overs." With this advantage, plus direct support from the government, the state-owned enterprises in Wuxi have naturally made far greater progress over the past 35 years than those owned by the district and street committees.

Before 1949, 3,000-year-old Wuxi was a subsistence city, known at best for its fish and rice. Although very close to the large, influential industrial centre of Shanghai, it had only a conglomeration of some grain mills and plants to reel raw silk from cocoons. It is no exaggeration to say nails were called "foreign nails" and matches "foreign fire" there.

Industries started growing after 1949, the year the People's Republic of China was founded, their progress regrettably upset to some degree by the flip-flops of the political struggle which culminated during the "cultural revolution" (1966-76). Also because of some rigid economic policies which in essence defused people's enthu-

siasm for work, Wuxi's industry remained lackluster right up until the mid-70s.

It began to present a more encouraging look only after 1976 when the gang of four, who held sway during the "cultural revolution," was arrested and the government decided to relax its economic policies and begin a modernization drive.

Along the shady two-lane Nanchang Street where my home is situated, winding its way along the Grand Canal from among traditional brick-and-tile houses, there are now more than a dozen state-owned factories, ranging from textile mills to an iron and steel company, where the few modest silk plants stood in the 50s. The rest of the city is dotted with metallurgical, textile, machinery, electronic and other industries turning out TV sets, stereo radio cassette recorders, refrigerators, washing machines and cameras.

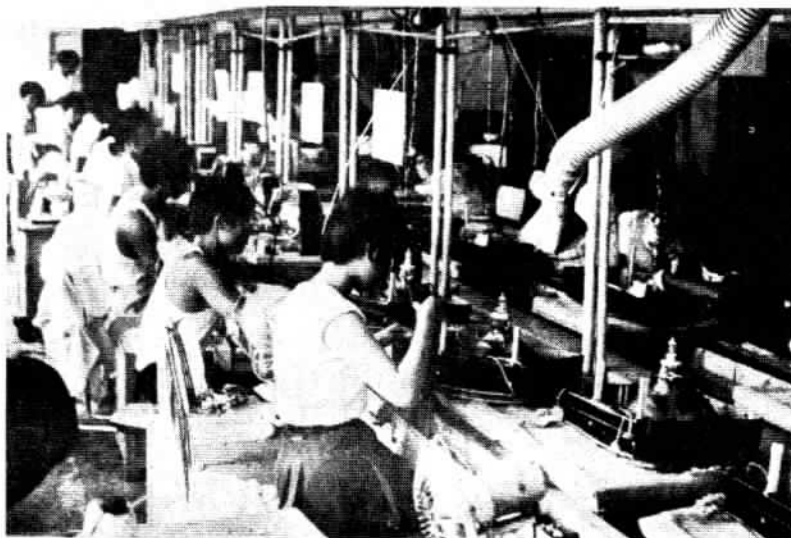
After a recent re-organization, Wuxi is now part of the Shanghai economic zone. In 1983 the city took over the three counties of Wuxi, Jiangying and Yixing, with a view to further expanding its industry. The expanded city now covers 4,650 square kilometres and has 3.87 million people. Wang

Huidong, from the city's economic commission, told me that the total industrial and agricultural output value of Jiangsu Province came first in China last year, with Wuxi playing a conspicuous role.

Tourism is also a major industry in Wuxi. The Grand Canal, the legendary "Dragon Mountains" and the fantastic Lake Taihu provide a pleasant escape from the crowds, noise, pollution and hassle of the workaday world. A friend of mine working for the local travel agency told me the number of foreign tourists coming to Wuxi increases by 30 per cent with each passing year.

The industrial boom has made it possible for the city government to do more for the people. Projects to provide adequate housing—a headache tormenting most cities in China—go on apace. So far, six large residential regions have been built around the city proper, with one composed of hundreds of 5-storey apartment buildings just beyond the factory buildings in front of my home. A young couple told me they used to see many people sleeping in the sitting rooms facing Nanchang Street two years ago. "But I don't think you can find them now," the wife said.

A glimpse of the colour TV production line at the Wuxi TV Factory.



The industrial boom in Wuxi has also provided many jobs, according to Qian Shujun of the city labour bureau. Thus the city has not only basically solved its unemployment problem, but is even feeling some shortage of labour. Director Hu Aiju from WSAF also complained about not having enough hands to get the work done. "My factory has not been able to employ a single worker since 1974, despite the fact that we have jobs for another hundred people," she said.

In this respect, the suburbs can help the city only a little, because industry is also growing there. WSAF has some peasant carpenters who come in during slack seasons. A 22-year-old production team leader told me that some of his neighbouring teams are recruiting peasants from less-developed places to farm their land, while their own people devote themselves mainly to sideline occupations and industry. "We intend to follow suit, that's for sure," he said.

With more people working, most families are making more money and the quality of their life has improved. A friend surprised me by serving a 12-course dinner. "I always do this when I have

friends in," he said. "unlike Beijing up in the north, agriculture is terrific here. So a better life seems to be less expensive." His wife also said they are earning more money than before and don't have to support their parents. My friend, a small man, is very talkative. He kept encouraging me to drink. He said he often enjoys a "happy hour" after work. "I'm skinny because I didn't have enough meat and eggs to eat when I was a child. But I always fix milk and fried eggs for my son in the morning, in the hope that he will be taller and stronger," he said.

I have the same feeling with my own family. Life has really improved a lot, although the standard of living is still very low when compared with developed countries. This time when I was at home food was so plentiful that by the end of my stay I asked my mother to prepare vegetables only, because we had been having too much meat and fish. But my mother said she and father are receiving a handsome pension, and we should not worry about how much they were spending.

Retired people like my parents go on enjoying free medical care and get a pension fixed by the

government, amounting to 70 per cent of their original salaries. In Wuxi, many retired skilled workers are invited to work as advisors for small factories, at pay which adds on at least another 30 per cent of their original salaries. These people used to have large families to support. Nowadays, with children grown up and working, they are leading a comfortable life. At the same time, because of the pension system, their working children need not contribute to their financial support.

One day I passed a 2-storey apartment building, a little bit smaller than the others around it but still a contrast to the old house of my parents. To my astonishment, the owner doing the family wash in the front was an old lady who had fled famine in alkaline northern Jiangsu Province long before 1949. The widow has one daughter and two sons. Twenty-four years ago when I was a school-boy in Wuxi, they lived in a dark house made of reeds and clay. And her youngest son, now a skilled factory worker, was often seen with a bamboo pole fishing for cast-off vegetable leaves in the Grand Canal. My friend told me all her children are now working, and her youngest son had rebuilt

The Wuxi Film Factory stands by Lake Taihu.



the old hut into their present home with the help of his brother and sister.

Many of my former neighbours who owned old houses have built 2- or 3-storey apartment buildings. My two younger brothers have bought houses from individual owners and now have three times more living space than I have in Beijing. But not satisfied, they plan to rebuild them into 2-storey apartment buildings in the near future.

Two friends told me that Wuxi's workers have benefited a lot from the booming industry and from the government's new economic programmes and policies. One said workers' wages were not upgraded at all from 1963 through 1976. "But since 1976 we workers have had our salaries increased two or three times," he said. They said the bonus system reintroduced after 1976 is becoming more and more lucrative, and some people are getting more than twice the income they received eight years ago.

Although the sum of money is still not very great, life in the city known as "the land of fish and rice" is less expensive than in Beijing. A worker from WSAF told me that the monthly income of her four-member family is about 280 yuan. "Each month, we pay about 10 yuan for rent and utilities for a four-bedroom house and spend about 100 yuan on food," she said. With vegetables selling for only a few Chinese cents a *jīn* (equivalent to 1.1 pound), people can always find ways to save some money. It is thus possible to find a few thousand yuan to build a new apartment building. And because the government has reduced prices of TV sets and radio cassette recorders, they are no longer inaccessible luxuries. More people are buying refrigerators and washing machines too.

During my few weeks' stay in Wuxi, I could not help noticing



Lake Taihu — a tourist attraction of unparalleled beauty.

some of the problems caused by the booming industry and inherited from the former economic system. I was sorry to see the Grand Canal, famous throughout the world, is polluted. So are many of the branch rivers and creeks crisscrossing the city and suburbs. A small river skirting the middle school I attended used to be our "swimming pool," but now it is too dirty. Still, to my relief, picturesque Lake Taihu is pollution-free.

I also noticed laxness on the part of some factory workers and lip service paid by restaurant and store people to "serving customers warm-heartedly." But many people told me a contracted responsibility system is being set up in Wuxi. In the future, the harder you work, the more you will earn. An acquaintance of mine on sick leave told me that he

had only a small indisposition, but didn't feel like working. "I can still get something to eat from the big socialist pot, in spite of the bonus system," he said. "But I won't and I will not be able to do this when the contracted responsibility system is introduced in my factory. Who is not willing to work harder for more money and a better life?"

On the front page of *Wuxi Daily* one May day was reported the Jiangsu provincial authorities' approval of the Wuxi government's plan for future development. It included projects devoted to building electronics, light and textile industries, as well as manufacturing high precision machinery. Great efforts will also be made to build the city into a tourist attraction free from pollution, jay-walkers and traffic jams. □



## Port City Profiles

# Qingdao, an Oasis Surrounded by Sea

*In a recent interview with a "Beijing Review" correspondent, Zang Kun, Mayor of Qingdao, outlines future economic development plan for his city.*

**Question:** As a city recently opened to the world, what advantages does Qingdao offer?

**Answer:** An open city featuring textile and other light industries, a harbour for foreign trade, oceanographic research and tourism, Qingdao has many advantages.

Located on the southern part of the Shandong Peninsula, Qing-

dao is in a good location to provide sea links with five continents. Qingdao's harbour, the fourth biggest in the nation, is deep, broad and ice-free all year. It can handle more than 22 million tons of cargo annually. Qingdao's railways and highways are in good condition and the city has direct air service to Dalian, Beijing and Shanghai. Qingdao has telephone and telex links with cities all over the world.

A picturesque coastal city, Qingdao is perfect for tourism. With mild weather, it is also an ideal summer resort. Tourist

attractions include Qianhai beach and Laoshan Mountain, as well as many historic sites. Qingdao's city limits are coloured with magnificent high-rises and graceful villas. Millions of Chinese and foreigners visit it every year.

Qingdao boasts well-developed industries. Its textile and light industries are in particularly good shape. Electronic industry ventures have grown quite fast in recent years. And the city's rubber industry ranks second in China. Qingdao's beer, marketed worldwide as Tsingtao beer, enjoys popularity and brisk sales in China and abroad.

In addition to its famous brew, Qingdao has 1,880 enterprises producing more than 270 products such as silica gel, soda ash, knitted sportswear and white wine. Some 330 of the city's industrial products are exported. Qingdao is also strong in agriculture and fishing and exports almost 100 products such as peanuts, fruit, vegetables, meat products, prawns and fish. All totalled, the city's products are exported to more than 120 countries and regions.

Qingdao has a powerful scientific and technological force. With 10 universities and colleges and more than 110 research institutes, the city is ready to utilize advanced technology. Home to many famous oceanography experts, Qingdao is particularly strong in ocean research.

**Q:** How does Qingdao plan to







Swimmers flock to the beach at Qingdao.

use foreign co-operation and investment?

**A:** Using advanced technology to transform old enterprises is the target of our work. In the last few years we have completed more than 170 projects in co-operation with foreign firms.

We are going to undertake 440 technical projects by 1990, most of which will be done in co-operation with foreign firms. Right now we are ready to negotiate with foreigners about projects in textiles, electronics, rubber, aquaculture, chemicals, machine-building, construction materials and other fields.

We are, of course, open to foreign investment in other areas that will promote Qingdao's technical advance. The co-operation can take many forms. We welcome foreign partners in joint ventures, for instance, or our companies will take the materials and parts supplied by a foreign concern and assemble them. Those looking to have a product completely manufactured can bring a sample to Qingdao and we will produce it from start to finish. Investors may engage in

compensatory trade by supplying our industries with equipment or technology in return for a share of the finished product. And we welcome foreigners who want to run their own leasing and renting business or other enterprises completely with their own investment.

**Q:** Does Qingdao plan to establish an economic and technical development zone?

**A:** We have decided to stake off the Huangdao district on the western shores of the Jiaozhou Bay for an economic and technical development zone. This beautiful hilly area, flanked on the north and south sides by the sea, is in view of the city proper 2.26 nautical miles across the sea. It now has highways, a harbour that includes facilities for oil tankers, power plants and other infrastructures. We plan to build more port facilities, and improve ferry service. With its location and facilities, this area is an ideal place for an economic and technological zone.

By the end of the century we plan to build in this area an industrial area of 15 square kilo-

metres, 100,000 people and more than 300 enterprises.

We plan to be well on the way by 1990 with more than 100 factories and related infrastructure. In the long run, the 152 square kilometres of Huangdao district will continue to be developed.

In the development zone, priority will be given to joint ventures and enterprises funded exclusively with foreign investment that utilize advanced technology to develop the electronics, instruments and meters, marine biological engineering, foodstuffs, textile, clothing and fine chemical industries.

In addition, Qingdao enjoys favourable conditions for the further development of tourism. Xuejia Island, located 3 kilometres from the economic and technological development zone, is flanked on three sides by hills and on the other by the sea. It has a beautiful sandy beach 3 kilometres long and 200 metres wide. A 4.8-square-kilometre area will be staked off in the near future to build hotels, villas, swimming areas, fishing grounds, horse-racing tracks, golf courses

and tennis courts, providing a holiday resort for foreign and Chinese people working in the development zone as well as for tourists.

As designed, the Shilaoren tourist centre will occupy an area of 2.5 square kilometres between the city proper and the Laoshan area. Nestled up against a mountain, this quiet and scenic area is perfectly suited for tourist amenities. Plans have been drawn up to build a modern international club, a conference hall, a big department store, bathing areas, hotels and villas. The first phase, a 1-square-kilometre area, will be developed next summer.

**Q:** What about the investment climate?

**A:** Qingdao's investment climate is very good. And we are now improving infrastructure facilities to make it even better.

The government has endorsed the expansion of the Qingdao airport into an international airport. Construction of new runways and a terminal waiting area will be finished late next year. By then the Qingdao airport will be able to accommodate jumbo airliners.

The government has also endorsed harbor expansion in the Qianwan area, a move that will increase the harbour's cargo handling capacity to more than 40 million tons a year.

The construction of the double-tracked Qingdao-Jinan Railway, due for completion within two years, will greatly increase the capacity of rail transportation. The railway from Jiaoxian County to the Qianwan area and the economic development zone is now on the drawing board and will be open to traffic in 1987.

Expansion of the Huangdao Power Plant and the ferry linking Qingdao and Huangdao are slated, and the construction of a Qingdao-Huangdao underwater tunnel is envisaged.

To improve telecommunications, we plan to install new telephone equipment, which will add 11,000 inter-city channels and 500 channels of long-distance numerically controlled telephones. A microwave telecommunication line from Jinan to Qingdao will soon be in service and a Jinan-Qingdao coaxial cable for telephone service will be put into operation next year. All these additions will improve the city's communication

links with the rest of China and the world.

As for the water supply in the economic and technological development zone, the city has found a water source that can supply more than 40,000 tons of water daily, enough to meet the needs of the immediate future. Since more water will be required in the distant future, the State Council has decided to divert water from the Huanghe (Yellow) River to Qingdao. This project will start next year and will be finished in 1987.

All told, Qingdao's investment climate is good and getting better and better.

**Q:** What preferential treatment will Qingdao give to foreign investors?

**A:** The government has decided to give Qingdao more power in regard to approving economic and technological co-operation projects with foreign countries. It has also agreed it to adopt certain special policies and flexible measures as practised in the special economic zones.

Among the special policies are:

For foreign investors in the old districts of Qingdao, the income tax rate is only 15 per cent if they support technology- and knowledge-intensive projects or if their investment exceed US\$30 million. The same tax break is applied to those investors in the economic and technological development zone. The same income tax rate is imposed upon those joint ventures, co-operative enterprises or enterprises solely with foreign funds, which specialize in construction of energy, transportation and harbours either in the old urban districts or in the development zone.

No duties will be charged on legal profits remitted abroad. No customs duties and industrial and

**Qingdao's tree-lined streets afford glimpses of the sea.**



Commercial consolidated tax will be levied on building materials or equipment for production and management imported in the form of investment. The same is applied to those raw and semi-finished materials, components, and packaging materials imported for the production of goods to be exported. Exempted from duties, also, are transportation equipment, office supplies and home furniture imported for private use. And no customs and industrial and commercial consolidated duties will be charged on goods produced by these enterprises for exports. But products made from imported duty-free materials will have to pay duties when they are sold in China.

- A percentage of goods produced by using advanced technology and equipment provided by foreign investors may be sold in China's domestic market. The amount is negotiable. Land rentals levied by the Chinese side on foreign investors will be used as investment for a share of dividend.

- Joint ventures and co-operative and exclusive foreign enterprises will have the power to hire and fire employees and determine wages. These enterprises will institute a system with the board of directors and managers (factory heads) taking full responsibility.

- Qingdao will offer credit and loans for joint ventures, enterprises run solely with foreign investment, without any restrictions on the period of investment.

- These enterprises will be ensured an ample supply of water, electricity and coal needed for production and daily life. And convenient transportation will be offered within China.

- Foreign experts, engineers and technicians working for Qingdao enterprises will receive time off for travelling every year. Travel expenses within Shandong



No tour of the Qingdao Brewery is complete without a tasting.

Province are to be covered by the employing enterprises. Foreigners who have worked in Qingdao for one year or more will be granted one month vacation with full pay. Those who make outstanding contributions will be rewarded.

**Q:** What preparations is Qingdao making for opening to the outside world?

**A:** First, efforts are being made to examine what kind of techniques should be imported. Qingdao has arranged 146 new projects for this year; of these, agreements on 52 projects have been concluded with foreigners and some projects have already begun production, while equipment for some others has already arrived in Qingdao. At the same time, we are making arrangements for other projects. This year, Qingdao officials will travel to Europe, Japan and Hongkong to seek further co-operation.

Second, preliminary work is progressing on the economic and technological development zone and the tourist zone. Surveying on the former site started in June and is expected to be finished in September. Design work will fol-

low. And preparation for the construction of the Shilaoren tourist zone is now under way.

Third, construction of major infrastructure projects such as the harbour, railway, airport, ferry, telecommunications and expansion of the Huangdao Power Plant has been stepped up. Special oversight groups have been set up to monitor the construction of those infrastructures vital to the implementation of the policy of opening to the outside world. And competent engineers and technicians have been recruited to carry out the projects.

Fourth, Qingdao city officials are making rules and regulations concerning enterprise registration, wages, land use, economic contracts, economic arbitration, entrance and exit procedures and operation of the economic and technological development zone.

Fifth, the training of foreign trade personnel has been stepped up. The Qingdao Vocational University will have a department of foreign trade. In addition, Qingdao will establish another comprehensive university which will cover foreign trade education.

# Charming Qingdao Grows Prosperous

by LI YONGZENG  
Our Correspondent

**T**HE thick, leafy trees which covered mountain slopes dropping gently to the sea on three sides gave this city on the southern part of the Shandong Peninsula the name it deserves — Qingdao, or "Green Isle."

Now, dotted among the trees are red-roofed buildings in startling classical European styles and green-tiled traditional Chinese gates and pagodas. The perfect harmony between a unique landscape and sparkling seaside, plus the many historical sites, is enough to lure flocks of holiday-makers. Every year, the city receives over a million tourists from home and abroad.

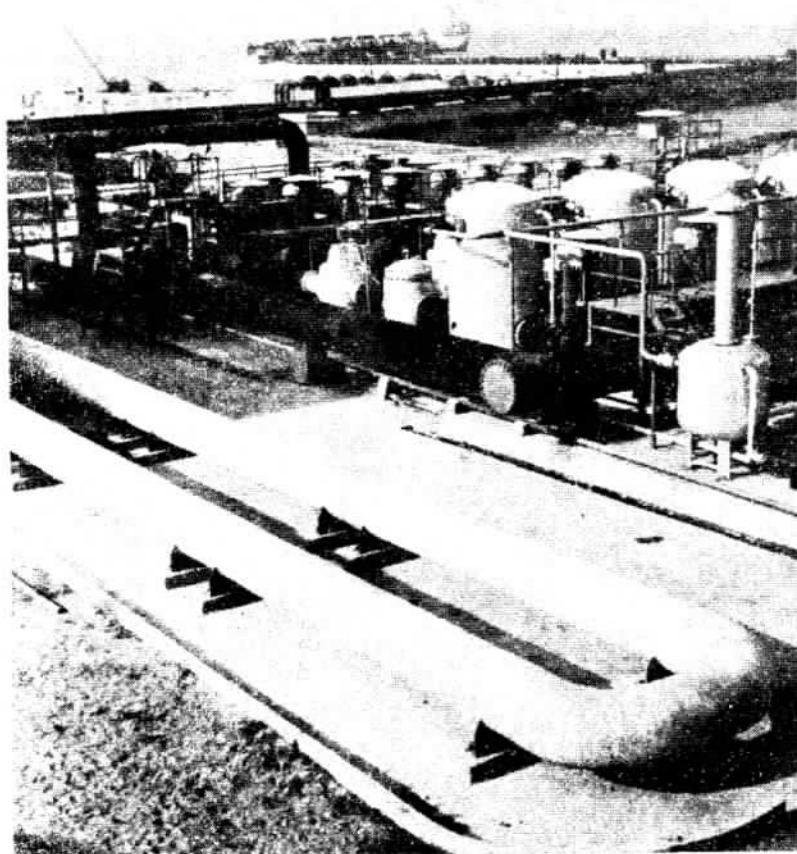
But the charm of Qingdao does not end with its scenery. Surround-

ed by areas rich in natural resources, the city holds great promise for economic development. With more investment, both domestic and foreign, Qingdao is sure to grow into a modern port city with highly developed industry, science and technology, foreign trade and tourism.

## Gifts From the Sea

You can see the ocean from almost everywhere in Qingdao. Its people live with the constant rhythm of the waves pounding on the shore, and inhale the fresh, salty air. The crowd the local markets to buy fish, sea weeds and shellfish. And, not surprisingly, clothes with sea-wave patterns are always in great demand. It is the sea that has made Qingdao unique, and has given it great potential for prosperity if

**Huangdao Island facilities include pipelines for loading oil tankers.**



the abundant marine resources can be protected and fully tapped.

In Qingdao's Museum of Aquatic Products, the largest aquarium in China, 60 tanks display the wealth of the sea. Yellow croakers dart past the slow-moving sea cucumbers. Prawns flutter about in a stately manner, and red porgies don dazzling colours.

The city's 730-kilometre-long shore, the Jiaozhou Bay and the sea around Qingdao's 20-odd islands are rich in nutrients and attract almost a hundred varieties of fish, seaweed and shellfish. There are also 14,600 hectares of shallow sea which can be used for aquaculture. These natural features have given rise to a growing seafood processing industry.

Economic potential has also sparked scientific research. Half of China's oceanographic research institutes are based in Qingdao. They include the Oceanography Institute of the Chinese Academy of Sciences, the Shandong Oceanography Institute and institutes under the State Oceanography Bureau and the Ministry of Geology and Mineral Resources. More than 2,000 scientists are using advanced equipment and technology to make important contributions to our understanding of the sea.

The Oceanography Institute of the Chinese Academy of Sciences, established in 1950, now employs 1,000 people. Six hundred are scientists working in eight research sections. One of the institute's three ships, the 3,300-ton *Science No. 1*, is fitted with satellite navigation devices and sophisticated laboratory equipment.

During a comprehensive survey in the late 1950s, the institute collected extensive data on China's offshore geology and natural resources.

A number of well-known oceanographers have become the institute's administrators. Zeng

Chengkui, a marine algae specialist, is now the honorary president.

Professor Liu Ruiyu, the 61-year-old incumbent president, is known for his work in breeding prawns. Assisted by three graduate students, he is now looking for ways to use livestock breeding techniques in aquaculture. If his project succeeds, it will create a revolution in offshore fishing; fishermen can give up their unpredictable, sometimes risky operations on the sea for reliable seaweed cultivation and fish breeding. Last year, Liu bred 10,000 left-eyed flounders and 6,000 prawns, and he hopes to do even better.

### Industrial Cradle

Qingdao is one of the cities where China launched its modern light industry. Under foreign occupation after 1897, power plants, shipyards and breweries, all fed with foreign capital, appeared in the city. Today, Qingdao is a major industrial centre in Shandong, thanks to a large labour force and a wide consumer market. This industrial base stands on the diversification of agriculture and rich mineral resources in the surrounding area.

For instance, Shandong's plentiful cotton supply has made Qingdao one of the nation's leaders in the textile industry. As more advanced technology and equipment has been imported over the last few years, the quality and variety of the Qingdao textiles has improved, making them far more competitive on the world market than before. The Qingdao No. 3 Knitwear Plant has, since 1979, imported 100 equipment, which helps increase its output by 30 times.

Qingdao beer (known abroad as Tsingtao beer), is another success story. Three decades ago the beer was sold only in Hongkong. Today, it enjoys increasing popu-



Qingdao's harbour handles ships from around the world.

larity in Europe, Japan, Southeast Asia and the United States. Last year Qingdao exported 40,000 tons of beer, or 35 per cent of its annual output. To meet the growing demand, the city which has a history of 81 years in brewing has imported three production lines, which will increase the output by 100,000 tons by 1985.

Qingdao also exports wine to the United States, Italy and Romania. The sparkling taste of its beer, wine and mineral water comes from nearby Laoshan Mountain. Its spring water, rich in potassium, sodium, calcium magnesium and trace elements, can also cure certain diseases. As production lines advance their technology, Laoshan spring water will be used to make more fine beverages for people the world over.

### Attracting Visitors

Laoshan Mountain, whose main peak towers 1,133 metres, offers the most spectacular view of Qingdao's many scenic spots. It is also the site of a Taoist temple and study centre.

Amid the winding paths and crisscrossing streams, three man-made structures attract visitors. At the end of a long road, virtually carved into the cliffs on the southern slope, a flight of stone

steps leads to Longtanpo — Dragon Pond Waterfall. The Taoist Shanqing Monastery was built here during the Song Dynasty (960-1279).

The Taipingsong, or Palace of Supreme Peace, on the eastern slope, perches atop a seaside cliff. Built in the 16th century, the palace was refurbished in 1980. A teahouse serves drinks brewed with water fetched from a well in the courtyard.

Between Longtanpo and Taipingsong, a network of springs finally converge into nine ponds, set in deep ravines. It is here that the famous Laoshan spring water is taken for beer and wine.

As numerous as Qingdao's scenic spots are the tales about them. Pu Songling (1640-1715), author of the satirical novel *Strange Tales From a Chinese Studio*, wrote some of his stories while living in Laoshan. One of them, *Fragrant Jade*, is about an unusual love affair between a scholar and two flower nymphs — Fragrant Jade, who is the disembodied spirit of peony, and Red Snow, who is actually a camellia. Although the peony no longer exists, the camellia tree is still in the Taipingsong (Palace of Great Purity), and bursts into blossom when winter sets in. It is believed the tree is now 700 years old.

It was from Dengying Village, on the road to Laoshan Mountain, that Qin Shi Huang, the first emperor of the Qin Dynasty, sent one of his ministers to search for a miracle drug which could cure all ills on an island in the Yellow Sea, and the minister set off with a large fleet carrying 5,000 boys and girls and large quantities of gold, silver and other treasures. It was said that they finally arrived in Japan and never returned. Today, the departure place serves as a reminder.

These stories have caught the imagination of visitors from around the world, and speak well for Qingdao's promising tourist industry. So far, more than 20 foreign companies have applied to build tourist facilities in the city.

### Huangdao Transformed

Ferry-boats are now busy shuttling between Qingdao city and Huangdao Island, which face each other across a seven-kilometre strait. On the island, oil piped directly from Shandong Province's Shengli Oilfield is loaded into ocean-going tankers for shipment around the world. Every year 10 million barrels of oil leave Huangdao. Surprisingly, no pollution is visible in the sea despite the heavy traffic. In fact, the surrounding sea area teems with fish.

The Huanghai (Yellow Sea) Hotel (right) offers a view of the water.



Taoists on Laoshan Mountain.

Before long Huangdao will be changed beyond recognition. A 15-square-kilometre hilly area has been set aside for development. When completed, 400 hectares in the northern part will be covered with factories. On the remaining area will be scientific, cultural and educational facilities. Each section will have its own administrative centre, complete with shops, residential quarters and recreation grounds. The two areas will be separated by a green strip of trees, flowers and plants.

In the first phase of construc-

tion, 45 factories will be built over 200 hectares. These will produce textiles, processed food, drinks, electronics, instruments and meters, processed rubber, chemicals and light industrial goods. By 1990 this area, which is still sown with corn and sorghum today, will become a modern industrial base.

Qingdao will rely mainly on its own technology to develop Huangdao. But high technology will also be imported to develop top-quality products which will yield high returns. Processing enterprises which are technology-intensive, require short construction periods and yield quick returns, will be stressed.

Construction is in high gear at the Xuejiadao recreation area, three kilometres from the development zone. A fine sand beach, 3,000 metres by 200 metres, is just one of three bathing areas being built.

When all the recreational facilities are completed, Huangdao residents will be able to enjoy an active life work. A relaxed, happy weekend always means a creative, energetic week of high-quality work. □

## Breakdown of 1983 Rural Income

from "JINGJIXUE  
ZHOUBAO"  
(Economics Weekly)

**E**NTERPRISES in the rural areas (including unified collective enterprises, and those under contract or household management) earned 271.27 billion yuan last year, 15.3 per cent more than in 1982.

The income of commune and brigade-run enterprises reached 92.87 billion yuan, 20.3 per cent more than in 1982. The total income of agriculture and the commune and brigade-run enterprises in 1983 was 364.14 billion yuan, up 16.4 per cent over 1982.

Those under unified or contract management earned 67.4 per cent of the total, the new integrated economic enterprises made up 1.1 per cent, and income from household occupations accounted for 31.5 per cent.

The income from selling products produced under diversified management reached 108.88 billion yuan, accounting for 40.1 per cent of the total income. Of this, the income from farm products was 70.68 billion yuan, 26.1 per cent of the total. The gross value of farm and sideline products purchased by state-owned commercial outlets and the supply and marketing cooperatives reached 97.5 billion yuan, up 14 per cent over 1982.

The state collected 5.12 billion yuan in agricultural taxes last year, 16.7 per cent more than in 1982. The commune and brigade-run enterprises paid 5.89 billion yuan, up 31.8 per cent over 1982. The two combined to be 11.01 billion yuan, a 24.8 per cent increase from 1982.

The net income of peasants in 1983 averaged 245.6 yuan, 37 yuan more than in 1982, or a 17.7 per cent increase. There were eight provinces and municipalities where

the per capita net income surpassed 300 yuan. They were: Beijing (508 yuan), Shanghai (440 yuan), Jilin (418 yuan), Shandong (355 yuan), Liaoning (344 yuan), Tianjin (332 yuan), Guangdong and Jiangsu (each 318 yuan).

## Kinship Feelings Most Valuable

from "BEIJING WANBAO"  
(Beijing Evening News)

**S**INCE his father died early in 1983, Beijing resident Zhang Shijun, his one brother and four sisters, have been confronted with the problem of how to divide up their father's property. Zhang has been deeply touched by his brother's and sisters' deep feelings of kinship.

When he knew he was dying, Zhang's father told his children, "I'm satisfied with your filial obedience. Let the eldest sister and brother deal with the houses and all my property."

After the old man died, the three older sisters gathered up and listed all his clothing and personal articles, such as his TV set, tape recorder and furniture. The eldest brother told Zhang, "When father was confined to bed, you and your wife carried bedpans and carefully tended him. Now you have more difficulties than us. We all agree to give you the largest share of the property."

But how could Zhang accept this? He could still remember when his mother contracted cancer 20 years ago. His brother and sisters took turns waiting on her day and night. After her death, Zhang's brother and the eldest sister, who didn't marry until 40,

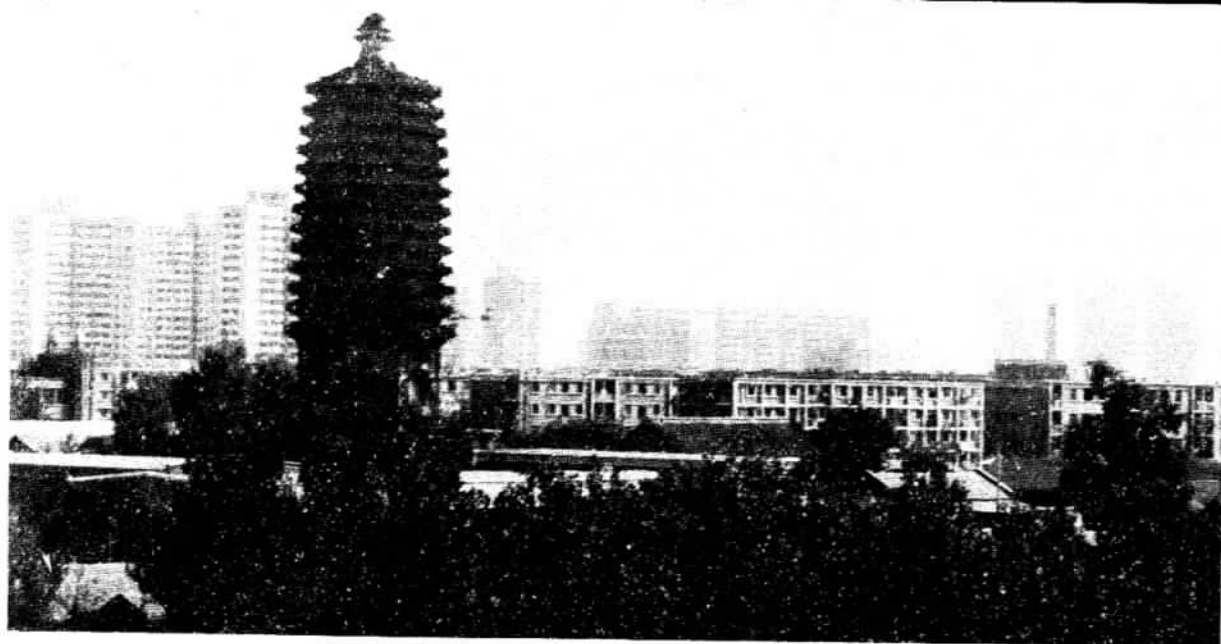
raised the younger ones themselves. Compared with them, Zhang thought he had merely done his duty.

Shortly afterwards, a policy change made it possible to privately own a house. A small courtyard home with 13 rooms, bought with their father's hard-earned money and illegally confiscated during the "cultural revolution," was returned to the family. Zhang's brother told him, "We five decided to give up our right to inherit the house. This time you must agree with us."

Zhang felt very uneasy owning so many rooms, especially when the authorities also gave him 800 yuan in back rent. But this time he couldn't turn down his family. They presented five "joint declarations" giving the house to Zhang.

He finally convinced one of his sisters to share some of the rooms, but she insisted on paying him rent. She told him, "You have difficulties in your family and I'd like to look after your children with the money."

Realizing that many families are torn by quarrels over inheritances, Zhang was all the more moved by his brother and sisters. He again invited them to share the house with him. Then he deposited the 800 yuan in the bank, in case his brother and sisters have some emergency in the future.



Newly built residential areas around the 800-year-old Tianningsi Pagoda in Beijing.

## New Impressions of a Beijing Citizen

from "RENMIN RIBAO"  
(People's Daily)

As an "old Beijing citizen" I'm sure my knowledge of Beijing is no less than the encyclopedia of Beijing, if there were such a book," writes painter Hu Jieqing, wife of the late writer Lao She.

"However," says she, "in these years, I have become less confident of myself, feeling behind the times. Last year while asking a French friend of mine his impressions of Beijing, he said the city is thick with new houses and really looks like a worksite. I was very pleased to hear it, but I feel what he said was somewhat exaggerated.

"A thousand things still remain to be done, and over the last few years the government has devoted every effort to paying off its debt to the people. Last year alone, 4.9 million square metres of housing sprung up in Beijing. Unfortunately, the crowded living conditions have not been totally alleviated. Though, many friends of mine have moved into new homes these years, my address book tells me that they always remain in a few central residential areas.

"It so happened that not long ago a group of Lao She's admirers came from Japan to visit some homes where my husband had lived in Beijing. I showed them the route and sent my son to be a guide.

## Chinese Woman Has Longest Hair

from "WENHUIBAO"  
(Wenhui Daily)

IN the northeast city of Shenyang, the woman with the longest hair in the world runs a comb through 2.05 metres of shiny black tresses. They are 0.37 metres longer than those of a woman in the Philippines, who had been named the "long-hair champion."

Wang Lijuan, a 32-year-old worker, is just 1.63 metres tall. Married in 1977, she now has a 6-year-old daughter. She has been growing her hair since 1970, and now has black, sleek, elastic and smooth locks about 1.25 times her height. She washes them with vinegar and flour once a week, then must stand on a stool to brush them.

"I was really surprised when they came back and told me that they went to five places, and three are now built-up areas.

"Beijing, unchanged for 80 or 90 years, is taking on a new look. Now, I have come to believe in the saying, 'Seeing Beijing is seeing the new houses pop up like mushrooms.'"

It takes Wang six or seven minutes to comb her hair every day. Then she either stuffs it in her trouser pockets or pins it up around her head. She said she doesn't feel it at all troublesome.

Liu Mingyu, deputy dean of the biology department of Liaoning University and one of the authors of *China's Hairy Boy* believes as the hair on the human body and head evolved, hair on the head became the most developed. But he has not drawn a conclusion about how long it can grow. However, he says, "Wang's hair is extremely unusual."

Wang Yunqing, assistant professor of the Chinese University of Medical Sciences believes Wang's long hair is worthy of study.



# Soloists Take 1st, 2nd, 3rd in Helsinki

At the First International Mirjam Helin Vocal Competition last month in Helsinki, Finland, Chinese singers Liang Ning and Dilber won first and second prize in the women's competition and Fu Haijing won third prize in the men's division.

Held once every five years, the competition is sponsored by Mirjam Helin, a Finnish soprano, who contributed the prize money. The jury was composed of internationally acclaimed singers, including bass Kim Borg, the chairman of the jury, soprano Birgit Nilsson and bass Nesterenko.

The repertoires of the participants ranged from traditional operas to modern songs. Every participant had to sing in at least three Western languages and perform a minimum of 20 songs and arias, lasting about an hour and a half. This is about as difficult for a Chinese as it would be for a Western person to sing Beijing opera.

The 26-year-old mezzo soprano Liang Ning, a soloist with the Guangzhou Philharmonic Society, won 60,000 Finnish marks (about US\$10,000) for her first prize. She was a favourite of the jury, the audience and experts alike for her smooth, graceful voice and fine expression. Liang Ning entered the international scene by winning second prize at the Benson and Hedges Gold Awards for Singers held in London last year.

The 27-year-old Fu Haijing, a baritone from an opera troupe of the Chinese People's Liberation Army also won a prize in Britain last year. He was cited in Helsinki as a "vocal cannon" and a "master of technique."

Dilber, a 25-year-old coloratura soprano of Uygur nationality, attracted a great deal of attention. She comes from Kashi, a border city in western Xinjiang. She gained nationwide attention as a folk singer when she was 19 years old in 1978. Her singing style expresses her people's warmth and boldness.

At the competition, judges cited her mellow tone and natural expression — "a nightingale flying from Beijing."

All three prize winners are students at or have graduated from the Central Conservatory of Music. Professor Shen Xiang, director of the vocal and opera department of the conservatory, said there are 90 students in his department study-

ing Western opera and songs. They are all taught by native teachers. A year ago, the first year graduate students performed Mozart's *Marriage of Figaro* and a Chinese opera based on Lu Xun's novel *Regret for the Past* in the Western style.

Asked why so much effort was being made to train Chinese people to sing Western operas, the professor said, "I think China should have everything beautiful in the world."

This is not the first time students of his department have won prizes in international competition. In 1981 and 1982, two female opera singers won prizes in Rio de Janeiro and in Budapest.

## Life Expectancy Up in Cities

Residents of Beijing and Shanghai, China's biggest cities, now enjoy longer lives, according to the municipal health bureaus.

In Beijing, males average 72.2 years of age and females live 74.7 years, compared with averages of 53.9 years and 50.2 years in 1950. In Shanghai, life expectancy is now 75 years long — a dramatic increase over 43 years in the early 1950s.

According to the 1982 national census, the Chinese people averaged 67.88 years of life in 1981 (66.43 years for men and 69.35 years for women).

Elimination of deadly infectious diseases such as the plague, smallpox and kala-azar is largely responsible for the increased life expectancy.

Incidence of other milder infectious diseases also continues to decline. In Beijing, infectious diseases fell from the number one cause of death in the 1950s to tenth in 1982.

Longevity is also due to the improvement of health and medical services in the two cities.

In Shanghai, a metropolitan medical network with grass-roots clinics and district (or county) and municipal clinics and hospitals cares for local inhabitants, both urban and rural. Elementary clinics handle common illnesses while high-level hospitals treat complicated cases. Grass-roots clinics are also responsible for family planning, public health and control of epidemic diseases.

In Beijing, the medical system is aided by 1,000 Red Cross stations with volunteer medical workers. In co-operation with the neighbourhood hospitals, the stations report epidemics and control infectious diseases, help mother and child care and provide public information about the prevention and treatment of illnesses.

Municipal hospitals treat serious diseases, perform intricate operations and supervise the work of grass-roots hospitals and clinics.

Staff members at state-run enterprises enjoy paid medical benefits. As a result of recent economic improvement, employees in collectively owned enterprises receive more medical allowances.

Preventive vaccinations are free for all, including inoculations against lung diseases, measles, pertussis and diphtheria.

Cardiovascular diseases now claim the highest death toll among all diseases in China, followed by respiratory diseases and cancer.

## PEN Centre Admits Foreign Members

Six foreign or foreign born writers were named members of the China PEN Centre at its annual meeting on August 27. The new members are Gladys Yang, Denise Ly-Leberton, Hualing Nieh, Israel Epstein, Sidney Shapiro and Eva Siao.

British-born Gladys Yang, now an editor at *Chinese Literature*, came to China in 1940. As an English translator, her major works include classics as *Selected Poems of the Tang and Song Dynasties*, *The Scholars*, and *A Dream of Red Mansions*, as well as works of contemporary literature.

Denise Ly-Leberton came to China from France in 1953 and

now works at the Foreign Languages Press in Beijing. In the past 30 years, she has worked on French translations of the selected works of top Chinese leaders. She has also helped translate the novels of Chinese writers, including Lu Xun, Mao Dun and Lao She.

Hualing Nieh, born in China, is now a professor of literature at the University of Iowa in the United States and is director of the International Writing Program.

New members also include former American citizen Israel Epstein, editor-in-chief of *China Reconstructs*; American-born Sidney Shapiro, a translator and writer with *China Pictorial*; and German-born Eva Siao, a press photographer and a writer.

New Zealand writer and poet Rewi Alley and British writer Han Suyin became the China PEN Centre's first foreign members last year.

The China PEN Centre was founded in April 1980. A voluntary organization, it is made up of outstanding writers of the older generation and younger writers who have already made achievements. The president of the centre is Ba Jin, an esteemed writer and president of the 2,000-member Chinese Writers' Association.

Like the London-based International PEN Centre, the China PEN Centre includes poets, dramatists, essayists, editors and novelists.

## Tibetan Classics Stored in Computer

Parts of two Tibetan classics — *The Complete Works of Putoin*, by an eminent Tibetan Lama (1290-1364) and *The Ancient Encyclopedia of Tibetan Medicine* — have been stored in a computer, with the help of a Tibetan language word processor.

The word processor was designed by Yu Le, an associate professor at the Shanghai College of Education, and his three assistants over a period of seven months.

The use of computers has opened up new prospects for preserving and editing the abundant Tibetan classics and historical data, which are constantly under the threat of deterioration in their printed form.

Scholars at a lecture sponsored by the Tibetan Regional Committee of the Chinese People's Political Consultative Conference early in August were excited to hear that the Tibetan classics had been put into a computer, and were eager to use the new resource.

Losang Nianzha, who studies the Sakya Sect of Lamaism, was the first to touch the keyboard and was delighted to see an ancient Tibetan poem "Norbu Lingka at a Festival," appear on the display terminal.

Then Gunggar Puncog, a former Lama and now vice-president of the Hospital of Tibetan Medicine, picked out a passage from *The Ancient Encyclopedia of Tibetan Medicine*. Compiled between 728 and 753, the encyclopedia has 156 chapters. It contains discourses on medical theory, disease, diagnosis, treatment and herbal remedies. He has devoted his whole life to studying this work.

Gyaisai Ngawang Losang, a former Living Buddha of the Daping Monastery, called up a Tibetan-Chinese glossary.

Losang Gyaincai, a former Living Buddha and now Vice-Chairman of the Standing Committee of the Regional People's Congress, said that the computer would be used to store, duplicate and edit the Tibetan classics, including Lama scriptures. This will help develop Tibetan culture and begin a new era in research into Tibetan Lamaism.

## ART PAGE

Foreigners Learning  
Beijing Opera.



Lotus.



Angel Fish.

Playing an Ancient  
Musical Instrument.



## Engravings by Wang Donghai

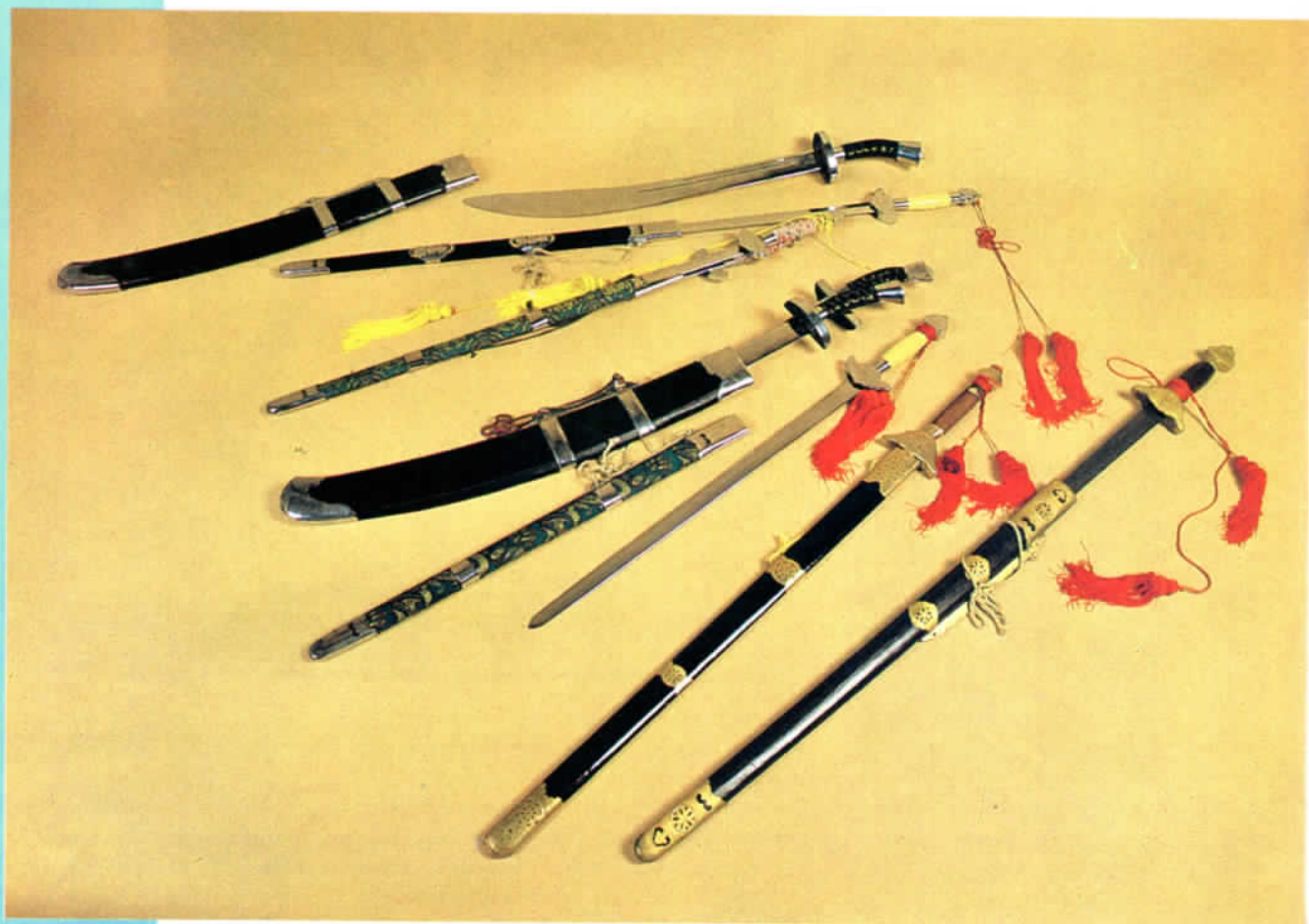
Born in 1938 in Qinhuangdao, Hebei Province, Wang Donghai is now an art editor at *Beijing Review*.

Wang is constantly striving for originality in his art while still preserving the style of national traditions. His engravings are well designed, bright and natural. Full of poetic artistry, his engravings are also decorative.



Fat Pigs.

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