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Renowned scrolled painting unrolled at the Palace Museum > CHINA, PAGE 3



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Chinese tourists are unfazed by the yuan's drop in global value > LIFE, PAGE 7



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A new high

Clockwise from top: Balloons are released in Potala Palace Square, Lhasa, on Tuesday during a grand celebration marking the 50th anniversary of the creation of the Tibet autonomous region; people from all walks of life attend the ceremony in Lhasa; dancers join a parade celebrating the anniversary. PURBU ZHAXI / XINHUA, YAOHAIQUAN / FOR CHINA DAILY, TSEWANG / FOR CHINA DAILY See story > p3.

CINEMA

Film honors Shanghai's WWII shelter of Jews

By LI JING in New York
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The international community needs to know more about China's contributions and sacrifices in the war against fascism, said China's consul general in New York.

"People in the world, including people here in New York, know about the history of World War II and the Holocaust, while few know that more European Jews had taken refuge in Shanghai than in any other city in the world, when war broke out in 1939," Zhang Qiyue, China's consul general in New York, said at the screening of the 2002 documentary film *Shanghai Ghetto* at Cinemas 123 in New York on Tuesday night. "The screening of the film, as well as the exhibition and books on the history will allow people to know about the history."

The film was shown to mark the 70th anniversary of World War II's end and organized by the America China Public Affairs Institute, an independent research organization specializing in US-China affairs.

Zhang said that from 1933 to 1942, Shanghai accepted more than 30,000 Jewish refugees and hosted a large, vibrant community fleeing persecution in Europe.

"We remember history to call for peace in the future," Zhang said. "Relations between the United States and China are the key to global stability, and to strengthen China-US relations and to foster good relations is to preserve peace and stability and



Zhang Qiyue, China's consul general (in red), attends screening of *Shanghai Ghetto* at Cinema 123 in New York on Tuesday with (from left) Eric Yuan of the America China Public Affairs Institute; Fred Teng, institute president; Kerry Minchin; her husband Nick Minchin, Australia consul general in New York; and Alan Way of the institute. LI JING / CHINA DAILY

to preserve prosperity."

In the late 1930s, German Jews were trying to escape Nazi persecution, but country after country closed its doors to them. The only place in the world that didn't require entrance visas was the international city of Shanghai.

Most of them were relocated in an area of approximately one square mile in the Hongkou district of Japanese-occupied Shanghai, known as the Restricted Sector for Stateless Refugees, or Shanghai Ghetto.

Against odds such as language barriers, poverty, rampant disease and isolation, the refugees were able to make the transition from being supported by welfare agencies to establishing a functioning community.

Jewish cultural life flourished: Schools were established, newspapers were published, theaters produced plays, and sports teams played.

"The fact that China was pleased with Jews and accepted refugees at the time when Jews were not welcome anywhere is very important for China-Israel relations," said Amir Sagie, deputy consul general of Israel in New York.

He said China was never anti-Semitic, neither a century ago or in modern times. "This is the fundamental part of our relations with China, and we cherish very much the memories," Sagie said.

Seth Mitchell Siegel, an American writer and author of *Let There Be Water: Israel's Solution for a*

Water-Starved World, said he was aware of the history of Jewish refugees in Shanghai because some of his friends' families lived there.

"The history sounds very extraordinary," Siegel said. "I think China is one of the greatest countries in the world. It is an important story to tell about how China accepted and warmly welcomed people who were in need," he said.

The feature-length documentary, narrated by Academy Award-winner Martin Landau, contains interviews with survivors and historians, rare letters, stock footage and photos of modern Shanghai, where most of the Jewish ghetto remains unchanged.

The film tells of their relationships with the local Chinese and with the occupying Japanese Army; the attempts of the American Jewish community to help the refugees, the rich cultural life they constructed and the tragedy of their relatives who stayed behind in Europe.

DIPLOMACY

For Xi's visit, mutual trust a must: expert

Vogel says momentum in dialogue can best benefit

By REN QI
in New York
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The coming state visit of President Xi Jinping to the US and his meeting with his US counterpart President Barack Obama will be a milestone and mutual trust will be the biggest issue and may be the largest contribution Xi's visit can make, said Ezra Vogel, a professor emeritus of the Asia Center at Harvard University.

"The boost of mutual trust may be the largest contribution of Xi's visit to Sino-US relation," Vogel said in an interview with Chinese media on Monday. "Xi had some connection and established some friendship with local residents in Iowa during his visit in 1985 and in 2012, and this is the special bridge between Xi and ordinary US people."

Vogel predicted the two leaders would talk about some big concerns, such as Diaoyu Island, the South China Sea, the environment and cybersecurity. "The leaders talked about environmental issues during their last meeting in Beijing, and I think they should carry on the subject," he said.

As America's leading expert on Sino-US relations, Vogel admitted some disagreements existed between the two countries, among them cyber hacking accusations and the South China Sea. He said it would be difficult for the two countries to reach agreement over these sensitive issues in such a short visit, so boosting mutual trust could be "the most important and most basic way" to make progress.

Vogel said the two countries should not only build up mutual trust over issues of mutual concern, such as military mutual trust mechanisms, climate change and cyber security, but also strengthen the exchange of opinions between China and the US Congress, and encourage US Congressmen to learn more about China.

He said the US government should have a more open attitude towards cooperation. "I think China may correct direction over some international cooperation issues, for instance, China's initiative of One Belt One Road and the establishment of the Asia Infrastructure Investment Bank," he said. "The US government should take part in them, rather than contradicting, as the proposal could benefit US itself."

Susan Rice, the US National



The boost of mutual trust may be the largest contribution of Xi's visit to Sino-US relation."

Ezra Vogel, professor emeritus of the Asia Center at Harvard University

Security Advisor, visited Beijing in August and met with President Xi and other government officials. Rice showed a positive attitude during the visit, and expressed the wish to boost bilateral relations and enlarge cooperation.

Vogel said Rice's visit could be seen as a preparation for Xi's state visit in September. Vogel, 85, pointed out that as the representative of Obama, Rice's trip showed that Xi's visit meant a lot to Sino-US relations.

Vogel, author of *Deng Xiaoping and the Transformation of China*, noted that he disagrees with some US scholars who said Xi has changed the rules of game in China. He said the basic policies of China have not been changed, as security and military development remain to be part of the policies.

But what's new is Xi's policy of anti-corruption. "Xi has made a great contribution to China's ongoing anti-corruption campaign, and has received the full support of ordinary Chinese people," Vogel said.

Vogel was glad to see that despite existing disputes between China and the US, Xi had maintained good relations with Obama, which is good for bilateral relations. Still, there can't be a U-turn in China's policy towards the US in such a short time after the visit, he said.

But Vogel predicted that due to the accurate and comprehensive understanding of the current situation that both leaders have, their meeting would bring some surprises to the world.

Summit can 'clarify'

By CHEN WEIHUA
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The summit between President Xi Jinping and President Barack Obama gives them a chance to clear the air on important issues haunting the bilateral relationship, according to a former US ambassador to China.

In Stapleton Roy's view, issues such as cybersecurity, the South China Sea and the recent stock market shocks in China that have spilled over to the US and other countries should be on the agenda.

But he suggested that many other important issues that will be addressed constructively by the two leaders have not got nearly enough attention. He was mostly referring to the news media, which have excessively focused on cyber-hacking and the South China Sea while ignoring many other important issues.



Stapleton Roy, former US ambassador to China

He cited the example of last November's summit in Beijing when the two sides reached breakthroughs on climate change and military confidence-building, saying nobody was anticipating such agreements.

Cui Tiankai, Chinese ambassador to the US, told the press on Sept 5 that Xi's visit will be a success and produce fruitful results. He said it will be a "pleasant surprise when made public."

While noting the increasing rivalry between the two countries, Roy said the mechanisms for discussing issues from the top down are the better than they've ever been.

SEE "ROY" PAGE 2

In the news

BUSINESS Currency stance

China's central bank says new regulations on the currency forwards market are "not capital control." > p13



TOP NEWS

JUSTICE

4 prisoners are released in amnesty

Official says move is 'just a beginning'; convicts who committed serious crimes will not be freed

By QI XIN in Zhengzhou and CAO YIN in Beijing

Four inmates were released on Tuesday under a special amnesty granted by China's top legislature.

On Tuesday morning, three prisoners in Central China's Henan province were set free under the amnesty, which was proposed by President Xi Jinping in August to mark the 70th anniversary of the end of World War II and the Chinese People's War of Resistance against Japanese Aggression (1937-45).

Deng Li, an officer in the provincial prison management bureau, confirmed the release.

"We'll make sure those who are granted freedom meet the qualifications of the amnesty to avoid any mistakes during the implementation," Deng said.

"The three released on Tuesday are just a beginning, and our future work must be as strict," he said.

Deng did not estimate how many inmates will be released in the province.

One of the three prisoners, Fan Mingli, 85, who was sentenced to life imprisonment for fraud and forging military documents in 2006, was released from prison at 10:30 am on Tuesday, and he could not stop smiling.

Fan participated in the war when he was young. Under the amnesty, prisoners who took part in the war and the Chinese War of Liberation (1946-49) before committing crimes can be released.

But people who are guilty of serious crimes like terrorism, bribery and corruption are excluded, as are repeat offenders and principal criminals involved in gang-related offenses.

Also on Tuesday, Zhang Baisen, 84, of Guangdong province, who was given a life sentence in prison for accepting 1.8 million yuan (\$283,000) in bribes in 2001, was also set free, Yangcheng Evening News reported.

Inmates who are older than 75, with serious physical disabilities and are unable to live on their own are also expected to be granted amnesty.

In addition, prisoners who committed crimes when they were under 18 and received a maximum sentence of three years in jail, or minors whose prison terms are less than a year, can be also set free by the amnesty.



The amnesty is good for our country to build an open, democratic and civilized legal image."

Gao Mingxuan, a leading criminal law professor at Beijing Normal University

1949

The special amnesty has been granted seven times since 1949, often before major anniversaries or important ceremonies or conferences.

But those convicted of serious violent crimes, such as homicide, rape and intentional injury are excluded.

Since 1949, special amnesty has been granted seven times, often before major anniversaries or important ceremonies or conferences.

The latest move is part of the central government's push in 2013 to fully enforce the rule of law and implement and respect the Constitution, according to the Standing Committee of the National People's Congress, the top lawmakers.

When the special amnesty was adopted at the end of August, judicial academics expressed their approval.

"The amnesty is good for our country to build an open, democratic and civilized legal image," said Gao Mingxuan, a leading criminal law professor at Beijing Normal University.

"The release for the very old and very young prisoners also represents our protection of human rights, as well as an effective way to enforce the principle of tempering justice with mercy under the criminal law," Gao said.

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Premier praises teachers

Premier Li Keqiang applauds some of China's top teachers in Beijing on Tuesday, two days ahead of Teachers' Day. Public spending on education will continue to rise, even though the government is on a tight budget, Li said. Teachers' Day, introduced in 1985, falls on Sept 10 and is an opportunity for students to thank their teachers with gifts and cards. WU ZHIYI / CHINA DAILY

ANCIENT ARTS

Palace Museum unrolls famed scroll

By WANG KAIHAO wangkaihao@chinadaily.com.cn

Other rare works on display

The Stone Moat, known in Chinese as *Shiqu Baaji*, is a royal inventory compiled by 31 top-level scholars and art appraisers during the reign of Emperor Qianlong (1736-96).

It records about 11,000 paintings and works of calligraphy the emperor collected. After a seven-

year investigation, 1,001 paintings and 228 works of calligraphy were found in today's museum collections.

Other must-see exhibits:

Letter to Boyuan, by Wang Xun (349-400), the only surviving calligraphy from the Jin Dynasty (265-420) with an authentic sig-

nature by the writer.

Five Oxen, by Han Huang (723-787), the earliest surviving Chinese painting drawn on paper *Spring Excursion*, by Zhan Ziqian (545-618), one of the oldest surviving Chinese landscape paintings.

CHINA DAILY

People in long lines waited to enter the Hall of Martial Valor in Beijing's Palace Museum, also known as the Forbidden City, on Tuesday. But that was to be expected.

The best-known scroll painting in Chinese art history — titled *Along the River During the Qingming Festival* — was completely unrolled for the first time since 2005.

The work by Zhang Zeduan (1085-1145), measuring 24.8 centimeters wide and 5.29 meters long, depicts a flourishing landscape in Bianjing, the capital of the Northern Song Dynasty (960-1127). Bianjing is today's Kaifeng in Henan province.

The scroll is only part of the special exhibition titled *The Precious Collection of the Stone Moat*, which includes 283 ancient paintings and

calligraphy masterpieces once recorded in the Qing Dynasty emperors' catalog. The display is a main event celebrating the museum's 90th anniversary since opening to the public.

Only 200 people at time are allowed in the hall. Some visitors took out magnifying glasses to scrutinize the details, but they soon found it difficult to deal with impa-

tient followers. "It's so crowded, but it is worthwhile," said Shi Xuewen, a retired college professor who caught an early train from Tianjin just to view the treasures.

"I wish I could linger for a few more minutes in front of *Along the River During the Qingming Festival*," Shi said. "But the staff asked people to keep moving to avoid a traf-

fic jam in the hall. It's too hasty to enjoy such a banquet of art."

Still, he arrived before peak time and had about half an hour to take in the artworks.

For Li Ning, a Beijing civil servant, attending exhibitions in the Palace Museum is a regular part of his lifestyle. But he was excited when he joined the waiting line.



On patrol

Female officers of the Dalian Public Security Frontier Forces patrol at the Dalian International Conference Center square on Tuesday. The Summer Davos Forum, also known as the 2015 New Leaders Meeting of the World Economic Forum, is to be held from Wednesday to Friday in Dalian, Liaoning province. PAN YILONG / XINHUA

TIBET

Thousands celebrate Tibet autonomous region's 50th anniversary

By DAQIONG and CHEN LIANG in Lhasa

More than 20,000 people from across Tibet gathered under a blue sky and scorching sun on Tuesday during a grand ceremony to mark the 50th anniversary of the autonomous region's founding.

Top Chinese political adviser Yu Zhengsheng headed a 65-member central government delegation to attend the ceremony in Potala Palace Square, Lhasa, and other festivities.

The delegation presented Tibetan authorities with a gold-plated plaque bearing an inscription by President Xi

Jinping that read, "Enhancing ethnic unity, building a beautiful Tibet."

Yu, chairman of the National Committee of the Chinese People's Political Consultative Conference, delivered a keynote speech, vowing that China would continue to crack down on all types of separatist activity.

"Border areas must be well managed to successfully govern the country, and stability in Tibet is paramount to the management of these areas," Yu said.

"Tibet has entered a new stage of sustained stability. Freedom of religious belief has been fully respected and

protected. People of all ethnic groups have stood firmly together against separatist attempts, and foiled sabotage by the Dalai Lama group and international hostile forces."

Yu urged local authorities to manage religious affairs according to the law.

A member of the Standing Committee of the Political Bureau of the Communist Party of China Central Committee, Yu also called for improved ethnic solidarity — describing it as a "lifeline" — and enhanced national identity.

Pallbar Lhamo, a senior researcher at the Tibetan Academy of Social Sciences, said religion is an important

68 times

Amount by which Tibet's GDP has grown in the past 50 years. Fiscal revenue increased by 564 times.

aspect of the Tibetan civilization, and Yu's calls will help legalize the management of religion and protect people's religious beliefs and activities.

More important, managing religious affairs by law is an important transformation of method, Pallbar Lhamo said. "In the past, authorities managed religions by policy."

The Tibet autonomous region was founded on Sept 1, 1965, after the establishment of

the regional People's Congress, the local legislature, meaning the people of Tibet could elect deputies to the congress.

Yu said, "The establishment of the Tibet autonomous region consolidated the great achievements of peaceful liberation and democratic reform of Tibet, realized 'leapfrog' progress in Tibet's social system and provided a strong guarantee for its economic and social development and progress."

He added that over the past 50 years, production capacity in Tibet had increased greatly, with local GDP growing by 68 times and fiscal revenue by 564 times.

Tibet is at a crucial stage in completing the building of a moderately prosperous society and maintaining long-term stability, he said.

The region has an important role in safeguarding national security and ecosystem, and maintaining strategic reserves and unique Chinese ethnic culture. It is also an important gateway to South Asia, Yu added.

Xinhua contributed to this story.

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ECONOMY

Trade data add more pressure on policy

By LI XIANG lixiang@chinadaily.com.cn

The sharper-than-expected contraction of China's foreign trade in August underscored the weakness of the Chinese economy and increased pressure on policymakers to take more growth-spurring measures, economists said on Tuesday.

Exports fell by 6.1 percent year-on-year in August to 1.2 trillion yuan (\$188.5 billion), compared with an 8.9 percent slide in July. Imports tumbled by 14.3 percent, widening significantly from July's 8.6 percent decrease, according to the General Administration of Customs.

China's total trade surplus reached \$57.8 billion in August, a year-on-year expansion of 20.1 percent.

Li Xunlei, chief economist at Haitong Securities Co Ltd, said it is almost a certainty for China to miss its whole-year trade growth target of 6 percent.

"The weak trade data, especially the worse-than-expected imports, pointed to the sluggish domestic demand coupled with the slump of global commodities prices, as well as the slowdown of the recovery in key international markets," he said.

Li said the exchange rate factor is unlikely to have an immediate effect on exports, even though the yuan has depreciated by about 3 percent since mid-August.

\$57.8 billion

China's total trade surplus in August, a year-on-year expansion of 20.1 percent.

The People's Bank of China, the central bank, lowered the reference rate of the yuan against the US dollar by 1.86 percent on Aug 11.

The disappointing trade data have led some economists to lower their trade forecast, and many are expecting that policymakers in Beijing will roll out more interest rate cuts and further reductions of the reserve requirement ratio for banks to spur growth.

"As China's economy still faces strong headwinds from excess capacity in many industries, oversupply in the housing market, and high debt burdens, we believe downside risks are materializing for the second half of this year and first half of next year," Chang Jian, chief China economist at Barclays Bank, said in a research note.

Chang forecast one more benchmark interest rate cut by 25 basis points and two more reductions of the reserve requirement ratio for banks by 50 basis points each in the fourth quarter.

Although a weaker yuan would help restore the competitiveness of China's exports, Tom Orlik, chief Asia economist at Bloomberg, said that the Chinese monetary authorities will prefer to maintain the yuan's stability to prevent another sharp fall in the country's foreign exchange reserves, which fell a record \$94 billion in August.

One silver lining of Tuesday's trade data is that China's exports to the United States grew by 5.9 percent and exports to member countries of the Association of South-east Asian Nations grew by 6.1 percent.

Regionally, coastal provinces such as Guangdong, Zhejiang and Fujian maintained stable export growth in the first eight months of the year.

Q&A WITH LOCAL LEADER

Silk Road spirit thrives in Ningxia

By WANG HAO and WANG HUAZHONG in Yinchuan

Editor's note: Situated inland in Northwest China and north of the Great Wall, the Ningxia Hui autonomous region, a major Muslim area, has been striving to open up and strengthen its cultural and economic ties with the world, especially the Arab community. It will host the 2015 China-Arab States Expo from Thursday to Sunday. China Daily recently talked with Li Jianhua, the Party chief and top legislator of Ningxia, to find out more.

What do you think of the role and functions that China-Arab cooperation and exchanges play in the State's Belt and Road Initiative?

Li: There has been a long history of cooperation and exchanges between China and Arab countries. The renowned ancient Silk Road linked us together 2,000 years ago to facilitate trade and travel, as well as cultural and technological exchanges. Since the reform and opening-up, especially in the past few years, we have seen gradually deepening cooperation and closer exchanges and are witnessing great progress in economic collaboration. The value of bilateral trade has risen from \$25.5 billion to \$251.2 billion in the past decade, since the beginning of the China-Arab States Cooperation Forum in 2004.

The Belt and Road Initiative put forward by President Xi Jinping breathes new life into the ancient Silk Road. There are 22 Arab countries with over 200 million people along the Silk Road Economic Belt and the Maritime Silk Road of the 21st Century. They are our natural partners. The Arab countries also expect to pursue further development by seizing the opportunities coming along with the initiative and from China's opening-up to the west. Therefore, the joint effort of building the Belt and Road is bound to promote cooperation and exchanges on a wider scale, with a more extensive range and at a higher level, and brings mutual benefits.

What foundations has Ningxia built in China-Arab cooperation?

Li: Since the reform and opening-up, the Party committee and the government of the Ningxia Hui autonomous region have been targeting Arab countries and Muslim regions to seek a breakthrough for its opening-up and have witnessed further cooperation and exchanges between the two sides.

We have held the China-Arab States Economic and Trade Forum three times, and the China-Arab States Expo since 2010.

Besides, we have seen increasingly more trade activities. The growth of the total value of imports and exports between Ningxia and Arab countries has risen by an average of 251 percent annually in the past three years, reaching \$640 million in 2014.

What's more, we have speeded up the "bringing in" and "going out" strategies. There are 58 Ningxia companies opening 74 overseas branches in 30 countries and regions around the world. Among them, 26 are in countries along the Belt and Road in Central Asia, West Asia and Africa.

Another major point of progress we made is in building channels for opening-up to Arab countries. We have granted the third, fourth and fifth aviation rights fully to the United Arab Emirates, allowing airlines to directly transport passengers and cargo between us or via Ningxia en route to another country. We have opened six international routes and a cargo charter flight to Kazakhstan. We also signed a mutual recognition agreement on standards of Muslim foods with 12 countries, including Saudi Arabia.

In addition, Ningxia has gained approval to build a designated port for imported meat and an exchange for halal products and international bulk commodities. Lastly, we have strengthened cultural exchanges. We have established the School of Arab Studies at Ningxia University and Ningxia Collaborative Innovation Center of Hui Medi-

cine at Ningxia Medical University. We promoted cooperation between Ningxia Normal University and Eastern University, Sri Lanka; and between Beifang University of Nationalities and the Higher Institute for Tourism Studies in Tunisia. The newly established China-Arab University of Science and Technology has started enrollment.

What advantages does Ningxia have?

Li: Ningxia has a long tradition as an important trading hub and is an ethnic minority area. It holds a lot of advantages. The first is the regional advantage. Ningxia plays an important role in the new Eurasian Land Bridge and is located at a pivotal position on the China-Central Asia-West Asia economic corridor. It is suitable for building an airline hub radiating to the northwest, connecting to North China and reaching West Asia and North Africa. Ningxia serves as a gateway to the air corridor connecting China to Arab countries.

The second advantage is related to opening-up. Ningxia has been commissioned to build a pilot economic zone for the opening-up of inland areas, allowing it the priority to carry out new policies.

Third, Ningxia has abundant energy resources. It has witnessed the emerging of Ningdong Energy and Chemical Industry Base centered on the coal-based chemical industry. The five west-to-east gas pipelines traversing Ningxia also mean it has the capacity to process gas and oil from the Middle East and Central Asia.

Fourth, the cultural similarities. Ningxia is the largest inhabited area of the Hui ethnic group, home to 2.32 million Hui people, accounting for one-fifth of the Hui population in China. The customs of the Hui people are similar to those in Muslim countries and regions, which helps a lot in exchanges and cooperation with each other.

What's in your plan next?



Li: The Belt and Road Initiative turns Ningxia, an inland area, into the forefront of opening-up. We aim to build Ningxia into a leading area in terms of China-Arab cooperation, a demonstration zone for inland opening-up and a strategic carrier on the Silk Road Economic Belt in five to 10 years.

From your introduction, we know Ningxia is determined to open up. Can you share some experiences?

Li: As an inland area, Ningxia has no borders or coastlines, but we have still made progress in developing an inland opening-up economy, especially in China-Arab cooperation. In terms of building an opening-up and development model, we keep deepening cooperation with Arab countries and Muslim regions. More than 130 countries and regions are our partners now, and 51 cities from 38 countries are international friendship cities.

Besides, we attach equal impor-

Quick Bio of Li Jianhua



Li Jianhua, 61, from Gucheng, Hebei province, is head of the Ningxia Party Committee of the CPC and head of the Ningxia local legislature.

He graduated from Nankai University with a bachelor's degree in political economics, and a master's degree in economics.

Li served in the People's Liberation Army as a young man. Before becoming the head of Ningxia Party Committee in 2013, his job was mostly concerned with the Party's personnel affairs. He previously acted as deputy head of the Organization Department of the Party's Central Committee and as executive president of the Chinese Academy of Governance.

SOURCE: NINGXIA DAILY

Ningxia Hui autonomous region at a glance

Established: 1958
Land: 66,400 sq km
Population: 6.6 million (as of 2014). Hui people account for 35.56 percent of the population.
Terrain: Northern Ningxia is known as the "southern lush land beyond the Great Wall"; central Ningxia is dry with sandy winds and barren land; southern Ningxia is mountainous.
History: One of the cradles of Chinese civilization. The Qingshihuang Emperor channeled water for irrigation in Ningxia from the Yellow River for the first time during his reign in 220-210 BC. In AD1038, Daxingxiang Tribes established the Kingdom of Xia, alongside the regimes of Song, Liao and Jin over the follow-



ing 189 years. Ningxia was no longer part of Gansu province and became an autonomous region in 1958.
GDP: 275 billion yuan (\$42.9 billion), up 8 percent year-on-year in 2014.

SOURCE: NINGXIA GOVERNMENT WEBSITE

tance to "bringing in" and "going out" strategies when developing our inland economy. We continue to make efforts to attract foreign investment and foreign companies, and encourage our companies to open branches or make investments overseas. We have attracted \$10.4 billion from 880 foreign investors and institutions from 50 countries, including Amazon.com Inc from the United States.

In the first half of this year, direct investments in foreign countries and regions from companies in Ningxia reached \$790 million, ranking ninth in China. We have an environment conducive to investment. We will continue to deepen reforms in the administrative examination and approval systems, and streamline administration and delegate power to lower levels, in order to create the best investment environment in the west and a better one than those in eastern China.

What do you expect from the coming China-Arab Expo?

Li: The China-Arab Expo is a national-level and international comprehensive expo approved by the State Council and organized by the Ministry of Commerce, the China Council for the Promotion of

overall plan for the expo.

What specialties from Ningxia do you want to introduce to China Daily readers?

Li: Ningxia is small in size but very special. We say that Ningxia has two "name cards". One is a region with its people united yet from different ethnic groups, and religion practiced peacefully. The other is an ecologically favored region, with blue sky, fertile land, and clean water. Ningxia is proud of the cultures it bears and breeds, namely, the Yellow River culture, the Hui habitat culture, the mystic Xixia culture and the rich history dating back to 1936 when the Communist Party set up the autonomous county of Xihai.

Moreover, Ningxia is well-known for six specialties. The wolfberry, wine grapes, melons, vegetables, grassland and husbandry have already built up Ningxia's brand; the coal-to-chemicals industry has taken shape with the successful operation of the Ningdong Energy and Chemical Industry Base; alternative energy, such as solar and wind energy, has great potential; the modern textile industry is booming here; the tourism industry thrives on its uniqueness; and the information industry is developing fast.

Dynamic Ningxia is full of energy and has a bright future ahead. I hope people in China and around the world can look at Ningxia, know it and visit Ningxia. I also hope China Daily and other media can report more about Ningxia to help it walk its way to the world.

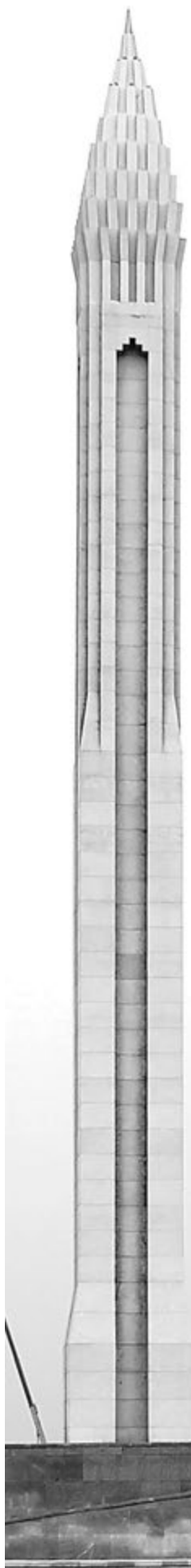
We noticed that international media recently reported a lot about wines made in Ningxia, and the international community is expecting more surprises from the region. What do you think about the wine industry in Ningxia?

Li: The Ningxia Helan Mountain East Foot wine region is situated between latitudes 37 to 39, a golden belt for the world's premier grape growing. It benefits from favorable sunshine, temperature, irrigation and soil conditions free from pollution. Wine grapes grow rich and full in scent and appearance. The grapes accumulate a high level of sugar and appropriate level of acid. It is one of the best regions for growing top wines. And wines have become the international trademark of Ningxia. In 2003, the region was listed as an original zone for the production of wines in China. In 2013, the region was included in the *World Atlas of Wine*.

Ningxia grows a total of 30,666 hectares of wine grapes now, producing 190,000 metric tons of wine. We have 58 chateaus established in the region. We learned from the experience of Bordeaux and manage chateaus by ranking them to ensure quality in line with industry best practices. We will find ways to link the wine industry with tourism, since Ningxia has great cultural and natural tourist resources. Chateau tours, wine tasting, grape harvesting, shopping and other programs will be developed to build the Ningxia wines brand. By 2020, we will grow 66,666 hectares of grapes, with more than 100 chateaus, to generate 100 billion yuan (\$15.63 billion) and 100,000 jobs in the industry. We aim to build Ningxia into the wine capital of the East.

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The permanent conference site for the China-Arab Expo, which is designed in the shape of a Muslim hat, was completed this year in Yinchuan, Ningxia Hui autonomous region. PHOTOS BY ZOU HONG / CHINA DAILY





Living Buddha walks path of enlightenment

By XINHUA in Lhasa

On paper, Shabdrung Rinpoche seems like any other 18-year-old man: He studies, debates, loves music, plays basketball, uses micro blogs and learns English.

However, he will not be seen at nightclubs, and his aspirations don't feature the trappings of an individualistic lifestyle, such as supercars or great riches. His motivation in life is to deliver all living creatures from torment.

Shabdrung Rinpoche is a Living Buddha.

Born on June 28, 1997, in Lhari county in Nagqu prefecture of the Tibet autonomous region, Shabdrung Rinpoche is the son of a Tibetan doctor and a teacher. He was known as Sonam Dondrup until 2001.

He was identified as the reincarnation of the 22nd Shabdrung Living Buddha when he was 3 years old and lived under the guidance of *khenpos*, or senior monks, ever since. He remains in contact with his parents and still calls them two or three times a week.

His formative years were average, and he attended kindergarten and primary school. When he was around 12, he realized he was not like his peers.

Offering 'salvation'

"My responsibility is heavier than a mountain," he said. "Being a Living Buddha, I offer salvation to sentient beings."

Tibetan Buddhism has four main schools — Nyingma, Sakya, Kagyu and Geluk. Shabdrung Rinpoche belongs to Taklung Kagyu, a sub-school of Kagyu.

The Kagyu School introduced the reincarnation ritual in the 13th century. The Geluk School adopted it in the mid-16th century. Panchen and Dalai are lineage disciples of Tsongkhapa, founder of the Geluk School.

Today reincarnation is the most widely accepted inheritance right among various schools in Tibet. There are currently 358 Living Buddhas in Tibet.

Taklung Kagyu followers are harsh disciplinarians. After graduating from primary school, Shabdrung Rinpoche began his full-time religious education under Khenpo Phuntsog Choying.

In 2011, Shabdrung Rinpoche enrolled in the newly opened Tibet College of Buddhism, Lhasa. He was the only Living Buddha in the Vajrayana class.

Traditionally, Tibetan monks undertake advanced study in three main monasteries — Sera, Ganden and Dre-



Shabdrung Rinpoche of Taklung Monastery names a newborn baby in August. JUE GUO / XINHUA

pung, all located in Lhasa. Shabdrung Rinpoche continued his studies at Drepung Monastery.

His traditional seat is Taklung Monastery in Lhundrup county, about 87 miles north-east of Lhasa. Built in 1180, it is the ancestral temple of Taklung Kagyu and home to around 80 monks.

"I seldom go back since I am so busy with my studies," Shabdrung Rinpoche said.

There used to be three Living Buddhas in Taklung Monastery, but Shabdrung Rinpoche is the only one remaining after one moved overseas and the other died in 2006.

Renovation

The 835-year-old temple is undergoing renovation and expansion. Traditionally, a Living Buddha is in charge of temple affairs. Shabdrung Rinpoche is no exception, even though he was only 15 when the project broke ground.

It was initially planned that a summer palace would be built for the Living Buddha, but the project has since expanded to include a Buddhist academy, dorms for monks and a grand hall. The expansion is supported by the local government, which split the 8 million yuan (\$1.25 million) bill with the monastery.

"I hope it will provide a place for monks to study Buddhism scriptures and learn about Tibet," he said. "It will also offer music, poetry and English lessons."

“My responsibility is heavier than a mountain. ... I offer salvation to sentient beings.”

Shabdrung Rinpoche

Most of Shabdrung Rinpoche's followers are from farm and pastoral areas in northern Tibet. When he returns to Taklung Monastery, as many as 20,000 people attend his dharma assembly, hoping that he will bless them by touching their heads or breathing on them.

When she heard the Living Buddha was back, Tsering Drolma, 67, was keen to receive a blessing from him. In her eyes, he can "predict everything". Supported by her granddaughter, she hobbled to meet Shabdrung Rinpoche and pray for peace and happiness.

Sonam Tsomo, her granddaughter, said that although they are the same age, she idolizes the Living Buddha. To her, he is someone she can "pour out her heart" to.

"I cannot imagine my life without the Living Buddha," she said.

Ngawang Sherab, a teenage monk in Taklung Monastery,

said he feels nervous when he is in the presence of the Living Buddha because Shabdrung Rinpoche is so "sharp and dignified".

His admiration, however, calms his nerves. "Everyone holds him in the highest esteem," he said.

Shabdrung Rinpoche said: "I'm an ordinary person bearing light from Buddha. If I were asked to re-select my way of life, I would make the same choice because I know it would benefit all living creatures."

Living Buddhas must study much harder than most monks. Shabdrung Rinpoche must study Buddhist scripture, literature, English and history, and attend sutra debates, between 6:30 am and 10:30 pm six days a week. All Living Buddhas receive one-on-one instruction on literature, English and history.

"The living Buddha is intelligent," said Phuntsog Choying, Shabdrung Rinpoche's *khenpo*. "He has mastered many unique approaches of the Kagyu School and studied a large quantity of scripture."

Interest in poetry

Although he has a busy schedule, Shabdrung Rinpoche has free time to explore his other interests.

When he was younger he loved reading fairy tales by the Grimm brothers and Hans Christian Andersen. He is now interested in poetry, especially works by Kahlil Gibran and Rabindranath Tagore.

Driven by his love of poems and essays, he writes his own.

"I enjoy writing about nature and people's feelings in both Tibetan and Mandarin," he said.

Every two weeks, there is a basketball match in Drepung Monastery. Shabdrung Rinpoche will always join whenever he is free. "I'm the only Living Buddha who plays."

Last year, he visited Shanghai and Zhejiang province as a member of the Tibet youth league. The towering buildings impressed him most.

When he was walking around Shanghai in his red robe, one passerby called him "a man in a skirt".

"It's true," he said, smiling without the slightest sign of annoyance. He said experiences like this strengthen his resolve to share the teachings of Tibetan Buddhism, since he believes it to be the perfect education.

"Tibetan Buddhism can cure the anxiety of modern life," he said.

Shabdrung Rinpoche studies traditional Tibetan medicine as well.

He will continue studying for the next three to five years to obtain the *geshe*, the equivalent of a doctoral degree in Tibetan Buddhism. After that, he will study the Buddhist scriptures of his school, followed by five years, five months, and five days of meditation in a cave.

"Only by doing so, can I lead fellow monks to enlightenment," he said.

Delegation salutes Tibet anniversary

6,000 people to stage a colorful parade; government visitors to bring presents

By DAQJIONG and CHEN LIANG in Lhasa

National flags fly atop office buildings and from the windows of many homes. Red lanterns hang from electrical poles. Red banners with slogans in Chinese and Tibetan languages cover the railings of overpasses in the streets.

The capital of the Tibet autonomous region is ready for a grand ceremony on Tuesday morning marking the 50th anniversary of the region's founding.

Top political adviser Yu Zhengsheng arrived in Lhasa on Sunday at the head of a 65-member delegation from the central government to attend the ceremony and other festivities. The delegation will be at the ceremony in front of the Potala Palace on Tuesday.

According to Xinhua News Agency, more than 6,000 people from around Tibet will stage a colorful parade. Nine festooned vehicles will cap the ceremony. More than 20,000 people from all over Tibet are expected to attend.

China's major State media outlets, including China Central Television, will broadcast the ceremony.

The delegation will also present gifts to Tibetan people, including solar-powered television sets, according to a Xinhua report.

In 2005, for the autonomous region's 40th birthday, the central government sent a solar cooker to the household of every farmer and herdsman.

Yu, chairman of the National Committee of the Chinese People's Political Consultative Conference, met several incumbent and retired high-ranking Tibetan officials, including senior legislator Qiangba Puncog and political adviser Pagbaha Geleg Namgyai, at the Lhasa Hotel on Sunday afternoon, according to Xinhua.

On Monday morning, Yu, who also a member of the Standing Committee of the

Political Bureau of the Communist Party of China Central Committee, met members of the leading group of the autonomous region, as well as representatives of retired officials and people from all walks of life.

He and other members of the delegation also attended the opening ceremony of an exhibition highlighting the 50th anniversary of the Tibet autonomous region at the Tibet Exhibition Center.

Later in the morning, Yu visited Jokhang Temple and talked with some of the region's religious leaders and monks from the most sacred monastery in Tibet. He presented gifts to the temple and alms to the monks.

20,000 people

from across Tibet are expected to attend Tuesday's ceremony marking the region's founding.

In the afternoon, Yu and a few members of the delegation visited the Tibet Armed Police Corps, part of the Chinese People's Armed Police, as well as People's Liberation Army troops stationed in Lhasa.

They also met representatives of local police officers. Yu extended regards and greetings from the central government.

In the evening, members of the delegation were introduced at the reception dinner marking the 50th anniversary and watched a gala titled *Chinese Dream — Snow Mountains' Happy Songs* after the dinner.

The Tibet autonomous region was founded on Sept 1, 1965, after the election of the regional People's Congress, the local legislature.

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Supergrain quinoa thrives on plateau

By XINHUA in Lhasa

An unusual-looking crop with dark-red spikes and purple-green leaves is flourishing along the banks and valleys of the Lhasa and Yarlung Zangbo rivers, despite a lasting drought on the roof of the world.

"A bumper harvest of quinoa is expected this autumn on the Qinghai-Tibet Plateau," said Gongbo Tashi, a professor at the agricultural college of Tibet University, who introduced quinoa to China in the 1990s.

Quinoa has been cultivated in the Andes in South America for over 5,000 years. However, its health benefits, such as its high protein and mineral content, have only recently garnered worldwide attention.

The so-called supergrain is highly nutritious, drought resistant and salt tolerant, making it popular with many industrialized countries.

It is so nutritious that NASA feeds it to its astronauts on space missions, making it a candidate for controlled eco-

logical life support systems in spaceships, which will grow crops.

Experts say quinoa responds well to controlled environments, with increases in seed production and increased yield.

A 200-hectare plot of quinoa will yield 250,000 kilograms of grain, said Huang Zhaogang, president of a quinoa company and Gongbo Tashi's business partner.

The United Nations Food and Agriculture Organization named 2013 the International Year of Quinoa in recognition of its potential contribution to the fight against hunger and malnutrition.

Gongbo Tashi had the idea of introducing the crop to Tibet after reading a report about it in an English newspaper in 1987.

He thought quinoa was quite adaptable and would be suitable for high altitude areas, usually 3,000 or 4,000 meters above sea level, making the Qinghai-Tibet Plateau a desirable new home for the plant.

250,000 kilograms

Expected yield of a 200-hectare plot of quinoa

Meats and barley are the core foods eaten by Tibetans in the cold and rigid highlands, but they are not comprehensively nutritious and are believed to be a factor affecting life expectancy.

Huang said that his primary goal was to ensure quinoa's benefits reach ordinary Tibetans while meeting consumers' demands nationwide.

Gongbo Tashi and Huang have helped Tibetan farmers, and doubled their incomes through the new crop. They hope that quinoa will become the first Tibet-grown food to be exported overseas.

It all started back in 1987, when Gongbo Tashi sought technological support from a leading quinoa producer in the United States. Then he went to study in the Interna-

tional Maize and Wheat Improvement Center in Mexico in 1988, attending classes taught by Norman Borlaug, the 1970 Nobel laureate who has been called "the father of the Green Revolution" and "agriculture's greatest spokesman".

Gongbo Tashi brought seeds back to Tibet and, in the early 1990s, the Tibetan government approved the quinoa cultivation project.

After a few failed experiments, Gongbo Tashi and his team cooperated with Huang, and they successfully grew the crop in Qinghai province. Since 2010, they have planted quinoa on a large scale in the Tibetan counties of Lhoka, Chushu and Lhatse.

In more than 20 years, his team has bred several new varieties to suit the environment and conditions on the plateau, and named one of the variants "Quinoa of Tibetan Dream".

"As a Tibetan scientist, I haven't wasted my life, because I brought quinoa into Tibet and made it live," he said.



Lhasa ready for big day

A huge banner reading "Warmly celebrating the 50th anniversary of the founding of the Tibet autonomous region" hangs at the site of a former agency set up during the Qing Dynasty (1644-1911) to administer Tibet, in Lhasa on Monday. Chinese flags and red lanterns decorate the city.

LIU DONGJUN / XINHUA

UNSWAYED TRAVELERS



Figures suggest China's recent currency depreciation hasn't swayed outbound Chinese tourists. The number of people who booked international trips for this year's National Day holiday week has increased compared with past years. PHOTOS PROVIDED TO CHINA DAILY

VALUE FOR MONEY

Chinese tourists are unfazed by the yuan's depreciation. **Yang Feiyue** reports.

China's recent currency depreciation doesn't bother Beijing resident Wang Wendi, since she recently obtained a 10-year multiple-entry visa to the United States.

She's just excited to explore the US. And she doesn't believe US prices are exorbitant.

"I learned that I only lost about 100 yuan (\$16) per 10,000 yuan at the current exchange rate," Wang said on Sept 2, before leaving for the US the next day.

Wang planned to spend 40,000 yuan on a two-week trip with her boyfriend — minus shopping. So, she's out about 400 yuan.

"But many foreign brands are at least 20 percent cheaper in the US," she says.

So, she's saving cash, in the end.

Figures suggest the yuan's depreciation hasn't swayed outbound Chinese tourists.

The number of Chinese people who've booked international trips for the National Day holiday week from Oct 1-7 has increased compared with previous years.

"Looking at bookings, the exchange rate against foreign currencies doesn't seem to have dampened enthusiasm for overseas travel," says Yan Xin, a publicity manager for China's largest travel agency, Ctrip.

The United States, Italy, Turkey, France, Russia, Australia, Greece, Egypt and New Zealand are this year's hottest destinations.

Trips to the Maldives and French Polynesia's Tahiti are nearly fully booked.

There are only a few slots available for most of the group trips to Europe from Sept 26 to Oct 4 on Ctrip's website.

"Many customers booked October trips in July or August," Yan says.

Italy, France and Switzerland remain the most popular European destinations.

"Nobody has canceled their travel plans," says Beijing U-tour International Travel Service publicity manager Li Mengran.

"The exchange rate will not influence group-tour prices this year since travel agencies typically had already locked in annual purchase plans with travel-service providers



Chinese tourists at the Palace of Versailles in France. The country is one of the most popular European destinations for them.

in foreign destinations, including Europe and the US," Li says.

In addition, most Chinese tourists won't pinch pennies when they shop abroad, she says.

"Overseas shopping is still much cheaper than the mainland."

Still, the rate change is costing individual travelers more, Li says.

"They have to book hotels and pay for the transportation at the going rates."

One consequence may be that more people travel domestically, says Dai Bin, head of the China Tourism Academy, a think tank under the National Tourism Administration.

"If the yuan depreciates (any further), the scale of out-

bound tourism in China will shrink while inbound tourism will rise," he says.

But Dai doesn't believe the depreciation will affect outbound tourism in the short term. Tourists usually book several months in advance and won't back out just because of a rate change.

It'd take subsequent depreciations to create a substantial long-term impact, he says.

Chinese still strongly desire to travel abroad. That's especially as they become more affluent and destination countries' visa policies are relaxed, while foreign destinations improve services and stage promotions targeting Chinese, Dai says.

Chinese-passport holders now get visa-free access to at least 74 countries, compared

to 18 two years ago, Singapore's Lianhe Zaobao newspaper reports.

Nowadays, Australian airports have Chinese-language signs and guides, and duty-free sales staffers who speak Mandarin, according to the Sydney-based Center for Asia-Pacific Aviation.

Package deals are likely to be offered to attract Chinese.

For example, if they travel in Singapore for five days and four nights, they can get a two-day-one-night Malaysia trip for free, Travel Star's marketing manager Zheng Lingna explains.

But while the yuan depreciation may not keep Chinese from foreign destinations, it may cut into how much they spend after arriving, Dai says. About 107 million Chinese

traveled abroad last year, says the academy's China Outbound Tourism Development Report published last month. The country has been the No 1 source of outbound tourists over the past three years.

"That represents 18 percent year-on-year growth, and we expect it to be 16 percent this year," Dai says.

Roughly 40 percent of outbound Chinese tourists spend more than 15,000 yuan on average during their trips.

Shopping is the primary spending activity.

Chinese tourists spent \$164.8 billion in 2014 — a four-fold increase compared to 2008, Xinhua News Agency reports. About 88 percent of that was on shopping, the China Tourism Academy says.

Dai suggests tourists keep an eye on rate changes before departure and choose credit-card settlements in yuan or foreign currencies based on current rates.

The yuan depreciation's impact is less likely to be felt in such popular destinations as Japan, South Korea, Australia and eurozone countries, whose own currencies have fallen sharply, according to the Center for Asia-Pacific Aviation.

More than 550,000 Chinese flew to Japan in July — more than twice as many compared with the same period last year.

They spend around \$1,100 — about twice as much as the next-highest spending nationality, Lianhe Zaobao reports.

Chinese may become especially cost-conscious about luxury items, says Aaron Fischer, regional head of consumer and gaming research at brokerage and investment group CLSA.

Shopping is a central part of Wang's itinerary, which covers Los Angeles, Vegas, Moab and San Jose.

Desert Hills Premium Outlets and Camarillo Premium Outlets are among shopping spots on her journey.

She plans to buy MK and Kate Spade bags, Timberland shoes and Juice clothes.

And, again, she plans to save in the long run.

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GREAT LAKES

Michigan hopes Chinese get smitten by 'the mitten'

By ERIK NILSSON
erik_nilsson@chinadaily.com.cn

Michigan's dunes are made of dead bears.

According to Chippewa legend, fire or famine forced a mother and two cubs to swim eastward across Lake Michigan to seek refuge.

Her offspring drowned a few kilometers offshore, becoming the North and South Manitou Islands. The mom died of despair on the beach, becoming the Sleeping Bear Dune.

According to geology, the sandy prominences are sediment accretions abandoned after gigantic glaciers clawed out of the Earth's crust in a slow-motion mauling and then melted into scars — leaving behind the five Great Lakes that account for a fifth of the world's surface freshwater, plus 11,000 smaller lakes across the state's two peninsulas. Not to mention the massive mounds of sand.

The dunes crash into Lake Michigan so abruptly that in places you can swim downhill in loose sand until you reach the beach — where you can keep swimming in the water.

According to ABC program *Good Morning America*, the Dunes National Lakeshore is "the most beautiful place in America." AOL Travel named the surrounding Traverse City area — near the "pinky" of the mitten-shaped state, aka "America's high-five" — among the US' Top 10 beach towns.

Conde Nast Traveler lists Mackinac Island to the north among the world's 10 best islands. Lonely Planet lauds nearby Lake Michigan's Gold Coast and Grand Rapids to the south collectively as the crown jewel in the US' travel treasure trove, ranking it as the No 1 destination last year.

Yet international accolades haven't translated into Chinese tourists' awareness of the state as a desirable destination.

But Michigan is reaching out to welcome more Chinese to the "hand" on the US heartland since visa policies changed nearly a year ago.

Few Chinese tourists currently make it beyond the US' coastal megalopolises, Michigan Governor Rick Snyder told China Daily in Beijing last month.

The reciprocal 10-year multiple-entry visas China and the US announced visas during last November's APEC meeting in Beijing likely means more will wash over the "third coast", as Michigan is called.

Once they've had their day in Los Angeles and chewed through New York, they'll journey inland.

"After you make your first trip, be the real America," Snyder says.

Travel Michigan vice-president Dave Lorenz says: "Most Chinese have used their limited-time visas to visit more iconic (sites), such as western

national parks and New York. Now that we have a 10-year visa agreement, we anticipate growing inbound travel to Michigan."

Snyder has visited China annually since taking office in 2011 and established the Travel Michigan China Office during last year's visit.

The state has recently engaged the country's travel agencies and launched a Chinese-language tourism website.

"China will want to explore the affordable, fresh-air, freshwater 'real America' we offer," Lorenz says.

Detroit is the Michigan destination Chinese are most familiar with, the tourism office says.

But the state's natural areas are what make Michigan magical.

Art consultant to the Communist Party of China's Central Committee's school's library, Hou Yazhou, plans to visit the Traverse area this month to not only visit friends but also to paint landscapes.

The 71-year-old Beijinger has depicted the Great Wall. Now he wants to depict the Great Lakes.

"I don't want to go to cities," he says. "I want to see the countryside to see the scenery and experience local life."

It'll be Hou's first trip to the US since he spent a year in Ohio in 1991.

He plans to visit the dunes and forests, and boat the lakes. He'll go fishing and camping for the first time, plus drive along stretches of the 5,150 kilometers of freshwater shoreline that's outlined by lighthouses like a connect-the-dots drawing.

The artist, who also works for China's Olympic art delegations, will also hike some of the 107 state and national parks to see not only the landscapes but also the wildlife. Bears, deer, wolves, flying squirrels, tree frogs and turkeys prowl the vast woodlands.

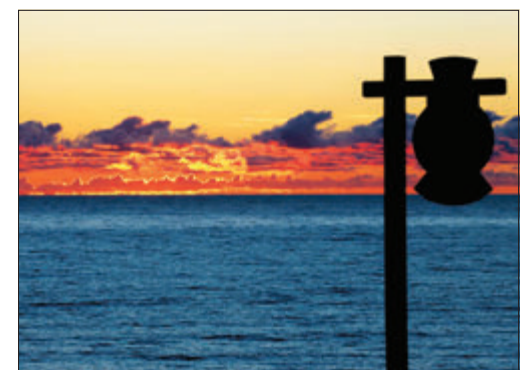
More than 4 million hectares of public land are open for hunting.

And fireflies create sparkling constellations beneath the Milky Way that splashes across the sky after sunset. Night views often offer meteor showers and aurora borealis.

Hou will also tour some of the 100 wineries that studded 6,000 hectares of vineyards that wrap undulating topography.

Other leisure pursuits that appeal to Chinese include skiing and golf. There are more than 800 public courses, and Golf Digest last year ranked Michigan as the US' fourth best golf state.

As more Chinese become aware of what Michigan offers, and enjoy visas that go further and take them farther, it seems likely more will hop across the big pond to land in the Great Lakes state.



Michigan's freshwater lakes and forests draw visitors from around the world. PROVIDED TO CHINA DAILY

MERCHANTS OF YIWU

How foreign traders live life in the heart of 'made in China'



FENG YONGBIN / CHINA DAILY

By SATARUPA BHATTACHARJYA in Yiwu, Zhejiang province

On a weekday night downtown, a young woman in a pink off-shoulder dress emerges from the opening in a car roof, jiving to music. The dark convertible, with her male companion at the wheel, zips through the street as traffic lights change. From a distance, her wind-blown hair and bobbing thin frame make her look like a character from a video game.

The scene unfolds in Yiwu, a nondescript county-level city in East China's Zhejiang province, far removed from any world capital of fashion or entertainment. But it is from here that merchants from about 220 countries, including war-torn Syria, buy their daily necessities.

From toothbrushes to scarves this is the epicenter of "made in China".

And it is not just locals who seem to be living it up in this small city that has more than a few fast cars. Talk to foreign and Chinese traders, logistics companies, goods vendors and local government officials in Yiwu, and you get the feeling that the same applies to the city's expatriate community.

It is home to nearly 15,000 foreign traders, most of whom are Arabs. Yiwu's indigenous population is about 1.23 million, according to China's latest census, in 2010.

The city has more than 100 Arabic and Korean restaurants; at least one Italian restaurant; a handful of Arabic, Indian and Korean schools; more than 30 mosques, a church, a Hindu and a separate Sikh temple. Cricket, a rare sport in China is occasionally played here, even drawing participants from among the local Chinese.

Over the past decade or so Yiwu has slowly transformed, the first batch of foreign settlers having arrived in the early 2000s.

"Foreigners found it difficult to open bank accounts, set up shop or find places to eat," says Ahmed Tirkawy, 39, a Sudanese businessman, of his initial days in Yiwu 12 years ago.

The manager of Blue Moon Trading Co Ltd has since not only successfully exported Chinese garments to his home country, Palestine and Dubai, but has also watched the city of "two or three buildings" grow into an air-conditioned wholesale establishment sprawling across millions of square meters.

For him, not finding halal eateries has become a thing of the past, he says.

A cluster of farming villages next to an outdoor market defined Yiwu in the 1970s. But today it is considered the global center of small commodities, receiving more than 400,000 business visitors each year. Zhejiang's economy as a top national performer has helped raise the city's profile.

With the Zhao Yu hills as a backdrop, Yiwu is close to the busy ports of Ningbo and Shanghai, making the shipment of goods easy. It is in Jinhua prefecture, which borders Hangzhou, the provincial capital and a manufacturing base.

More than 95 percent of the foreign traders in export-driven Yiwu buy goods of various types numbering in the hundreds of thousands and resell them in Africa, the Middle East, other markets in Asia and the West. Yiwu made \$15.4 billion from exports in the first half of the year, says Wang Birong, the director general of its Bureau of Commerce.

Last year, the growth in exports was slower partly because of the global economic downturn.

In 2001 China joined the World Trade Organization after long negotiations. The following year Yiwu's International Trade Mart opened its first district, where overseas traders could buy almost any kind of household item. Later, four more districts were added to the trade mart.

Yiwu had served as a hub for domestic traders in the 1990s and fed the economy of the Yangtze River Delta region in the 1980s. Its business grew exponentially from 1986 to 1991 because of an acute shortage of goods in other parts of China.

There are several theories on how much time it would take a person to complete the rounds of Yiwu's markets. Among them: One and a half years by way of spending three minutes in each of the 80,000 shops, excluding lengthy conversations between buyers and sellers.

There are about 120,000 vendors of artificial flowers, bathroom fittings, car parts, cosmetics, fashion accessories, home appliances, kitchenware, neckties, sports equipment, stationery, toys, underwear, wall paint, watches and much more.

For the logistics arm of the Chinese company Decheng Group, the main buyers of such items are Egypt, Iraq, Jordan, Saudi Arabia, Sudan, Syria and Yemen, says the chairman, Yu Yangzhou, 32. For Syria, where a US-led coalition is fighting Islamic State militants, it is mostly basics, such as clothes, shoes, soap and toothbrushes.

The local government-run Zhejiang China Commodities City Group manages the wholesale enclaves that stay open 8am-5pm daily.

The earliest foreign merchants in Yiwu arrived there from Yemen and Pakistan 15 years ago, but the beginning was rough. They wanted to buy cheap products but were frustrated when the local sellers "showed them one thing and sold another", says Pradip Shetty, managing director of Yiwu P. S. Fashion Trading Co Ltd.

In contrast, Guangzhou in Guangdong province was a more professional marketplace at the time. Yet Yemeni traders, who sold the Chinese commodities in Saudi Arabia, continued to buy from Yiwu because, apart from low prices, people were friendly, Shetty says.

"The quality of products also improved (over time) and word started to spread about their business."

Eventually, Indian traders found their way to Yiwu, too.

Although Shetty, 54, largely exports Chinese-made goods to the Middle East and North America, the Indian businessman also sells incense sticks and sandalwood soaps from his country in Yiwu. The resulting scent trail makes it simple to search for his

In numbers ...

200,000
units

produce hundreds of thousands of small goods for Yiwu's market

219
countries

including war-torn Syria, buy their daily necessities from here

400,000
business visitors

each year have transformed Yiwu into a global hub of small commodities

\$15.4
billion

is what Yiwu made from exports in the first half of the year

1,700
containers

are sent daily from here to ports in Ningbo and Shanghai for overseas shipment

store among hundreds of others in one of the city's districts.

"Yiwu is China's modern-day marvel," he tells overseas friends who ask if he has seen the Great Wall.

Arabs, of whom there are 5,000, are the largest single ethnic group of Yiwu's expatriate population, and South Koreans form the largest national group. Korean traders have been a constant feature since China and South Korea established diplomatic ties in 1993.

But it was in 1998, four years before Japan and South Korea were to co-host the football World Cup, that the game began to really change, and merchandise for the event was being produced in the factories of Zhejiang. This brought Korean traders in large numbers to Yiwu to pick up the products for sale at home.

Today the 6,000 Koreans are mostly engaged in selling groceries, fashion accessories and garments, and working as agents between local sellers and Korean or foreign buyers. The US is a leading customer, says Han Ki-jung, 50, chairman of the Korean Chamber of Commerce in China, Yiwu.

He spent several years doing business in Guangzhou and nearby Shenzhen before moving to Yiwu recently. Although he is not from a traditional business family, as is the case with many of his peers, the man from Seoul appears to have adapted to the complexities of Yiwu's small-commodity trade.



A customer picking clothes in Korea City, a retail section in the Haungyuan wholesale clothes market of Yiwu. FENG YONGBIN / CHINA DAILY

"It's sometimes difficult to understand what works and what doesn't, but with time Chinese people become more open about their feelings," says Han, sitting in his office and speaking Korean through a translator.

China is South Korea's largest export market, and bilateral trade is expected to be worth \$300 billion this year, explaining the presence of Korea City, a retail section in the Haungyuan wholesale clothes market of Yiwu, and the bustling Korean neighborhoods of Dongzhou Huayuan and Qiancheng.

Korean-Chinese, a minority ethnic group in the country, manage most Korean restaurants in Yiwu.

Coming across Western enterprises on streets replete with Arabic and Korean eateries is rare here. But that is gradually changing, says Nigel Cropp, 46. His Italian-themed restaurant and bar Divino on the site of a former mobile phone store in downtown Yiwu opened in 2012.

With no experience in the dining industry, the British trader who otherwise exports bath??tubs?? to countries such as Australia, the United Kingdom and Germany, plunged into this project, and things have gone well.

"This is a great location," he says, pointing to the area lined with hotels.

Cropp, who now has a Chinese wife, came to Yiwu a decade ago when very few Westerners were visible in the city.

But as Yiwu develops, he expects the nature of business to alter. The signs are already there, with material and labor costs rising this year.

The city government is now looking to turn Yiwu more into a global buyer of goods for consumption within China and elsewhere. To that end, the country's 350 million affluent middle class is a key target. Chinese from that income bracket spend between \$2 trillion and \$3 trillion every year on purchases abroad, research shows.

"We hope not only to sell Chinese items to the world, but also buy from elsewhere and sell them from Yiwu," says Wang, head of the city's Bureau of Commerce.

In March, President Xi Jinping told a meeting of the Boao Forum for Asia in Hainan province that the country would import goods worth more than \$10 trillion in the coming years.

Beijing's initiative to revive the ancient Silk Road network of overland and marine routes also makes it important for Yiwu to seek that transition. Besides, more imports will stimulate the sluggish domestic

economy. But Wang clearly has his work cut out, as trade figures indicate.

Last year, while exports from Yiwu totaled \$23.7 billion, imports totaled \$480 million. And, from January to July this year, imports were worth \$150 million, and exports were worth \$15.4 billion.

"So, you can see the imbalance," Wang says. "But from this year a greater effort is being put into developing a new phase of business in Yiwu."

The bureau is studying how imports can be encouraged in raw materials and advanced machinery, he says, citing an example.

Calling his city a "test bed" for foreign trade in China, Wang says much has been achieved in exports. Yiwu's economy, growing at an average of 10 percent a year, is performing better than many other Chinese cities, thanks mostly to its exports.

In the first half of this year, exports grew 45 percent year on year.

A few kilometers from the Bureau of Commerce is District 5, where, amid Yiwu's exports' empire, stands the International Commodities Market. Dedicated to imports, the market outlets are piled with wines from France, Spain and Italy, food and beverages from the US and Europe, ceramics from Japan and handicrafts from Africa.

"Chinese love red wine," says Wang Guihong, a stylishly dressed employee with one of the importers.

Although exports are the mainstay of her Hangzhou-based company, she says, customers from all over China buy wine in bulk at this shop. This seems to echo the bureau's findings that Chinese splurge on imported food, beverages and consumer electronics.

Business appears brisk at a nearby shop selling Japanese tableware made of clay, and down the hallway, Omar, a trader from Senegal, who sells masks and wooden items from his country, says he has regular customers from Shanghai and other Chinese cities. A resident of Yiwu for five years, the man gives his lone name.

His young son is a star attraction among Chinese women working in the Africa wing of the International Commodities Market opened in 2010. They volunteer to look after him when his father is busy.

Yan Yiqi and Sun Yuanqing contributed to this story.

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THE INSIDERS

Green, sleepy and longing for the city

Away from the hectic dealings of Yiwu's urban markets, **Satarupa Bhattacharjya** comes across a contrasting picture in its villages

Yiwu is among the nearly 1,500 counties on the Chinese mainland, and given that the city feeds much of global demand for items of daily use, it may be one of the busiest counties in the world.

Famous within China and abroad, it is a part of the larger and relatively unknown Jinhua prefecture in eastern Zhejiang province, an administrative fact few visitors care about. Yiwu is classed as a tier-three city by Chinese standard, but with its vast swathes of wholesale outlets it is urbanizing at a steady pace.

Thirty years ago, the city, now a world hub of small commodity trade covering more than 100 square kilometers of floor space, was a single-digit plot of farmland with an adjacent open market. But now elderly people and children largely inhabit its shrinking rural patches that are green and sleepy.

Hills and some signs of development surround the outskirts of Yiwu city. The main road leading to the area passes through a short tunnel, crossing fields on which the local farmers grow vegetables, and gradually narrows before disappearing into a mud track.

The setting, amid a spattering of ponds that sprout lotuses and water lilies, is in sharp contrast to the high-octane dealings of the international marketplace not far away.

As a morning drizzle recedes from Jinfu village, an elderly couple is seen drying fish over a netted stand, under which burning leaves and sawdust generate the heat. Chinese pop music is heard belting out from their neighbor's house, but that does not seem to distract passersby in farmer's hats who greet the couple.

The village takes its name from Jin and Fu, the location's two prominent surnames.

Here, of the 1,400 resident families, some 700 people are older than 55 — the average official retirement age in China. Most of the others work in the city's many markets. There are 30,000 factories around Yiwu, which produce day-to-day necessities and employ thousands of city and village dwellers.

Outsiders have long associated Zhejiang natives with business acumen, pointing to the existence of a free market in Yiwu four centuries ago and to how the county has taken advantage of late Chinese leader Deng Xiaoping's economic reforms agenda since the 1970s. Many of China's billionaires have roots in the province.

Today, the province is the country's most affluent after Guangdong in the south and Jiangsu and Shandong in the east. And yet some parts



From top: a resident of Jinfu village in Yiwu; Hu Liqin, a villager runs a small shop there.

PHOTOS BY FENG YONGBIN / CHINA DAILY

of Yiwu "have been unable to catch up with the breakneck development of its commodity economy", says Wang Gang, deputy director for publicity in Yiwu's municipal government.

In his younger days, Jin Guoyuan, 61, sold fake jewelry in the city, but he returned to farming fruit in the village after his venture failed. The oranges, peaches and berries from the orchards of Jinfu are sold in the wholesale fruit market in Yiwu city, and villagers mainly consume the farm vegetables themselves.

"Transport and housing are improving," Jin says, standing beside his wife, who tends to drying fish.

Dozens of houses with walls painted white line the narrow alleys of his village. People used waterways to travel outside earlier, but now there are roads and a few primary schools in the area. Yiwu city has urbanized over the past decade alongside the growth in its commodity trade.

Exports, the backbone of business in Yiwu, grew 45 percent in the first half of the year as compared with 32 percent for the 2013-14 financial year, Wang Birong, director-general of Yiwu's Bureau of Commerce told China Daily earlier.

From January to July this year, exports were worth \$15.4 billion, and for the whole of last year they

made \$23.7 billion, he said.

Jin Guohui, a middle-aged schoolteacher from Jinfu, says that the site of the air-conditioned, multilevel International Trade Mart was a *jimiao* (bazaar) where street snacks and noodles were sold in the late 1970s. Of late, the villages here have started to see additional income trickle from tourism activities such as fruit picking.

There are about 20 villages in the vicinity.

When many elderly residents of rural Yiwu are not farming fruit they look after their grandchildren left behind by parents working in the city. But unlike in most other Chinese cities, young couples in

Yiwu are likely to live closer to their children and parents because of relatively shorter distances between the city and countryside.

One such grandmother is Shen Lizhen, 57, who cares for her daughter's toddler. She and her husband are lifelong farmers who like the quietness of their village. Their children live in Yiwu city, a place she describes as expensive, and says there is little influence of the market on their lives except for infrastructure building.

"Fruit could be selling better," Shen says.

She uses a hand-held fan for relief on the hot and humid late-July day, intermittently asking her grandson to "watch out" as he tries to negotiate his way through her house that is scattered with furniture and winter bedding. Shen looks busy, tired and older than her years.

The next village, Xinlou, is smaller, with a population of about 400. It is slightly better developed than Jinfu, going by the concrete in roads and buildings, including on the edges of a pond. There are more vegetable farms than fruit here, and handicraft from the village is sold in Yiwu city.

But the profile is similar: home to the older generations and the very young.

It is close to noon, and the sunny village streets are deserted. Through the open door of a house, a woman is seen making a basket with flattened plastic straws. A poster on one of her walls is a collage of photos of the seven members of the Standing Committee, the highest decision-making body of the Communist Party of China.

The singing of crickets in the distance adds to the village's sedate charm.

Lou Bingquan, a local construction worker, hurries down the street outside the woman's house. He is among the village's few residents to have a job that is different from farming, household chores or babysitting. But even for Lou, the lure of city life is undeniable, he says, stopping briefly.

The scene in a corner shop offers a glimpse into the lives of some others.

Three women in Western clothing are seated around a table with playing cards in hand. One has a babbling child for company. The floor beneath their feet is strewn with the discarded casings of sunflower seeds, popular munchies in China. The air rings with their laughter as the women seek to outwit each other in the game.

They are all close friends of the shop owner, Hu Liqin, 40.

"The village is quiet and comfortable," Hu says. "But I want to go to Yiwu city for more money. ... People there are richer."

The grocery store that provides for her subsistence and her teenage son's education at a school somewhere outside the village are keeping her from taking flight — for now.

Yan Yiqi contributed to this story.

GLOBAL STALL

Santa with a saxophone amid plastic pine trees

Christmas is more than three months away but Yiwu is already dressed up for it.

A visit to the International Trade Mart shows a floor in the "festival art" section full of life-size stuffed toys of Santa in glasses playing the saxophone and jostling for shop space against reindeer that look lost inside plastic coniferous forests covered in woolly snow.

Most importers place their orders for Christmas and New Year in the weeks between April and June.

Last year, the city's share in the world Christmas market was about 60 percent, according to Xinhua News Agency.

But it's difficult to tell how big the party will be this year.

Conversations with a few local sellers of such celebratory goods and government officials reveal a mixed picture at present.

Yiwu's market share is stable, the officials say, but the global demand is currently down owing to the economic situation in different countries. The top clients for Christmas articles from Yiwu are the United States, Russia, South Korea, many South American countries and Europe, according to the officials.

"My sales have dropped by 25 percent this year as compared to last," says Xu Jing, a vendor of Santa Claus hats and Christmas stars.

Her main customers are from South America and Russia, she adds.

Zheng Bixiang, a seller of lights, glowing icicles and glass flowers complains she has yet to receive more shipment orders from her customers in Europe, the US, Brazil and the Middle East. A bunch of battery-powered glass orchids with their petals lit, is priced at around 65 yuan (\$10.22) in her shop.

The mood changes significantly in a different part of the building.

Qu Lingduo, a seller of LED lights produced in a Linhai city factory in Zhejiang, says he is upbeat.

"Our sale is up 50 percent this year. We've already sent dozens of containers to India, Brazil and Malaysia."

Other than in Zhejiang, Yiwu's Christmas goods are also made in Guangdong province.

Lin Zhong, a Chinese trader who exports to Ghana, is heard negotiating prices of Christmas hats with the female owner of a store at the trade mart.

And while fluctuations in the value of currencies have affected demand in the West African country, Lin says, he is looking to ship thousands of hats this year.

It is 1.55 yuan a piece with a sparkling "2016" inscribed on it.

Satarupa Bhattacharjya

HOW MUCH DOES A DROP OF

WATER MEAN TO AQUATIC LIFE?



ICCEP International Carbon Competition
an Environmental Protection
国际环保漫画·插画大赛

CHINADAILY
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Public Interest AD: 009
LI DONGHANG AND MA XUEJING / FOR CHINA DAILY

FASHION

USING WASTE IN GOOD TASTE

By WANG YING in Shanghai
wang_ying@chinadaily.com.cn

There are only two mountains in Shanghai. The first is a popular travel destination for locals in the Sheshan National Tourist Resort in Songjiang district. The other has the ignominy of being a mountain of trash.

Shanghai has a daily waste output of 22,000 tons, and about 70 percent of it is channeled to the Laogang Landfill, which occupies 4.1 million square meters of space near the East China Sea in Shanghai's Pudong New Area. The result is a massive pile of trash that stands as an indication of a problem that requires urgent attention.

"The large amount of disposed resources require us to pay serious attention to recycling efforts, such as offering more policy support, establishing an efficient recycling system, and increasing the added value of recycled products," says Sun Huaibin, deputy secretary-general of the China National Textile and Apparel Council.

There are numerous ways that the city can reduce its output of waste, and recycling its discarded textile products is one possibility. According to statistics from the China National Textile and Apparel Council, recycling all discarded textile products would generate the same amount of energy as 24 million tons of crude fuel, equivalent to more than half the annual output of Daqing Oilfield, one of China's largest oilfields.

Apart from energy savings, recycling clothes can also help reduce China's carbon footprint. According to a report by Xinhuanet.com, textile recycling can cut carbon dioxide emission by 80 million tons every year.

However, less than 10 percent of discarded textile products are currently recycled in major cities such as Shanghai and Guangzhou, Guangdong province.

Government action

In 2011, the Shanghai municipal government initiated a project to tackle this issue, providing various communities with 2,000 recycling boxes for unwanted clothes. These boxes collected 1,100 tons of second-hand clothing last year.

"People produce trash day after day, and regardless of whether it's handled by incineration or landfilling, it will hurt the environment where all of us live. Through recycling practices, we can make our own contributions to improve our environment," says Yang Yinghong, who serves as chairman of Shanghai Yuanyuan Industrial Co Ltd, one of the three enterprises involved in the launch of this government project.

Last year, 21.32 tons of warm clothing that were still in good condition were sent to help people in China's poorer regions, while volunteers helped to take apart and reweave another 1.15 tons of sweaters before sending them to needy students in less developed regions.

"Since 2012, our volunteers have woven more than 5,000 sweaters from used clothes for students of Hope Primary Schools in Anhui, Guizhou, Shaanxi provinces, Guangxi Zhuang and Tibet autonomous regions," Yang says.

Summer clothes, which account for 12.8 percent of the total received, are usually exported following a series of disinfection processes, she says. The majority of the collected clothes will be sent to related enterprises for further recycling — for instance, garments could be shredded to create household products such as cleaning cloths and mops.

Excessive buying

Fueled by a growing middle class with growing disposable income, China consumes about 1.6 trillion yuan (\$258 billion) worth of clothes every year. In some big cities, the average spending of its people's last luxury purchase is as much as \$1,010, according to research by Milan-based company ContactLab.

Four out of five Shanghai residents surveyed purchased at least one luxury product within the past year, and 91 percent said they would be ready to purchase another item within the next six months, compared with just 77 percent of New Yorkers.

The rapid expansion of fast-fashion businesses has also led people to buy more clothes than they need, thus generating more clothing



This dress is made from used clothes after cleaning, disinfection, tearing down, redesign and restructuring. PROVIDED BY RECLOTHING BANK

Textile recycling initiatives by companies and individuals are reducing Shanghai's huge pile of waste.

wastage, says Zhang Na, a designer working on a non-profit project to refashion discarded clothing.

"Inculcating a spirit of *danshari* may provide a solution to this problem," says Zhang. *Danshari*, originally a book from Japan, is the notion that one should get rid of unneeded items in life and adopt an austere, minimalist approach to possessions.

Zhang says that the clothes she uses for her project generally come from three sources. "We do not know the owners of the majority of the clothes we receive. About 20 percent of the clothes sent to us have a story behind them while another 10 percent are made up of unmarketable products by luxury brands."

Corporate responsibility

In 2013, Swedish retail clothing giant H&M became the world's first big fashion company to launch a global clothes recycling program, called the Garment Collecting Initiative. The brand, which has been rapidly expanding its operations in China, allows customers to donate their unwanted clothing at any of its stores around the world.

"Any pieces of clothing, regardless of its brand and the condition it's in, are accepted. In return, the customer will receive a voucher for each bag of clothing brought in," says Magnus Olsson, country manager of H&M Greater China.

Last year, H&M launched its first batch of "close the loop" fashion products, which are made from recycled clothing. The company is also aiming to increase the production of such clothing by 300 percent by the end of this year.

According to a research report on textile recycling by the China National Textile and Apparel Council, such closed-loop products can help reduce the environmental impact of garment wastage and effectively cut resource consumption.

H&M's garment collection program had amassed more than 13,000 tons of textiles worldwide last year, double the amount in the previous year and equivalent to the weight of about 65 million new T-shirts. By July 14, H&M China had collected more than 870 tons of textiles in the Chinese mainland.

Effective recycling

While 95 percent of discarded garments can be re-worn or recycled, only a small portion of these is being repurposed, illustrating that much more needs to be done to address the issue. Tapping into an increasing awareness of this problem, a number of young Chinese entrepreneurs have entered the fray with clothes recycling businesses.

Li Bowen is one such entrepreneur, and he has been working on his recycling business for nearly two years. Since he set up his company in March last year, Li and his colleagues have collected 20 tons of clothes from communities in Changning district of Shanghai.

The 24-year-old hopes to expand his business to more Shanghai districts in the coming years and plans to offer tailor-made services to refashion used clothes.

"I want to offer a service that redesigns used clothes for customers so these garments get a second lease of life," he says.

While coming forward with unwanted garments for recycling is a good thing to do, Hu Kaishen, the founder of Futian Environmental Protection Educator, has urged people to be considerate and exercise some responsibility by donating only the specific clothing required by respective collectors.

Hu's organization, which helps provide winter clothing for 5,000 adults and 5,000 children in Yushu, Qinghai province, every year, says that a lot of donations are summer clothing and are "useless for people living in the grasslands."

Clothes must be sanitized before they are donated or they could end up as waste instead, he says. "All donated clothes should be 100 percent clean — nobody wants to wear a piece of clothing that could have possibly been worn by someone with an infectious disease."

"Used clothes that cannot be recycled properly will just cause further pollution instead of helping the situation. If we're going to do something good, let's at least do it right."

The ecology of fashion

Chinese independent designer Zhang Na had been lauded for her fashion collection at a show in Austria. That praise later grew into great respect when people discovered that more than 20 items in her collection were recycled from used clothing.

"I did not tell the organizer in advance because I didn't want to make it a big deal. Apparently they did not expect a Chinese to do something like this," says the 35-year-old Beijing native.

Born into a family of academics and artists, Zhang studied fashion design at MOD'ART International Paris and Xi'an Academy of Fine Arts before moving to Shanghai in 2004, citing the city's easy access to a "sufficient industrial chain for a fashion industry" as well as her fascination with Shanghai being where her favorite writer Eileen Chang used to live and write.

Zhang later established her fashion label Fake Natoo in 2008, and after spending a couple of years developing her own brand, she started to wonder about the necessity of producing new



Zhang Na tries to prolong the lifespan of used clothes by redesigning them into fashion. PROVIDED BY RECLOTHING BANK

clothes season after season. She realized that instead of creating new clothing all the time, it would be more interesting and meaningful to turn old garments into new creations. With that in mind, she started the Reclothing Bank in 2010, determined to give old clothing a new lease of life. The creations at the Austria fashion show were Zhang's first batch of refashioned clothes.

"It is good to see fast fashion brands like Zara and H&M provide the opportunity for young Chinese people to buy affordable clothes with similar styles as top luxury brands. But do we really need so many new clothes?" she says.

"Each used piece of clothing tells a story of its owner's happiness or sorrows, and deserve to be treated well," Zhang says.

WANG YING

COMMENT

EDITORIAL • OPINION

中国日报
China Daily USA
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EDITORIALS

US has unshirkable role in addressing refugee crisis

As the unprecedented refugee crisis envelops Europe, the international community should step up efforts to provide humanitarian assistance to people fleeing the wars in the Middle East and North Africa.

According to United Nations' estimates, 300,000 refugees, 80 percent of them from Syria, fled across the Mediterranean to Europe between January and August, exceeding the total number of such refugees last year. In all, the number of refugees arriving in Europe, some of whom also came from Iraq, Yemen, Libya and Egypt, is estimated to have reached 1 million.

Such a massive migration is the spillover from the ongoing crises in the Middle East and North Africa where conflicts have displaced tens of millions of people and threatened their basic right to existence.

Some European countries such as Germany have announced plans to take in more refugees and allocated special funds for this purpose. But there have been voices in European countries arguing against taking in the refugees, saying the influx will only aggregate the continent's already bleak economic prospects.

European countries need a greater consensus on making more concerted efforts to help the refugees as one country cannot tackle the problem alone.

It may be unreasonable to demand European countries unconditionally open their doors to the refugees arriving on their doorsteps. But compared with countries such as Turkey and Lebanon which have already sheltered millions of refugees, the West should do more in this regard.

International organizations such as the UN also need to play a bigger role in mobilizing international resources to help relocate the refugees to safe places.

And the international community should address the root cause of the refugee crisis as soon as possible; otherwise, the influx to Europe will only go from bad to worse.

The exodus of displaced people from countries such as Syria, Libya and Iraq has become a grave problem as unrest continues to wreak havoc in these countries. The rise of the Islamic State group has only worsened the security outlook for countries in the region.

The United States needs to shoulder its responsibilities in this regard and put more energy and resources into combating the IS group, and make greater efforts to restore order and stability in countries such as Iraq and Libya where its interventions have fueled the unrest.

And it should rethink its Middle East policy, which has largely led to the ongoing refugee crisis.

Sign of cleaner times

In a country where being a public servant has long been viewed as having an "iron rice bowl" along with tempting benefits and the possibility of netting gray income, the resignation of any civil servant, especially those with a high administrative rank, always prompts speculation as to the motive.

Thus, it was no surprise the official confirmation of Mei Yonghong's resignation as mayor of Jining, Shandong province, on Sunday provoked widespread discussion, as officials with such a high administrative title are believed to possess advantages beyond the reach of ordinary people.

Such public attention was inevitable as Mei is the second senior-level official to resign in the province. In early June, Zhang Yuhua, deputy mayor of Heze, resigned to join a company.

In an earlier media interview, Mei said he works at least 10 hours a day, and usually over the weekends, and during festivals and public holidays, for just 7,000 yuan (\$1,100) per month. While "the income of a county's Party or government chief is only 3,000 yuan, even lower than that of an ordinary worker in factories," he said.

Their low incomes are often cited by officials as the reason for resignation. And the harsher than ever anti-corruption campaign, which has curbed the sources of "gray income" for officials, is widely viewed as another factor behind the resignation of officials, and the reason why more are expected to quit in the future.

As the central leadership strengthens its efforts to build a clean government and include all the income and welfare benefits of public servants into a transparent system, all the mysteries that used to cloak this once-popular career have been unveiled, and a career as a public servant has been put on a standardized and institutionalized path.

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OPINION LINE

Demotion of leading official shows enforcing of stricter Party discipline

LI QINGGUI, THE FORMER PARTY CHIEF of Xinxiang in Central China's Henan province, recently lost his position due to his failure to supervise his subordinates as three department-level officials under his leadership were punished for corruption. The Central Commission for Discipline Inspection of the Party, the top anti-corruption watchdog, posted details of his case on its website. *Comments:*

People used to say Party chiefs were in a safe position because even if whole offices under their leadership were found to be corrupt they would not be punished. The top leadership has realized this and Wang Qishan, head of the Central Commission for Discipline Inspection, has said leaders will be punished if they neglect their subordinates' corruption.

Beijing News, Sept 8

Some argue that there is no rule in the Party's code of conduct that says a leading official will be held accountable for his or her subordinates' wrongdoings. Actually, as early as 2013, the central leadership made it clear in its documents that Party committees at various levels are responsible for their officials, and so Party chiefs are naturally responsible for ensuring the cleanliness of the officials under their leadership. Li's case means the central leadership is strictly implementing the Party rules, which is a positive signal in accordance with its promotion of the rule of law. Li's case should send a warning to other Party chiefs nationwide to better regulate their subordinates.

people.com.cn, Sept 7

Of course a leading official should be responsible for his or her subordinates. However, it is unfair to blame every Party chief and make him or her take the full responsibility for the corruption of those beneath them. More detailed rules need to be added to the Party's disciplinary regulations, so that disciplinary committees can decide how much responsibility a leading official should shoulder for any misdeeds of their subordinates.

Zhuang Deshui, a researcher with the Research Center of Government Administration at Peking University, Sept 7

In its plenary session this January, the Central Commission for Discipline Inspection clearly warned that leading bureaucrats will be held accountable for systemic corruption in their offices, because of their failure to regulate their subordinates. It is time for Party chiefs in charge of various levels of Party committees to know that when entrusting power to them, the top leadership also gives them the responsibility to regulate their subordinates.

Ren Jianming, a professor on anti-graft studies at Beijing University of Aeronautics and Astronautics, Sept 8

Questions over driver's diagnosis need answers

A DRIVER WHO WAS RESPONSIBLE for a fatal accident in Nanjing, East China's Jiangsu province, in June has been diagnosed with mental health issues — a guarantee of limited criminal liability — the Nanjing traffic management bureau announced on Sunday. The driver killed two people when his BMW hurtled into a Mazda when he tried to run a red light at over 195 kilometers per hour. *Comments:*

The Nanjing driver's diagnosis is just suggestive of reduced criminal liability, it is not a binding judicial decision. In other words, it could be overturned or denied in the face of a valid objection. Indeed, it is understandable that some people will question the diagnosis. But lawbreakers too have legal rights. The driver's mental illness is only unconfirmed evidence that has to be reasonably looked at; on the other hand, the local judicial department should resort to a just verdict to alleviate public concerns.

Beijing News, Sept 8

For most ordinary citizens who have limited trust in the use of public power, the diagnosis of acute and transient psychotic disorders may be new to their ears, leading to some wild speculation that the illness was just made up to reduce the BMW driver's punishment. Of course, they have reason to challenge its legitimacy. That being said, all those concerned with the case should fulfill their responsibilities, before speculation sways the penalty.

Southern Metropolis Daily, Sept 8

Given the extensive attention the case has received, it is praiseworthy that the Nanjing traffic authorities are protecting the BMW driver's legal rights by following the proper judicial procedure. But it is also notable that the investigation has unveiled some evidence that most people are questioning. Therefore, the judicial organs are obliged to disclose all the relevant information in a transparent and fair manner in an open trial.

gmw.cn, Sept 8

The diagnosis that the luxury car driver suffered from acute and transient psychotic disorder might make a difference to both the basic facts and the final verdict in the Nanjing case, because the driver will receive a much lighter penalty if this is the case. Given the nationwide promotion of the rule of law, whether the diagnosis is real or not will significantly affect the credibility of the country's judicial system.

Xinhua Daily Telegraph, Sept 9

Counseling as vital as monetary help for poor students

TWO AMONG the about 500 first-year undergraduates from poor families that Peking University admitted this year received an annual allowance of 20,000 yuan (\$3,140) on the day of their registration. The university has also started providing mental support to poor students this year. *Comments:*

The absence of financial support has deprived students from poor families of many things including the chance to enrich their knowledge with the help of non-syllabus books and from traveling. After entering prestigious institutions such as Peking University, they might appear puzzled and helpless, even self-abased. Which means they need proper counseling from the university. Therefore, what Peking University has done should be emulated by other universities in order to cater to students' material and spiritual needs.

China Youth Daily, Sept 7

Peking University's plan to provide poor students with mental support is welcome because they need such help more than other students as they lack social experience. This is not discrimination against the disadvantaged group, as some have claimed. Instead, such help is the university's special way of caring for disadvantaged students.

Jinan Daily, Sept 7

Compared with material difficulties, psychological problems such as an inferiority complex are more likely to destroy a person. Indeed, direct financial aid can solve some of the financial problems of poor students, but it should come with proper counseling so as to fundamentally change the status quo. Timely and proper counseling can motivate such students and help them improve their academic performances and personalities.

Cnhubei.com, Sept 6

Poor students suffering from an inferiority complex need more than the routine material help. They also need mental support, which to some extent is more important and urgent. Thanks to Peking University's human-oriented plan, the fresh students feel encouraged to bravely face life.

cjn.cn, Sept 6

HOT WORDS

Stock market circuit breaker

熔断机制 (róngduàn jīzhì)

The China Securities Regulatory Commission announced last Sunday that it is drafting a plan to introduce a circuit breaker into China's stock market in order to deepen reforms, improve the legal framework and

enhance market supervision after the turmoil in recent months.

The Shanghai Composite Index has dropped by about 40 percent since July, which has exposed many problems, including insufficient regulation and supervision of the market as well as excessive short-term speculation. China should learn from developed economies to improve the top-level design for its stock market, the CSRC told the media.

The plan for a circuit breaker to reduce

extreme market volatility is soliciting public opinions now. Under the plan, China's stock exchanges would temporarily halt trading to avert panic selling if the Shanghai Composite 300 Index fluctuates by 5 percent, according to the draft plan released by the Shanghai Stock Exchange, Shenzhen Stock Exchange and the China Financial Futures Exchange.

The Shanghai Composite 300 Index, which opened on April 8, 2005, has fallen by more than 7 percent five times in 2015.



As to the so-called 'rich second generation', we should guide them so they are grateful and practice socialist core values, in order to be role models representing the advanced way of production, opinion and lifestyle."

Dai Junliang, head of United Front Work Department of the Beijing Municipal Party Committee, wrote in an article published in People's Daily on Sept 7.

VIEWS

The opinions expressed on this page do not necessarily reflect those of China Daily USA.

XU GUANGYU

A lighter but sharper force for peace

In his opening remarks at the parade, held in Beijing on Sept 3 to mark the 70th anniversary of the victory of the Chinese People's War of Resistance against Japanese Aggression (1937-45), President Xi Jinping announced that China would reduce the its military personnel by 300,000 troops, which, along with the parade, made headlines worldwide. There could be no better move toward peace than the announcement of a troop cut on such an occasion. Thanks to the displays in the parade, viewers are convinced of China's ability to protect its people. And the troop reduction has assured them of China's firm determination to defend peace and counter any challenge to it.

More importantly, the troop cut gives lie to the "China threat" theory, because it reduces the already low population to military ratio of China — or the number of military personnel to every 100,000 Chinese citizens. China's current population is 1.37 billion and its military is 2.3 million strong, which means for every 100,000 Chinese citizens, there are 168 military personnel.

In comparison, the United States has a population of 315 million and a military of 1.4 million personnel. That means 445 out of every 100,000 American citizens are military personnel. And neighboring Japan, with a popula-

tion of 126 million, has 247,000 personnel in its "Self-Defense Forces", for a ratio of 200 SDF personnel for every 100,000 people. Both are higher than China's.

After the troop cut, only 146 out of every 100,000 people in China will serve in the military. That is solid evidence of China's defense policy being purely defensive in nature and the country is not pursuing military superiority.

The move to cut troops is also in accordance with the central leadership's policy of improving the quality of the military. As a country advances on the technology front, it can afford to reduce the size of its military without compromising its ability to defend itself. For example, even though the size of the US military is smaller than China's, advanced technologies, excellent support systems and modern equipment enable it to reach every corner of the globe to defend American interests.

For almost a decade, China has been trying to modernize the equipment of the People's Liberation Army to make it more efficient. Reports say the number of troops with old-fashioned equipment would be reduced, with the leadership using the money to provide advanced equipment and devices for elite troops. If that's true, the troop cut would be another giant step

forward toward building a highly efficient and well-equipped military, which is sure to be the future trend.

There is still a huge gap between China and the world's sole superpower in terms of military technology and equipment, but China has been trying to narrow that gap and its efforts are bearing fruits.

Many analysts say the PLA will mainly cut the number of its performing troupes instead of "true military" personnel. That's a reasonable guess, because it conforms to the top leadership's ongoing military reform plan, and its efforts to root out corruption from all walks of life, including the PLA. It is possible that the military will fill the majority of its non-combatative posts, like performing artists and administrative staff, with people recruited from outside who will not be in uniform.

In other words, the troop cut will make China's self-defense sword lighter but sharper. And Xi made it absolute clear in his speech that China will defend peace, not war.

The author is a senior consultant for the China Arms Control and Disarmament Association. The article is an excerpt from his interview with China Daily's reporter Zhang Zhouxiang.

To walk fast, walk alone; to walk far, walk together



FU JING

The author is China Daily chief correspondent in Brussels. fujing@chinadaily.com.cn

Nine months ago, I made a New Year's resolution to go on 20-kilometer walks at least 20 times this year after I managed to cover that distance in suburban Brussels on Jan 1.

I posted my resolution on WeChat, a Facebook-like social media platform. Throwing a challenge at me after coming across my posting, my friend Alice Choi, Hong Kong's deputy representative of economics and trade in Brussels, urged me to join a 100-km Oxfam trail initiative at the end of August in the mountainous forests and reserved grasslands of Belgium, which borders German.

The basic idea, she said, was to form a team of four hikers to complete the distance in less than 30 hours to help raise funds for people in poor countries. I liked the challenge of the dual-purpose plan and felt honored to be of some help to people in need. I was confident of enduring the tough trek because I have the experience of walking long distances in my mountainous hometown in Sichuan province from the age of 10.

Soon after I decided to take up the challenge of covering 100 km within a certain time, Inese Duka, a Latvian interpreter working in Europe, and Heleen van Geest, a Dutch journalist, joined us, and our team — Hong Kong Can Do — took shape (because Choi's representative office partly sponsored the charitable activity).

Because of our busy schedules, we only had two face-to-face meetings and a 50-km trial hike before we started on the 100-km trek on Aug 29 with about 1,000 other hikers, whose aim was to raise at least €500,000.

I will never forget crossing the finishing line and it will encourage me on take up bigger challenges.

Most of the hiking route was around the national park in Haute-Fagnes, Belgium, where the climate ranges from sub-alpine to sub-Arctic throughout the year. During the day, we walked through forests, hills, grasslands, and across rivers and narrow bridges, walking sticks in hand. On the first day, we succeeded in completing the first part of the trek together.

After enjoying the delicious food prepared by van Geest's husband, we filled our water bottles and began our night trek. Moonlight filtered through the birch and fir trees in the forest, the air was refreshing and cool, and the night serene. The power of nature in full splendor worked as a balm for my sore heels.

After three short breaks, we painstakingly but joyfully reached the final checkpoint, just 10 km from the finishing line, early in the morning. Having reached that point, we were sure of completing the mission despite Choi's painful knees that slowed her pace.

After another three hours, we touched the finishing line hand in hand in Eupen, capital of Belgium's German-speaking community where we had started nearly 28 hours ago. We were greeted with applause, hugs and medals.

What kept me focused throughout the trek was the simple saying "no pain, no gain", which van Geest kept murmuring. And Choi's perseverance was the much-needed booster. Van Geest's mother-in-law was also in the crowd to welcome us at the finishing line. She congratulated me, saying: brave young man, remember, no matter what happens in your life later, think about this 100-km adventure ... think of this trek and no obstacle will be too difficult to overcome.

She was right. I will never forget crossing the finishing line and it will encourage me on take up bigger challenges. The additional reward: our team helped the organizers raise more funds than they had expected.

The success of our team reminds me of an African saying: If you want to walk fast, walk alone; if you want to walk far, walk together.

AN HUIHOU

US, EU must jointly resolve Mideast crisis

The photograph of 3-year-old Aylan Kurdi who drowned along with his 5-year-old brother and their mother during his family's failed bid to flee civil war-torn Syria to Europe has pricked the world's conscience. Partly in response to the global outcry over the refugee issue, Germany and Austria have opened their borders to accept more refugees from the Middle East.

Yet other European countries are still reluctant to take in the refugees. While France and Germany hope to "fairly divide" the refugees throughout the European Union, the Czech Republic and Poland say they are not responsible for the Middle East crisis and refuse to accept their share. The Czech and Polish governments blame the United States' Middle East policy for the crisis and demand that it take responsibility for it.

On the other side of the Atlantic, a White House spokesperson has admitted that "it's a genuine tragedy", but said the US has no plans to take in Syrian refugees.

It was the US and its allies that invaded Afghanistan and Iraq in 2001 and 2003, intensified conflicts in the Middle East leading to the "Arab Spring", "triggered" the civil war in Libya in February 2011 and egged armed groups to take on the Syrian government in July 2011 that led to the civil war. As the civil war showed no signs of ending, the US adopted a new "pivot to Asia" and left the Syrians and Libyans to their fate. It also withdrew troops from Iraq, handing over the reins of security to an untrained Iraqi military.

As a result of the chaos and power vacuum created by the US withdrawal from Iraq and the civil war in Syria, several extremist religious groups rushed in to the two countries, with the largest of them being the utterly violent Islamic State. The Syrian civil war has already claimed more than 220,000 lives, forced 2.5 million people to seek refuge in other countries and made millions more homeless.

Yet a peaceful solution to the Middle East conundrum was not impossible. China had suggested a political solution: Syrians should be allowed to decide their future through political means. But the US made the resignation of Syrian President Bashar al-Assad a prerequisite to political negotiations, which ended the negotiation bid even before it started.

Restoring peace in Syria now is impossible without the elimination of IS in Iraq as well. The US has been carrying out air strikes on IS targets for a year, yet the extremist outfit shows no signs of collapsing, because only a



LUO JIE / CHINA DAILY

concerted ground attack from Syria-Iraq border can end the IS menace. And though the IS cannot be defeated without the Syrian government's cooperation, political interests are stopping the US from seeking it.

Last month, after meeting with Syrian opposition leaders in Moscow, Russian Foreign Minister Sergey Lavrov proposed a new political settlement plan for Syria and forming a broader coalition, which would include the Syrian government forces, Iraqi forces and Kurdish forces, to fight the IS. Egyptian President Abdel Fattah el-Sisi supported the plan during his recent visit to Russia.

And on Sept 4, at a press conference on Saudi King Salman bin Abdulaziz's visit to the US, President Barack Obama expressed concern over the Syrian crisis and said the two leaders would talk about how to end it. One day

before that, in response to reports that Russia might launch air strikes on IS targets, the White House welcomed "Russian support and contribution" to the-US coalition against the extremist outfit, but warned that, "any military support to the Assad regime for any purpose ... is both destabilizing and counterproductive".

It seems all sides are making efforts to eliminate the IS but still differ on how it could be done best. Let's hope they settle their differences soon, because as long as chaos continues in Syria and Iraq, more refugees will flee to Europe.

The author is China's former ambassador to Egypt, Tunisia, Lebanon and Algeria, and a councilor at a think-tank on Middle East studies, Shanghai International Studies University.

ZHOU YONGSHENG

Self-deceiving Abe will tarnish Japan's image

Although it refused to send a representative to Beijing to attend the events to commemorate the 70th anniversary of the victory of Chinese People's War of Resistance against Japanese Aggression (1937-45), Japan has been issuing some weird statements.

On Sept 3, the day China held the commemorative events, Japan's top government spokesman Yoshihide Suga said: "China should not excessively focus on its unfortunate past history, but show its intention to tackle common issues facing the international community with a view to the future".

Likewise, he urged UN Secretary-General Ban Ki-moon to "take a neutral position on events that focus mostly on the past" before the world leader landed in Beijing. Republic of Korea President Park Geun-hye, too, was targeted by Japan's right-wing newspaper Sankei Shimbun for joining Ban in China.

To a certain extent, it is strangely "impressive" of Tokyo to pass such groundless comments. Founded in 1945, during the later stage of World War II, to establish peace and the postwar world order, the UN is an "impartial, multi-lateral" body rather than a "neutral" one, as Ban made it clear on Sept 4. Besides, the UN Charter says regional powers can take effective measures to contain a former defeated nation should it seek remilitarization.

Japan's wild accusations against Ban and misinterpretation of the UN's impartiality are not only baseless but also naive. The deliberate misreading has a lot to do with the fact that Japan is yet to break free of its militaristic past.

Some Japanese right-wingers still believe that the war Japan waged before and during WWII was not aggression, but a necessary response to the intrusive policies and acts of the United States, the United Kingdom, China and the Netherlands. In their eyes, the "righteous" war was about liberating Asian people from Western colonialism, not about colonizing them instead.

That explains why some right-leaning Japanese leaders such as Prime Minister Shinzo Abe tend to criticize countries that seek to unveil Japan's militaristic past and colonial aggression, or even commemorate the victory in WWII. Their refusal to face up to Japan's sordid past makes them defenders of militarism. No wonder, they cannot understand the irony in their arguments when they claim to be leaders of a country that respects liberty, democracy and the rule of law. This self-deceit of the Abe administration will pose a grave challenge to the next Japanese governments, for they will find it more difficult to make a clean break with Japan's militaristic past and remove its infamous tag as a brutal colonial power.

Japan's modern image might be seriously tarnished if

the government fails to settle the historical issue, especially when a solution is within easy reach. But by likening the China-Japan relationship to the one between Germany and Britain before World War I, Abe took a step in the wrong direction. Instead of forging a far-fetched connection between China and prewar Germany, Japan should heed a lesson or two from what its former fascist ally in Europe did to reconcile with its WWII victims in the postwar years.

Unlike Japan which often ties itself up in diplomatic dilemmas and sovereignty-related disputes with neighboring China, the ROK and even Russia, Germany has done everything to rebrand itself as a peace-loving nation that has nothing in common with a country under the Nazi rule.

So are Japan's neighbors wrong in challenging its historical outlook? Highly unlikely. Japanese right-wing politicians should reflect on their lack of knowledge of history, because that is what made them comment on the UN's "neutrality". If they continue to do so and remain in power, Japan will keep struggling to get rid of the ugly tag and cannot reconcile with its neighbors, that is, if it truly wants to.

The author is a professor of Japan studies at China Foreign Affairs University.

BUSINESS

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POLICY

SOE reforms to improve flow of State capital

New mechanism to ensure more funding options for businesses with sound prospects

By ZHENG YANGPENG
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China will use independent State-asset investment and operating companies to ensure flexible capital flows among businesses and to reduce direct intervention in State-owned enterprises, as part of its proposed reforms for the sector, according to sources close to the matter.

Zhao Changwen, director of the department of industrial economy at the State Council Development Research Center, who has read the guidelines for SOE reform, said on Tuesday that the State-asset investment and operating companies, similar to asset-holding firms, would be commercially oriented investors and would not be replicas of the State-owned Assets Supervision and Administration Commission, an administrative agency that oversees 150,000 SOEs.

The long-awaited guide-

lines have got the necessary approvals and will be released soon, SASAC said on Monday.

"The State-asset investment and operating companies will not be another layer between SOEs and SASAC. Under the new system, SASAC can authorize these companies to be shareholders of SOEs operating concrete businesses. The central government could also appoint them as shareholders of SOEs," Zhao said.

Such companies will not be directly involved in running the businesses and will perform asset management functions like Singapore's Temasek Holdings Pte. The Singaporean government's investment arm, which has a wide investment portfolio, allows its board of directors to make independent business decisions, experts said.

However, Zhao stressed Temasek is just one of the many models that China is considering. China will also learn from other models such as Norway's Government Pension Fund, and other sovereign wealth funds.

"There is a myth that SOEs will turn good as long as they adopt the Temasek model.

That's not true," he said.

"The main job of these State-asset investment and operating companies is equity management. They will buy and sell equities in such a manner that State capital can enter or exit specific industries," Zhao said. "Some State firms will be cleared out, some will be restructured and merged, and some new ones will be created."

The move also seeks to end State capital for industries plagued by overcapacity and instead deploy it into sectors with promising outlook and good returns, he said.

Analysts said such asset management companies are essential for SOE reforms. Under the current scenario, the SASAC is engaged in the micro-management of individual SOEs. But whether the move can help transform the culture of SOEs is still a question for discussion.

"Temasek is a true corporation and except for the direct appointment of top officials, it functions as an independent entity for most purposes, including hiring talent. Investment is split among firms in Singapore, Asia and Western countries," said Qi Junjie, a commentator.

ENERGY



A model of China's homegrown nuclear reactor Hualong One on display at a science expo in Beijing. China now has 22 nuclear reactors in operation and 26 under construction, WANG ZHUANGFEI / CHINA DAILY

CGN inks nuclear deal with Kenya

By LYU CHANG
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China General Nuclear Power Group inked a framework agreement with Kenya on Monday to develop nuclear projects in the African nation, giving the much-needed fillip for export of its homegrown third-generation nuclear reactors.

Kenya plans to build four operational nuclear units by 2030, according to sources. CGN, a leading nuclear firm, said on Monday in a statement that it plans to develop domestically designed nuclear reactors based on Hualong One technology to Kenya.

"The cooperation will also include nuclear research and development, construction, operation, fuel supply, nuclear

safety and nuclear waste management and decommission," it said.

Kenya, Africa's ninth-largest economy with a population of 40 million, has been giving clear indications that it plans to use nuclear power to satiate its growing energy demand.

The current total installed energy capacity is about two gigawatts in Kenya, with only 10 percent of the rural population and 30 percent in urban areas getting access to power. Kenya plans to increase the capacity to about 17 GW by 2030, with nuclear power playing an important role in the country's overall energy mix.

Earlier reports had said that Kenya plans to build its first nuclear power plant by

2020 and have at least four such units by 2030. The country has also set up a nuclear electricity board under the Ministry of Energy and Petroleum.

"It is a golden opportunity, because it is just like China several decades ago. At that time China had no nuclear power generation and French nuclear companies came to China to help build the first nuclear power plant," a source close to the matter said.

"If it fructifies, it will be a huge project covering a wide spectrum of nuclear cooperation ranging from nuclear technology, construction, to nuclear talent training," the source said.

The agreement, which was signed in the Daya Bay nuclear power plant in Shenzhen,

Guangdong province, reflects China's nuclear companies' determination to leverage its domestic experience to export nuclear technologies.

Industry officials said that about six to eight homegrown third-generation nuclear reactors are likely to be exported by 2020.

China, the world's largest energy consumer, has embarked on a huge nuclear program as part of its efforts to use more non-fossil fuels to reduce emissions amid mounting pressure caused by air pollution. There are 22 nuclear reactors in operation and 26 under construction in China, the largest number of nuclear power plants in the world, according to the National Energy Administration.

INTERNET

Duer to help Baidu get voice heard by Web peers

By MENG JING
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Baidu Inc, the online search giant, launched its own Siri-like virtual assistant on Tuesday which is able, for instance, to place takeout orders.

Robin Li, chief executive officer of the Beijing-based company, unveiled the artificial intelligence-powered Duer at the company's annual technology event, Baidu World.

Demonstrating Duer's abilities, Li asked the virtual assistant to search for a nice restaurant in the Gulou area in Beijing, with the condition that it must allow pets.

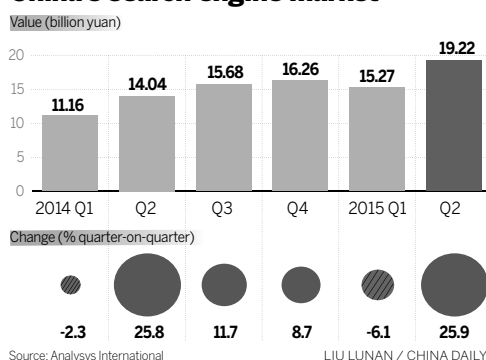
Duer smoothly processed Li's voice request, recommended him a restaurant, and helped make the reservation.

Li said compared with pure information searches, a search for services is often based on specific criteria and sometimes complicated interaction.

"That's why we wanted to launch an artificial intelligence-powered assistant, to match search requests with high-quality services," he said.

Duer's launch ties in closely with Baidu's 20 billion yuan (\$3.14 billion) investment, announced in June, in online-offline services over the next three years, which will

China's search engine market



Source: Analysys International

LIU LUNAN / CHINA DAILY

transform the search giant from being simply a platform to connect people with information, to linking people with services.

The virtual assistant's arrival is seen by analysts as a vital step in that process, which Baidu hopes will create a new growth point for the company in the highly competitive mobile Internet market.

Tian Hou, from Beijing-based firm TH Capital, said as the Internet becomes more reliant on mobile devices, Baidu needs new innovations and new strategies to remain competitive.

"As we all know, being a gateway generates a lot of visitors and traffic, and therefore money.

"Baidu is no doubt a gateway in the personal computer-based Internet industry, as everyone needs to use its search engine to get information.

"That thirst for information has now gone mobile, but it is still not as strong as digital demand for social networking and shopping. That's why Baidu must change," she said.

Duer is accessed through the latest version of the Mobile Baidu search app, and

will be able to provide services in just three categories initially — dining, movies and pets.

But Li said the service will be expanded to other sectors, including education, healthcare and finance, very soon.

"Apart from the Mobile Baidu search app, other Baidu apps including Baidu Map and Nuomi, the group-buying service, will also be equipped with the virtual assistant," he said.

He did not rule out the possibility of launching a separate Duer app, or even building a real robot to offer people services, in the future.

Yan Honghui, an analyst with Internet consultancy Analysys International, said that as Duer handles more types of request in the future, it is likely to become a crucial part of Baidu's business.

"Not only can it improve user experience, but by making Duer smarter Baidu will be able to connect all its services-related businesses, such as car booking and group buying into one platform, creating a new 'killer app' which will give it added growth momentum in the future," she said.

COMMERCE

Metro takes the Tmall route in China

By WANG ZHUOQIONG and MENG JING

German retailer Metro Group AG said on Tuesday that it plans to open a store in Tmall, the business-to-consumer platform of Alibaba Group Holding Ltd, to attract more shoppers.

Metro is launching its official flagship store on the Alibaba Tmall International platform and will offer a wide range of German products, according to a statement from Metro.

The online shop will also sell products from Metro's private labels and include supplier brands from Germany. In the first phase, more than 100 categories of products like dairy, canned foods, coffee and chocolate from Metro Cash & Carry Germany as well as cosmetics from Real will be offered for sale.

Olaf Koch, chairman of the

management board of Metro, said: "The innovative platform will help us deliver more quality imported goods and German brands to Chinese customers. It will also leverage our competence in global sourcing and a robust supply chain."

Last year, Metro achieved revenue of 18.9 billion yuan (\$3.05 billion) in China, a 11.2 percent year-on-year growth. The retailer has 81 wholesale facilities in 56 cities in China and a membership of more than 4 million.

Metro already has its own e-commerce platform in the country. But like other retailers, Metro has also found it tough to attract shoppers in China, according to Jason Yu, general manager of Kantar Worldpanel China.

"It will be difficult for Metro to compete with Tmall or JD.com Inc on width and depth of merchandise as well as in pricing," he said.

“The innovative platform will help us deliver more quality imported goods...”

Olaf Koch, chairman, Metro Group AG

Opening a store on Tmall gives Metro access to a huge user base in a relatively short period, and to focus on specialized product offers. Most of the hypermarket retailers have already started their e-commerce arms in the past 12 months, including CR-Vanguard, Feiniu.com (RT-Mart), Carrefour and

Wal-Mart, according to Kantar's research.

"The e-commerce arms are an useful extension to the brick-and-mortar stores. However there is still a long way to go for competing with real e-commerce giants like Alibaba or JD.com in terms of geographic coverage and number of shoppers," said Yu.

However, competition among retailers on Alibaba is fiercer than what is offline. In August, Alibaba acquired a stake in Suning Commerce Group Co Ltd, the leading home appliances retailer in China. This was followed by a collaboration between Alibaba and Macy's Inc, the largest department store in the United States.

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CURRENCY

'FX forwards measure is not capital control'

By REUTERS

China's central bank defended on Tuesday new regulations imposed on the currency forwards market this month, saying they were not a form of capital control and were introduced after investors had speculated in the market.

The controls would help to stabilize China's financial system at a time when increased yuan volatility is likely to cause more companies to incur foreign exchange losses, the People's Bank of China said in a statement on its website.

The central bank also said its intervention in the foreign exchange market was one of

the reasons for a fall in foreign exchange reserves and any future fluctuations in reserves would be "normal".

China's foreign exchange reserves, the world's largest, shrank by \$93.9 billion in August, the biggest monthly fall on record — to \$3.557 trillion, central bank data showed on Monday.

The bank said the fall in foreign exchange reserves was also due to currency fluctuations.

The bank also said in a statement the Chinese economy could maintain medium- to high-speed growth in the long term and the current account would remain in surplus over the long term.

Talking business

Shantou offering a glimpse of what to expect in future

By QIU QUANLIN

Walking around the wholesale clothing market near Sun Yat-sen University in Guangzhou, Guangdong province, it doesn't take long to spot sellers from Shantou.

They speak Cantonese or Putonghua with strong local Chaoshan accents — a dialect my daughter and I have been learning for years from my wife, who was born in a fishing village near the eastern coastal city.

Local officials often proudly say there are actually three Shantous — one for locals, one for people working in big cities like Guangzhou and Shenzhen, and a third for the many thousands of its former residents living overseas.

In addition to their strong accents, these hard-working people are also characterized by their willingness and ability

to settle comfortably away from home, more often than not, working for themselves rather than for someone else.

A popular pastime for Shantou people is running grocery stores in the Pearl River Delta cities, but in that Guangzhou clothes market, nearly 80 percent of the people selling their goods are from Shantou.

Since China's reform and opening-up process started in the 1980s, this sharp, smart business acumen has earned some Shantou people vast fortunes.

And now Zheng Renhao, the city's mayor, is wanting them to come home, "and is making every effort possible to attract them back," bringing their investments with them.

Zheng told me, in particular, he wants Shantou's very own pilot cultural and economic development zone — created on 20 square kilometers of reclaimed land — to



Workers at a toy factory in Shantou, Guangdong province. By June this year, the city had approved nearly 6,000 foreign direct investment projects. LU HANXIN / XINHUA

become its "investment platform", especially for overseas Chinese investors.

Official figures suggest there are some 60 million overseas Chinese living in 198 countries, of which 10 million originate from Shantou and Chaozhou, together common-

ly known as Chaoshan. Around 3.5 million overseas Shantou Chinese currently live and work across South-east Asia.

"Our people living overseas have made a huge contribution to the city's overall development in the last two

decades, and we have made full use of their investments," said Zheng, "but they are now more needed than ever, as the city heads toward a new phase in its economic development."

According to figures from the Overseas Chinese Affairs Office at the State Council, 60 percent of foreign investment into China has come from overseas Chinese businesses since the country's reform and opening-up process began.

Approved as a special economic zone back in the early 1980s, Shantou has arguably become more dependent than any other city in China on overseas Chinese investment.

By June this year, the city had approved nearly 6,000 foreign direct investment projects, of which 90 percent were financed with overseas-generated Chinese investment.

Zheng said the new pilot zone, approved by the State Council in September last

year, introduced a raft of measures and policies which are subsequently being implemented in China's other pilot free trade zones, most notably in Shanghai, Shenzhen and Guangzhou.

Its most pressing concern, however, is what kind of future investment the city can attract, as interest wanes in its traditional, labor-intensive manufacturing sector.

In a recent interview with the China News Service, Qiu Yuanping, director of the Overseas Chinese Affairs Office, said overseas Chinese investment should be targeted at emerging innovation-driven industries, as the country shifts its economic focus to domestic consumption.

The most-favored sectors include financial services, tourism, telecommunications and technology.

The Pearl River Delta cities, the manufacturing heartland of China, struggled initially

with this industrial transformation — but from what I have seen here, their progress has been remarkable.

On previous business trips to the region, and visiting family here, I toured many traditional labor-intensive manufacturing businesses, from toy-assembly plants to textiles factories.

But today, I am more likely to be invited to visit new innovation centers, research and development sites, and technology labs, which seem to be opening up daily.

Much as Shantou and its fellow-Guangdong cities were, for many years, viewed as the engine rooms of Chinese manufacturing, I am happy to report they are rapidly becoming a new, more modernized shopwindow for the very best in what the country will offer in the years to come.

Contact the writer at qiuquanlin@chinadaily.com.cn

Quotes of the day

“Only if China's GDP growth is maintained at 5 to 6 percent, and if overcapacity does not lead to a chain of business failures, can we effectively prepare for long-term economic reform.”
Ye Tan, a well-known commentator

“As China attempts to make the transition to a more open economy, two things are virtually inevitable: Market volatility and difficult policy decisions, many of which need to be taken in the heat of the moment.”
Hayden Briscoe, Hong Kong-based director of Asia-Pacific fixed income at Alliance Bernstein LP

“Neither the sell-off in Chinese stocks nor the weakness of its currency matters most. It is what is happening to China's foreign exchange reserves, and what this means for global liquidity.”
George Saravelos, a currency strategist at Deutsche Bank

What's news



GOVERNMENTS AND POLICIES

Central bank inks swap deal with Tajikistan

The People's Bank of China has signed a 3 billion yuan (\$471 million) currency swap with Tajikistan. The central bank said the swap lasts three years, and aims to boost bilateral trade and investment, and stabilize regional financial markets. Xinhua reported over the weekend the swap was worth 3.2 billion yuan (\$502 million), citing Tajikistan's central bank.

Inner Mongolia bonds offered as cash tightens

The Inner Mongolia autonomous region is offering local-government bonds at the highest premium over sovereign debt this year, amid concerns the economic slowdown is worsening there and cash supplies are shrinking. The northern region sold general and special notes 20 basis points higher than the five-day average for sovereign securities across four different tenors on Tuesday, according to a statement.



COMPANIES AND MARKETS

Steel export levels maintained in August

Steel exports from China remained at around the highest level since January in August, adding to a flood

that has battered global prices and prompted trade actions. Outbound shipments were 9.73 million metric tons, unchanged from a month earlier, and a quarter more than a year earlier, according to the country's customs administration.

Everbright expects more wastewater M&A activity

Chen Xiaoping, the chief executive officer of China Everbright International Ltd, says he expects more merger and acquisition activities in the country's wastewater treatment sector this year. Chen said in an interview on Tuesday in Hong Kong that this is because China's government is embroiled in efforts to clean up the environment, declaring war on smog and promising broad measures to combat ecological degradation.

General Motors sales skid as demand slows

General Motors Co's monthly sales in China have declined for the fourth time in five months. GM and its China joint ventures delivered 248,815 vehicles in August, 4.8 percent fewer than a year earlier, they said in a statement on Monday. Officials blamed the drop on "softness in the overall vehicle market."

Aluminum exports slide to a 14-month low

Aluminum exports from China fell to their lowest level since June last year, after a drop in domestic production and a plunge in global prices. Shipments of the metal used in everything from cars to window frames shrank 5 percent to 340,000 tons in August from July, and were down 12 percent from a year earlier, according to customs data. Production fell 1.3 percent in July from a



Paddle power

A robot plays table tennis at the Guangdong Intelligent Manufacturing Demonstration Center, the largest robot supermarket around the world, in Foshan, Guangdong province, on Monday. The center will showcase robots from 25 companies, both from home and abroad, at the 2015 World Robots and Intelligent Equipment Industry Fair that will run from Friday till Sunday. PROVIDED TO CHINA DAILY

record in June in a sign the lowest prices in six years were forcing some smelters to curb output.



AROUND THE WORLD

Disney Movies service extended to Amazon

Walt Disney Co has extended its Disney Movies Anywhere service to include films bought in Ama-

zon.com Inc and Microsoft Corp online stores. The service, introduced last year, enables Disney customers to buy and store electronic copies of movies that they can watch later on tablet computers, smartphones and other devices.

Samsung to axe 10% of staff in headoffice

Samsung Electronics Co Ltd is preparing to cut 10 percent of its head-office staff, according to Korea Economic Daily newspaper, as it continues to lose sales to Apple Inc and Chinese vendors. Its human resources, public relations and

finance departments are affected, the paper said.

MS&AD to buy UK's Amlin for \$5.3 billion

MS&AD Insurance Group Holdings Inc has agreed to buy the United Kingdom-based insurer Amlin Plc for about 3.47 billion pounds (\$5.3 billion), joining an overseas deal spree by Japanese peers. The Tokyo-based company's Mitsui Sumitomo Insurance Co unit will pay 670 pence per share in cash for the London-based insurer.

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SURVEY

Tech, media, telecom IPOs to stall

By CAI XIAO
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China's technology, media and telecommunication IPOs reached a new high in the first half of 2015, but the momentum is expected to slow in the next six months due to capital market fluctuations, according to a report from PricewaterhouseCoopers on Tuesday.

There were 42 Chinese technology, media and telecommunication IPOs in the first half, an increase of 75 percent year-on-year, and their financing totaled 22.1 billion yuan (\$3.5 billion), it said.

"As we can see, a more streamlined and transparent listing procedure for IPOs has made the domestic exchanges more attractive. However, the positive momentum is expected to slow down in the second half of 2015 given the temporary freeze to IPOs by the regulatory body to cope with the

recent significant capital market fluctuations," said Amanda Zhang, northern China technology industry leader with PwC China.

The State Council ordered the suspension of new share offerings on July 4 after a three-week stock market collapse.

Vincent Cheuk, market leader of Beijing entrepreneur group and northern China head of the private equity group at PwC China, said: "The IPO slowdown creates opportunities for private equity companies, hedge funds and sovereign wealth funds because the financing demand of enterprises has always been strong."

Regarding Chinese technology, media and telecommunication IPOs in the first half, the report said 30 were made on Shenzhen's ChiNext board and small and medium-sized enterprise board, nine were made on Shanghai's main

board, and only three were undertaken overseas.

The report said the average price-earnings ratio of Chinese A-share technology, media and telecommunication companies had been as high as 74 by the end of August 31, while that by the end of June 30 it had been 115.

"In the long run, we still anticipate significant growth in technology, media and telecommunication listings on domestic exchanges as a result of the introduction of the new registration-based system, as well as the continuation of multi-level capital market reform," said Zhang.

She added that some Chinese technology, media and telecommunication companies will still choose overseas markets for listing because of their corporate structure and capabilities, as well as more mature investors in those markets.

Strategic emerging industries, such as technology,

media and telecommunication, have been highlighted as important forces guiding socioeconomic development since the State Council issued a statement on accelerating the cultivation and development of strategic emerging industries on Oct 10, 2010.

Today, the emergence and development of a group of high-growth, tech-innovation companies is ushering in strong demand for capital market financing, a trend with relevance to the reforms in the domestic stock market.

"Support from the financial system and capital markets is crucial for the development of startups. The future reform of the capital market is significant because it will provide a richer financing channel for innovative companies and in addition, the market's value discovery function will also ensure there is a strong impetus for innovation-driven industries," Cheuk said.

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POLICY | ZHENG YANGPENG

Debt ceiling will check borrowing

Markets welcome move by the State Council to bring in transparency

The decision by the top legislature to introduce a debt ceiling for local governments is good news for the market.

Last week, the National People's Congress Standing Committee approved a motion proposed by the State Council, or cabinet, to bring in a \$16 trillion yuan (\$2.5 trillion) debt quota for 2015.

By the end of 2014, Beijing recognized local government "direct debt" had reached 15.4 trillion yuan, while "indirect and contingent liability" added up to 8.6 trillion yuan.

The direct debt was a 41.4 percent increase compared to June 2013 and means local governments have accumulated a total debt close to Germany's GDP.

Creditors can now breathe a sigh of relief. By bringing in a cap on future borrowing by local governments, Beijing has guaranteed the repayment of 15.4 trillion yuan of debt, and possibly the 8.6 trillion yuan that is likely to occur in the future.

But a line has been drawn on future local government borrowing.

In short, the central government has rolled out an "amnesty" by saying it would not call to account local officials who went on reckless borrowing binges before the end of 2014. It has pledged to clean up the mess that was left behind, while making it clear that from now on local

governments must borrow within their means.

Future lending will be based on "a transparent and consistently enforced formula as opposed to being determined on an ad hoc basis", Fitch Rating Inc said after the government's announcement.

This is long overdue as China has walked a long way to reach this point.

A report by China International Capital Corp showed that regional officials tended to fudge their debt figures before the national audit in 2013 because they feared a central government backlash, so the actual debt growth between mid-2013 and end-2014 is not as strong as the data suggested.

Determined to rein in excessive borrowing, especially those incurred by local government financing vehicles, the cabinet issued

a landmark document in October clarifying for the first time that LGFVs could no longer raise funds for regional authorities. Only direct borrowing by local governments, approved by the legislature, would be accepted by Beijing.

Last year, regional authorities were also required to report their outstanding 2014 debt before Jan 5 of this year.

Realizing it would be underwritten by Beijing as long as it was recognized as "government debt", local authorities rushed to include as much LGFV borrowing, which was raised to build infrastructure projects, as they could.

This infuriated the central government, which rejected the results and asked regional governments to produce new figures. As this

process dragged on, it delayed Beijing's plans to announce detailed debt data.

"Now debt will be paid through budget revenue as long as it is recognized as 'government debt'. LGFVs will also have to repay their own debts through their own cash flow," Song Weijian, an analyst with China Bond Rating Co, said.

Finally, a clear line has been drawn between "government" and "corporate" debt, which has been welcomed by the markets. The next step should be to disclose detailed debt information as soon as possible. This should include who raised what debt, through what channels, and for what purpose.

Contact the writer at zhengyangpeng@chinadaily.com.cn

TECH | JITENDRA KAVATHEKAR

Taking the fast lane with 'Open Innovation'

There is increased pressure on companies to use new technology to provide customers with better products and services. It is hardly surprising then that many large organizations are struggling to compete against a new league of agile digital innovators.

As new startups enter the market in increasing numbers, existing companies have to work even harder to retain customers and clients.

To illustrate the point, Airbnb was founded in 2008 and is based in California.

It is already one of the world's largest hoteliers. In China, Xiaomi Corp, which was founded in 2010, has become the third-biggest distributor of smartphones.

So what is the answer for companies feeling the squeeze?

The term "Open Innovation" was first coined in 2003 by Henry Chesbrough, an organizational theorist from the Haas School of Business at Berkeley in the United States and has been evangelized ever since.

It is a model whereby enterprises use external technology, solutions and knowledge from startups, universities and other research organizations early in their innovation processes.

This concept allows companies to bring in new ideas quickly in order to enhance their operations. It can also save time and money.

Rather than using their own budget in research and development, enterprises can use venture capital investment.

Leading companies around the world are already using this approach.

They realize that bringing in new ideas from small businesses is much smarter than fighting them.

The value of collaboration exceeds the threat of sharing information.

Creators in California of the high-growth productivity application Evernote are working with independent office designer Eric Pfeiffer to produce popular stationery and tablet holders.

Grupo Globo, the largest media group in Latin America, is working with startups to bring in the latest technology as well as identifying new systems and market trends.

Two or more large companies can also collaborate on innovation.

An example of this is an alliance formed by Philips NV, the global technology company based in the Netherlands, and salesforce.com to create clinical

Cultural differences, technological risks and security concerns can stop organizations from realizing their full potential. "Open Innovation" is a major undertaking but, done right, it has the potential to lead to success.

cal applications available through a digital health platform.

Naturally, any new method of operation requires careful planning. Cultural differences, technological risks and security concerns can stop organizations from realizing their full potential.

"Open Innovation" is a major undertaking but, done right, it has the potential to lead to success.

Part of the process involves collaborating with "bridgemakers" who can bring real knowledge from startups and the university community.

They can act as an intermediary to help connect an organization with the appropriate partner.

They can also be a buffer between partners with conflicting cultures, provide support in mitigating risk, and assist in deploying technologies.

Third-party "bridgemakers", if qualified, are uniquely positioned to assist companies throughout the process — from discovery through deployment.

Accenture PLC, the multinational management consulting, technology services and outsourcing company, uses the principles of "Open Innovation" to help clients lower their risk and improve success.

For example, Accenture helped Grupo Globo maximize its potential by identifying the emerging technologies and market trends most likely to change the game for its business, and the media industry, during the next five to 10 years.

Accenture then designed a forward-looking technology blueprint to drive Grupo Globo's business strategy.

Ultimately, Accenture helped shift the mindset of the company and proved that working with startups could lead to tangible outcomes.

The author is leader of Accenture Open Innovation with Accenture's Global R&D organization. The views do not necessarily reflect those of China Daily.

AGRO | SHIRLEY XIE & BRIAN MARTERER

Vital to manage the risks in China's food chain

China's agricultural production has undergone historic growth during the past 30 years.

The country is the world's largest producer of pork, fruit, vegetables and eggs. It is also the second-largest chicken producer and the third-largest milk producer.

This incredible growth has vastly improved nutritional standards and the quality of life for consumers. But it has not been easy for regulatory bodies to keep up with the changes and challenges facing the industry.

New risks have emerged with intensive livestock operations, industrial food processing, and the widespread availability of chemical additives and pesticides. The fragmented nature of China's agricultural sector poses enormous safety concerns for food companies.

The government is taking steps to improve food safety, including a revised national law. Other measures involve limiting pesticides and chemical fertilizers, increasing supervision and technical assistance, and enhancing regulatory enforcement.

Corporations are increasingly being held responsible for ensuring food safety throughout their entire supply chains.

Since 1980, China's major crop production has tripled but farmland grew by only 10 percent. Growth was partly due to a quadrupling of chemical fertilizer and pesticide use after 1991. China's farmers use more than three times the amount of pesticides and four times the chemical fertilizer per hectare as farmers in Europe and the United States.

Since 1980, pork output increased by 350 percent, chicken meat production grew by 1,200 percent and milk production jumped by 3,000 percent. The use of antibiotics in animal feed also grew substantially.



An inspector tests food additives at a local market in Qingdao, Shandong province. YU FANGPING/FOR CHINA DAILY

According to China's most recent agricultural census in 2006, 184 million farms grew crops and their average size was 0.7 hectares. In contrast, the US has 1.6 million farms with an average size of 102 hectares.

With so many small farms, it is difficult to supervise the use of pesticides and fertilizers, and difficult to ensure that crops raised on contaminated soil do not enter the food chain.

China's livestock sector is also highly fragmented. About 52 million farms raised pigs, compared to 56,000 in the US. Most of China's pigs come from farms that produce fewer than 500 per year, while in the US, 90 percent come from farms that annually raise more than 5,000.

China has nearly 24 million farms that raise broilers — chickens raised for meat — compared to 33,000 in the US. Most of China's broilers come

from small and medium-sized farms that produce fewer than 50,000 per year. In contrast, 96 percent of US broilers come from farms that produce more than 200,000 per year.

Just 20 years ago, China's meat and dairy production was mainly from small household farms. But recent growth has been fueled by small, medium and large-scale livestock operations. In the long term, large-scale businesses will make supervision easier and help adopt best practices.

In the short term, there is a risk that management and staff do not have adequate training or technical expertise to safely manage large enclosed herds and flocks.

Also, companies with trading, processing, distribution or retail operations must take active responsibility for the safety of their entire supply network, beginning with the primary producers. A high

level of interaction with suppliers will help ensure quality.

Of course, there are extra costs associated with ensuring food safety, but leading corporations can not afford to keep their supply chain at arm's length. The following principles will help companies better address safety risks in China's challenging industry landscape.

- Be familiar with the chain through regular on-site visits to farmers, traders, processors and logistics companies.
- Verify the quality of the agricultural production environment, including potential water and soil contamination, and the proper use of fertilizer, pesticides and growth promoters.
- Create a "win-win" supplier relationships, starting with clear, detailed specifications and regular performance measurement. Provide training and assistance to

ensure implementation of best practices.

- To prevent economically motivated shortcuts, provide credit or subsidies for raw materials and establish controls to ensure their proper use.

- Design effective monitoring and verification programs that include testing, audits and unannounced visits.

- These should be statistically designed to provide optimal quality assurance for both upstream vendors and in-house operations. Risks change along with market conditions.

- Strive for transparency. This is essential in responding to food safety incidents.

Shirley Xie is a partner at PricewaterhouseCoopers in China and the leader of the firm's food supply and integrity services. Brian Marterer is a senior manager at PwC China

ECONOMY | MIKE BASTIN

Banks and SMEs need to forge a closer relationship to boost growth

Economic data points to a rough transition as the Chinese economy modernizes. Turmoil in the stock market and poorer-than-expected Purchasing Managers Index figures illustrate the challenges ahead.

But despite monetary loosening policies, optimism is in short supply. Clearly, further cuts in interest rates and the reserve requirement ratio, or RRR, the amount banks must hold in reserve, have been

used to stimulate the economy.

In particular, the government appears to be targeting bank lending to China's army of small and medium-sized enterprises, or SMEs, and has even set up a 60 billion yuan (\$9.4 billion) national fund. Still, two questions have to be asked: Are these bank-lending policies sufficient? And are China's SMEs equipped to take advantage of these new funding arrangements?

Sadly, China's larger banks

are still far too conservative with their cozy relationships with the country's corporate giants. That is one of the reasons why development of the country's SME engines of economic growth remains weak.

As a result, government policy and initiatives are focusing on the relationship between China's biggest banks and SMEs. Of course, the People's Bank of China's move to encourage lending represents a step in the right direction, but much more is needed.

Despite rapid and ongoing modernization, SMEs remain relatively inexperienced, especially when it comes to international markets. It is, therefore, just as important for China's banks to play an active role in any investment and product development as it is to help them with funding.

So, what should this "active role" entail? Most important of all, it must be a long-term partnership and not simply a short-, or even medium-term

project. In much the same way as supply chain integration has become a key feature of the international business environment, banks and SMEs need to work closely together.

This could even involve having a representative from the bank, which has provided investment, on the board of directors at the corporate client. If lending is to prove effective over the long term, it is vital that banks play a key role in the decision-making at

SMEs, and the management and monitoring process.

Any government incentives, therefore, that encourage the formation and development of such a partnership have to be welcomed. This arrangement would certainly lead to a sizable reduction in bad loans. Cementing a lasting relationship could also involve other forms of financing and not just basic lending.

For example, the country's banks could take a stake in their corporate clients by buy-

ing shares in the companies. This would forge a relationship between both parties and help SMEs, especially in the high-tech industries, generate long-time economic growth.

The author is a visiting professor at the University of International Business and Economics in Beijing and a senior lecturer on marketing at Southampton Solent University's School of Business. The views do not necessarily reflect those of China Daily.

ENERGY

BP mulls options to weather any further price falls

Global giant says deflated market, improved efficiency could stimulate Chinese economy

By LYU CHANG
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Oil and gas giant BP Plc expects crude oil prices to keep falling in the short term as global supplies continue to outpace demand this year. "A low price environment is probably what we should plan in the short term if we are prudent, because currently there is an excess amount of supply," said Dev Sanyal, BP's executive vice-president for strategy and regions.

He said that the current prices reflect the supply situation, and coupled with huge inventories may take some time to clear out.

In August, global oil prices fell below \$50 a barrel, the lowest in six years amid expectations of a further global glut and slowing economic growth.

Sanyal, also a member of the Group Executive Committee of BP, said there are excessive oil supplies in the market as production in the Organization of Petroleum Exporting Countries has risen substantially in the past few years, while prices have declined by half from a



“The volume in the Chinese market is too large to be neglected.”

Dev Sanyal, executive vice-president for strategy and regions at BP Plc

year ago.

During the first six months of the year, amid bleak industry conditions, most of the oil majors reported huge drops in profit, followed by a slew of responsive actions, including divestment and simplification programs, to cut costs and improve efficiency.

Analysts attributed the decline to the sharp drop of oil prices which have

squeezed margins for many oil producers and traders.

However, the low oil price is not all that bad news, Sanyal said.

For big oil importers like China, it could serve as a stimulus to the economy, he said.

China's crude imports in July rose 29 percent year-on-year to 30.7 million metric tons, according to data from the General Administration of Customs.

"The volume in the Chinese market is too large to be neglected," Sanyal said. About 61 percent of the year-on-year growth in energy consumption came from China last year.

Meanwhile, China faces challenges to meet greater energy demand with less carbon footprint as the country has pledged to cut greenhouse gas emissions per unit of gross domestic product by 60 percent to 65 percent by 2030 compared with the level in 2005.

The switching from coal to gas and increasing energy efficiency are essential to meet the goal, Sanyal said.

Natural gas accounts for more than 50 percent of BP's portfolio and the company is looking into more opportunities in the sector to support China's green agenda.

EARNINGS



The stand of People.cn Co Ltd at an Internet expo in Beijing. PROVIDED TO CHINA DAILY

People.cn's revenue growth drops

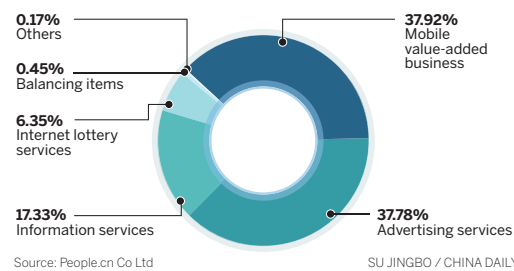
By FAN FEIFEI
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People.cn Co Ltd, the online platform of the People's Daily, has seen first-half revenue growth drop by 33.11 percentage points, after the suspension of its Internet lottery business.

According to its latest half-year figures, total revenue hit 725 million yuan (\$113.8 million) during the period, a rise of 17.07 percent from a year earlier. At the same stage last year, it recorded growth of 50.18 percent. Net profit for the first half of this year was 58.28 million yuan, a 39.42 percent fall year-on-year.

The report suggested the profits were slashed after increased investment in the site's mobile services, and the suspension by the authorities of the Internet lottery business, Okooo.com.

Makeup of the revenue of People.cn in H1



Source: People.cn Co Ltd

SU JINGBO / CHINA DAILY

Okooo's revenue was 46.08 million yuan, a 48.61 percent fall year-on-year. The lottery subsidiary was created in 2013. Income at the company's overall mobile business, however, increased by 44.66 percent compared with the same period last year, mainly from its short messaging service, reading, animation and games activities, despite a 27.98 per-

cent rise in its own operating costs.

Yan Honghui, an analyst at Internet consultancy Analysis International in Beijing, said People.cn's mobile strategy does not expect to be profitable in short term, but in future does expect to become an essential source of group revenue.

Li Zichuan, a P2P financial services platform expert, said

the suspension of Internet lottery businesses has forced many related enterprises to transform.

"Some companies were closed and others turned to financial advisory services — but there are still companies waiting for the issue of operating licenses."

Li said the government is looking to strengthen its supervision of Internet lotteries, but not put a stop to them altogether, and new licenses are expected to be issued by the end of this year.

People.cn has been expanding its business through multiple channels. In 2013, it bought Guqiang Technology to enter the online reading sector, and last year it acquired the Shanghai-based mobile gaming company, Microbeam.

However, two of its executives were investigated for corruption last month.

MARKETS

Hedge funds feel the heat as stocks tumble

China-focused firms experienced worst month in 16 years in August

By BLOOMBERG

China-focused hedge funds probably had their worst month in almost 16 years in August, with firms including Orchid Asia Group Management and APS Asset Management Pte suffering losses from the nation's stock market collapse.

Greater China hedge funds plunged an estimated 10 percent in August, putting them on track for their biggest decline since at least January 2000, according to preliminary estimates from Eurekahedge Pte.

The Orchid China Master Fund, a \$304 million strategy fund managed by Hong Kong-based Orchid, fell an estimated 7.3 percent, according to a month-end investor update obtained by Bloomberg News.

APS's Greater China Long/Short Fund declined 7.2 percent in the month through Aug 28 as the firm's China A Share Fund fell 5.5 percent as of Aug 21, according to a month-end update.

Hedge-fund investors are getting an early glimpse of the carnage after market declines that began on the Chinese mainland in June deepened and spread across the globe.

Volatility in oil and concerns about slowing growth in China rattled markets worldwide and even hurt prominent United States hedge funds.

David Einhorn's Greenlight Capital declined 5.3 percent in its main hedge fund last month, according to an e-mail to investors. Leon Cooperman's Omega

“Greater China hedge funds are on track to show the worst three-month returns.”

Mohammad Hassan, analyst with Eurekahedge in Singapore

Advisors and Bill Ackman's Pershing Square Capital Management saw their gains for the year wiped out during the worst of August's market decline.

"Greater China hedge funds are on track to show the worst three-month returns in at least a decade," said Mohammad Hassan, an analyst with Eurekahedge in Singapore. "It's not a surprise given the funds' limited ability to short the stock markets in China."

The Shanghai Composite Index dropped 12.5 percent in August after sliding 14 percent in July, the biggest two-month tumble for the market since 2008. Losses at many hedge funds investing in the region may have been unavoidable because Chinese regulators cracked down on practices such as short selling. Authorities have been probing "malicious" short selling, or wagering against stocks, and have examined futures trading accounts of foreign investors.

China hedge funds were among the best performers in the industry before the August rout. The Eurekahedge Greater China Hedge Fund Index was up 10.5 percent through July, compared with the 6.8 percent return for the Asian Hedge Fund Index. Eurekahedge will not have the year-to-date return for China hedge funds through August until later this month.

Even with the rout in August, APS's Greater China fund was up 27.7 percent this year through Aug 28, while the Orchid fund fell 1.9 percent for the year. The Shanghai Composite Index had fallen 0.9 percent in 2015 through the end of August.

There were firms that managed to shine during the market meltdown, thanks in part to flexible strategies that allowed them to invest across global markets.

The \$90 million True Partner Fund in Hong Kong, run by co-chief investment officers Tobias Hekster and Govert Heijboer, surged 7.5 percent on Aug 24, the day an 8.5 percent plunge in the Shanghai Composite Index triggered a selloff across the globe. The single-day jump for the fund, accounting for its entire month's gain, brought the year-to-date advance to 15 percent, according to Hekster.

The True Partner fund used a relative value strategy that benefited from rising market volatility that started in Asia and spread worldwide. As options owned by True Partner in the Taiwan market exploded in value amid rising panic on Aug 24, the fund sold them and bought cheaper ones in South Korea and Japan, Hekster said.

EQUITIES

CEFC takes 60% stake in Slavia Prague

By EMMA GONZALEZ
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CEFC China Energy Company Ltd, considered the country's sixth-largest private company, has made its latest investment in the Czech Republic, taking a majority 59.97-percent stake for an undisclosed sum in SK Slavia Prague, one of the central European nation's oldest soccer clubs.

CEFC closed a series of strategic agreements in the country last week, including the acquisition of two buildings in the capital Prague's historic

center, and a stake increase in the Czech-Slovak investment group, J&T Finance.

The remaining stake in Slavia Prague will be controlled by Fly Sport Investments, a private company owned by Czech businessman Jiri Simane.

Officials at CEFC, which has previously focused on the energy and financial services sectors, said the investment would ensure the stability of a club that has been struggling financially in recent years.

They expect the acquisition to spearhead other plans to expand its investment activities in the country.

CEFC also plans to support

Czech football by becoming a partner of the national team and youth football setup, "to promote cooperation between China and the Czech Republic," said the Chinese company in a statement. CEFC becomes the second major Chinese company this year to invest in European soccer.

Andrew Collins, chief executive officer at Shanghai-based technology and social media agency Mailman Group, said investing in a soccer team "can demonstrate a company's commitment to the community, which may be supporting a broader strategic investment in the region."

In January, real estate giant Wanda Group Co bought a 20 percent stake in leading Spanish club Atletico Madrid for 45 million euros (\$52 million), becoming the first Chinese company to invest in a major European soccer team.

"It looks like Chinese companies are seeking to buy into European soccer clubs for marketing purposes," said Bradley Williams, an Asian Studies professor at the City University of Hong Kong. "This could be seen as a form of economic soft power, if the investments are raising corporate awareness and possibly sales in the European markets."

INVESTMENTS

Silk Road projects account for most deals

By ZHENG XIN
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New figures from the Ministry of Commerce show that projects linked to the Belt and Road Initiative accounted for nearly half of all overseas deals by Chinese companies during the first seven months.

Officials said there were 1,786 projects registered as associated with the economic initiative, or 44.9 percent of the total number of projects abroad.

Collectively the deals were worth some \$49.44 billion, 39.6 percent more than the total for the first seven months of 2014.

Proposed in 2013 by Presi-

dent Xi Jinping, the Belt and Road is a trade and infrastructure network that includes the Silk Road Economic Belt and the 21st Century Maritime Silk Road.

The network connects Asia, Europe and Africa and passes through more than 60 countries and regions with a population of about 4.4 billion.

Shen Danyang, the ministry's spokesman, said 176 of the deals were worth more than \$50 million in value, a 4.2 percent increase on last year.

The most-recent monthly trade figures showed China attracted \$760 million in foreign investment in July from companies along the Belt and

\$49.44 billion

the collective worth of projects under the Belt and Road Initiative in the first seven months

Road, a 1.3 percent fall on a year-on-year basis.

The wholesale and retail trade, and the leasing and commercial services sectors witnessed the sharpest growth rate, a respective 428.7 percent year-on-year increase and 500.3 percent year-on-year increase.

Shanghai, Beijing and Guangdong province attracted the most investment from

Belt and Road countries, accounting for 47.91 percent, 15.81 percent and 11.69 percent of the total capital respectively.

Sang Baichuan, director of the Institute of International Business at the University of International Business and Economics in Beijing, said China has invested considerable effort in deepening cooperation with countries along the Belt and Road trade routes this year, and that the new figures were stronger than expected.

"Against the backdrop of an unsteady global economy, the initiative is serving as a bridge for the flow of trade and commerce," he said.