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## DIPLOMACY

## Kerry wraps up Beijing trip

 Xi: US, China  
should properly  
handle differences

 By ZHAO YINAN  
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China and the United States should properly handle and control differences to prevent them from detracting from their relationship's progress, President Xi Jinping told US Secretary of State John Kerry on Sunday as he wrapped up a two-day visit to Beijing.

China's relationship with the US is stable, Xi said, urging that the two work together to expand communication, trust and cooperation.

Beijing has called for increasing dialogue during Kerry's trip, which aimed to prepare for the annual US-China Strategic and Economic Dialogue in June and Xi's state visit to the US in September.

Tension escalated last week when Washington expressed concern over China's construction in the South China Sea and reports said the Pentagon planned to send military aircraft and ships to assert so-called freedom of navigation in the waterway.

Foreign Minister Wang Yi and Vice-Chairman of the Central Military Commission Fan Changlong stressed on Saturday China's determination to safeguard its sovereignty and territorial integrity.

Construction on the Nansha Islands falls fully within the scope of China's sovereignty, they told Kerry during separate meetings.

Kerry underscored the relationship's importance, saying both sides are able to handle and control differences in a mature manner.

He called for greater cooperation between them and said the extensive US-Sino cooperation has shown the world the important roles they have played in addressing major global and regional affairs.

Xi highlighted progress in ar-



President Xi Jinping shakes hands with John Kerry, US secretary of state, in the Great Hall of the People in Beijing on Sunday. FENG YONGBIN / CHINA DAILY

eas including trade and investment, saying he looked forward to continuing to developing his relationship with US President Barack Obama, and to upgrade ties through a new model of relationship between major countries.

"As I mentioned many times, the vast Pacific Ocean has enough space to accommodate the two big nations of China and the US," Xi said.

Da Wei, an expert on US studies at the China Institutes of Contemporary International Relations,

said a mature relationship means the world's two largest economies won't allow the South China Sea issue to affect the whole relationship.

Da said that a key problem is Washington's rising suspicion over China's strategic intention, including the construction in the Nansha Islands, a security concept for Asia to resolve its own security problems proposed by Xi last year and the China-led Asian Infrastructure Investment Bank.

Teng Jianqun, an expert on US studies at the China Institute of

International Studies, said Washington is uneasy with the possibly growing US-Sino competition in the economic and security sectors, but China has neither the intention nor ability to challenge the dominant US role in the world.

On Saturday, State Counselor Yang Jiechi told Kerry that both countries should view each other's strategic intentions from an objective and rational perspective, and he urged the US to do more good for regional peace and stability.

## TECHNOLOGY

## Netflix would face competition in China: observers

 By AMY HE  
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If popular US video-streaming service Netflix is successful in entering the China market, it will face competition from such local providers as LeTV and Tencent and might have to change its business model to win over Chinese consumers who aren't used to paying for media content, industry observers said.

Bloomberg and the Wall Street Journal reported on May 15 that Netflix has held discussions with the Jack Ma-backed media company Wasu Media Holdings Co about a potential partnership that would license its content across multiple electronic devices. The Journal said Netflix also was talking to BesTV New Media.

"We would love to cooperate with Netflix considering its global influence," Xu Feng, the company's vice-president, told the Journal. "But we need to take note of the obstacles, including policy restrictions on foreign online content." BesTV previously signed a deal with Walt Disney China to form a digital joint venture to tap into China's market.

In responding to the Bloomberg and Journal reports, Netflix company spokesman Jonathan Friedland told China Daily that the company intends to be "nearly global" by the end of next year, and he declined to comment further.

In an investor note in the fourth quarter, Netflix said: "For China, we are still exploring options — all of them modest. We'll learn a great deal if we can successfully operate a small service in China centered on our original and other

globally-licensed content. That is our preference, for the next few years, if we are able to acquire the necessary permissions."

"You've got two very formidable partners (Netflix and Ma's-backed company), but they've got a challenge that Netflix didn't have when it started in the US, which are the competitors," said Rob Cain, founder of Pacific Bridge Pictures and Chinese media consultant. "And nobody's really making any profit in the business."

Cain said that Netflix will likely need to charge less in China than they do in other places, and whether they can justify that, "they don't really know." Netflix's content costs in the US — for licensing and original programming — are growing exponentially, making it hard for them to turn a profit, and while it may be cheaper to license content in China, getting people to pay for a subscription "will be a challenge for them," he added.

"There is kind of an oversaturated market in terms of streaming where the sites are free or they're going around the corner where copyrights are concerned," said Michael Berry, professor of contemporary Chinese cultural studies at the University of California Santa Barbara.

"It depends whether they're willing to revise their current business model, whether or not they're going to use the exact same model that's been successful internationally and present that to the Chinese market," Berry told China Daily. "That model might not work, so they might present initially a free service, get people hooked, and then they start charging. That's one way they possibly could change their business strategy."

SEE "NETFLIX" PAGE 2

## COMMERCE

## US trade with Asia a two-way street: report

 By PAUL WELITZKIN  
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The conventional wisdom that China and other emerging economies in Asia are just exporting into the US and not buying products and services from American companies may not be the reality, according to a report from a Hong Kong business consultancy.

Dezan Shira & Associates is a foreign direct investment practice with a pan-Asian presence. The company is in the process of compiling reports on all 50 US states and their trading activity with China, India and the Association of Southeast Asian Nations (ASEAN) members.

The first state report looked at Minnesota, and discovered that the Gopher State is exporting more products to ASEAN members than it is importing.

"Minnesota sells more products to ASEAN than it buys," Chris Devonshire-Ellis, chairman of Dezan Shira, told China Daily. "That is opposite of what most people perceive about trade between Asia and the US."

Minnesota had a nearly billion-dollar trade surplus with ASEAN in 2014, according to the report. Minnesota's exports of \$1.77 billion exceeded imports of \$808.4 million. ASEAN received 8.3 percent of the state's total exports in 2014.

That makes the ASEAN trade bloc — which includes the Southeast Asian

nations of Brunei, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam — a major market for Minnesota products and export-minded traders, the report said.

Devonshire-Ellis said Minnesota companies in electronics and information technology are doing quite well.

"For example, Malaysia is seeking products for its electronics and semiconductor industries," he said. "Minnesota companies in the IT sector should note that the Malaysian government is actively seeking imports in those areas."

Minnesota's China report said that in 2014, the state's manufactured exports to China reached \$2.23 billion. China is one of the state's largest markets for optic fiber, optical/checking instruments and integrated circuits. The export of food products to China grew by 25 percent compared with the previous year.

Dezan Shira also has completed the Texas China report. "Nearly 30 percent of Texas' exports to China were in chemicals," said Devonshire-Ellis. "Texas has a huge petrochemical industry."

Another area in Texas that may be ripe for more trade with China is auto parts. Devonshire-Ellis said China has removed restrictions on foreign investment and the sale of auto parts to China. "That could be a huge opportunity for Texan auto-parts companies," he said.

SEE "TRADE" PAGE 2



## Irish stop

Premier Li Keqiang and his wife Cheng Hong arrive in Shannon, Ireland, on Sunday en route to South America. Li will meet his Irish counterpart and is expected to sign a series of agreements covering cooperation in agriculture and personnel exchanges. He will visit Brazil, Colombia, Peru and Chile from Monday to May 26. see more > p3, p4, p7, p12. PROVIDED TO CHINA DAILY

## In the news

## LIFE

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A bird watcher in Beijing finds the number of migrating birds in the capital is falling. > p9



## BUSINESS

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High-end service will be the main growth driver for an island close to Macao. > p15



## SHOOTOUT

## 9 killed, 18 hurt in Texas motorcycle gang rumble

By ASSOCIATED PRESS

A shootout among rival motorcycle gangs at a popular Central Texas restaurant left nine bikers dead and 18 injured, and it sent panicked patrons and bystanders fleeing for safety, a police spokesman said Sunday.

The violence erupted shortly after noon at a busy Waco shopping center along Interstate 35 that draws a large lunchtime crowd. Waco police Sgt. W. Patrick Swanton said eight people died at the scene of the shooting at Twin Peaks restaurant and another person died at a hospital.

The nine killed were all members of biker gangs, he said, as were the 18 people who were taken to hospitals with injuries that include stab and gunshot wounds. Some victims are being treated for both, he said.

"This is probably one of the most gruesome crime scenes I've ever seen in my 34 years of law enforcement," Swanton said, later adding, "I was amazed that we didn't have innocent civilians killed or injured."

Dozens of motorcycles were parked in a nearby lot Sunday. Bodies were found in the parking lot of Twin Peaks and in another adjacent lot for a family restaurant.

"Dozens" of suspected gang members have been detained, Swanton said.

Swanton said at least five rival gangs gathered at Twin Peaks for a meeting that he said focused on turf and recruitment, two areas where the groups have often clashed. Preliminary findings indicate a dispute broke out in a bathroom, escalated to include knives and firearms and eventually spilled into the restaurant parking lot, he said. There were 150 to 200 gang members inside the restaurant at the time. Shots were fired inside and outside the restaurant, he said.

Swanton described the interior of the restaurant after a Sunday night walk-through, saying it was littered with bullet casings, knives, a club, bodies and pools of blood. Authorities would be working the rest of the night to process the reams of evidence, he said.

Men in motorcycle jackets could be seen being taken away in police vehicles. Others sat on the ground.

Police were aware of the meeting in advance, Swanton said, and at least 12 Waco officers in addition to state troopers were outside the restaurant, part of a national chain that features scantily clad waitresses, when the fight began.



## 2 ACROSS AMERICA

## SPORTS



**Dongfeng Race Team**, the first Chinese team appears in the Volvo Ocean Race, winning the sixth leg on May 7 in Newport, Rhode Island, USA, setting off to Lisbon, Portugal on Sunday. PROVIDED TO CHINA DAILY

## Winning Chinese team sets sail

By **NIU YUE**  
in New York

Ten days after standing on the winner's podium for the first time, a Chinese racing team set sail on the next leg of the world's premier ocean race on Sunday.

The Dongfeng Race Team, the first Chinese team to ever take part in the grueling around-the-world Volvo Ocean Race, finished first in the race's sixth leg from Itajaí, Brazil, to Newport, Rhode Island, on May 7.

By beating arch rival Abu Dhabi Ocean Racing by 3 minutes and 25 seconds, the Dongfeng team and the race itself became an overnight sensation among people in China, where offshore yacht racing is just starting to catch on.

"I hope we perform well in the race to let more Chinese people know about and participate in this sport," said Chen Jinhao, a 23-year-old Chinese sailor on the team.

Launched in October 2013, the Dongfeng Race Team (Dongfeng means "East wind" in Chinese) is sponsored by Chinese corporation Dongfeng Motor Group Co.

With a 12-member crew that is half Chinese and half international veteran sailors from across the globe, Dongfeng entered the 2014-2015 Volvo Ocean Race after a full-year of training under France's top ocean racers.

In line with a core mission to build experience among Chinese sailors, the crewmembers have been rotated with three Chinese sailors as part of the eight-person crew for each leg.

"I want to help develop sailing as a sport around the world and China is

a major player, not just economically, but in the sporting arena as well," said Charles Caudrelier, the French skipper of the team.

As the world's premier offshore competition, the Volvo Ocean Race (formerly the Whitbread Round the World Race) has been held every three years for the last 37 years.

It is a nine-month marathon on the seas, passing through four oceans and skirting five continents. Each of the entries has a sailing team of eight sailors and one media crewmember who race day and night for more than 20 days on a leg.

The race is considered a tough test of sailing prowess and human endurance. "It takes strong men to be able to compete in the Volvo Ocean Race," according to the event's website [volvooceanrace.com](http://volvooceanrace.com).

Starting last October in Alicante, Spain, the 2014-2015 route travels east around the globe until finishing up in Gothenburg, Sweden, in June, covering 11 ports and about 39,000 nautical miles in nine legs.

"Besides physical strength, the sailing is a mental challenge, as it's lonely and arduous," said Yang Jiru, a 25-year-old Chinese sailor on the team.

Early in the fifth leg, the longest, from Auckland, New Zealand, to Itajaí, Brazil, the Dongfeng yacht's mast was fractured by extreme weather, which forced the team to retire for safety concerns.

"It was a big blow to our team," said Chen.

Bouncing back with a victory in leg six says it all, Chen said.



**Besides physical strength, the sailing is a mental challenge, as it's lonely and arduous."**

Yang Jiru

Yang and Chen agreed that this race was a great chance for Chinese sailors to learn from other international sailors.

"Hopefully, for the next Volvo Ocean race three years from now, there will be a team composed of all Chinese sailors representing China," said Chen.

Team Dongfeng is now alone in second place among the seven boats with 17 points — six points behind frontrunner Abu Dhabi.

On Sunday, the fleet set off for Lisbon, Portugal, from Newport for the seventh leg. Apart from leg five in the Southern Ocean, the 2,800-nautical mile trans-Atlantic leg is the toughest the team will face.

"We will not give up trying for the championship until the last second," said Chen, who added that he used to view the Volvo Ocean Race as an unattainable dream.

*Hong Xiao in New York Contributed to this story.*

# Harvard sued on admissions

By **HUA SHENG DUN**  
in Washington

More than 60 Asian-American groups officially filed a complaint against Harvard University on May 15, alleging that the school practices "systemic and continuous discrimination" against Asian Americans by holding them to higher standards for admission.

"So many in the Asian-American community have not spoken out," Zhao Yukong, one of the chief organizers of the suit and author of *The Chinese Secrets for Success*, said at a press briefing at the National Press Club Friday. "We've been largely silent for 20 years."

In all, 64 Asian-American groups — including Chinese, Indian and Korean — co-filed the complaint, which claims it is made difficult for "high-performing male Asian-American students to gain admission to Harvard University and other Ivy League colleges", because the university has set quotas to keep the number of Asian-American students significantly lower than that of other ethnic groups.

The complaint was also filed with the US Justice and Education Department's Civil Rights Division. The coalition of Asian-American organizations urged the US to investigate Harvard and other Ivy League schools for the alleged racial discrimination.

The coalition asked that Harvard "immediately cease and desist from using stereotypes, racial biases and other discriminatory means in evaluating Asian-American applicants."

"We want to eliminate discrimination of Asian Americans, and we want procedural justice for all racial groups," Zhao, who is also an executive with an engineering company and a columnist for the *Orlando Sentinel*, told NBC. "All racial groups should be treated equal."

The complaint cites data provided by HQT Chinese American Equalization Association showing that over the past 20 years, while the overall number of Asian-American college students in the US has doubled, the percentage of Asian-American students admitted to Harvard has remained at 14-to-18 percent.

The data also show that Asian-American students have to score about 140 points higher than White students, 270 points higher than Hispanic students and 450 points higher than African-American students to gain admission to Harvard.

Li Chunyan, a Chinese-American professor and another of the lawsuit's organizers, said that Harvard and other colleges in the US are supposed to dispense with questions in the admission process that reveal an applicant's ethnic background, nationality, race or gender.

"There is a lot of discrimination, and it hurts not just Asian-Americans, it hurts the whole country," said Zhao.

Zhong Jiayu, who researches Asian Americans' rights at the Claimant Expert Information Services in Maryland, said he came across several other discrimination cases involving his clients.

"I think Chinese Americans should first have an awareness of their rights protections," said Zhong. "Secondly, Chinese Americans and Chinese in the US should stand united to voice their demands."



**I think Chinese Americans should first have an awareness of their rights protections."**

Zhong Jiayu

He also said that Chinese Americans should strive to have more political power in the US to prevent actions that challenge their rights.

The complaint comes after a lawsuit against Harvard University six months ago, when a group called Students for Fair Admissions, Inc. alleged that Harvard violated the Civil Rights Act by "intentionally discriminating against applicants on the basis of race — specifically against Asian Americans" to achieve "racial balancing".

Robert Luliano, Harvard's general counsel, responded to the issue with a statement saying that over the past decade, the percentage of Asian-American students admitted to Harvard College had increased to 21 percent.

*Liu Xiaoxian in Washington contributed to this story.*



### Dragon boat races

The Washington DC Dragon Boat Festival, now in its 14th year, was held on May 16 along the Potomac River, featuring cultural exhibitions, craft demonstrations and dragon boat racing. The event is sponsored by the Chinese Women's League. LIU XIAOXIAN / FOR CHINA DAILY

## Netflix: Need for China programs seen

FROM PAGE 1

If Netflix partners with China-based companies, it won't be the California-based company's first attempt to appeal to a Chinese audience. Netflix announced in October last year that it would produce and release the sequel to Ang Lee's *Crouching Tiger, Hidden Dragon*, which will be the company's first original movie.

The movie, which stars Donnie Yen and Michelle Yeoh and is directed by Yuen Wopeng, is set to be released in August.

Industry observers said that they anticipate Netflix will likely need to produce China-gear original programming to compete with domestic streaming services, something that it has been doing in the US with originals like *House of Cards* and *Orange Is the New Black*. The

Kevin Spacey-starring *House of Cards* is one of the most popular American mini-series with Chinese audiences.

"I wouldn't be surprised if, in order to get access to the Chinese market, they start launching more original content that casts Chinese actors or uses mainstream film directors. And those would be exclusive Netflix products," said Berry.

Marco Polo, a Netflix original

produced by the Weinstein Company about the traveler, is set during the Yuan dynasty and stars Chinese actress Joan Chen and British-Chinese actor Benedict Wong.

"Original content been proven to be a successful way of attracting an audience in other places, so it seems logical from a business standpoint," said Cain. "No doubt, that's what they're trying to do."

## Trade: Exports to China seen as trend

FROM PAGE 1

Devonshire-Ellis said Dezan Shira is using its own data and trade information from outside parties to compile the reports.

"We have our own research department, plus we are utilizing information from the World Bank, the CIA and

agencies like OECD (Organization for Economic Cooperation and Development) to develop the reports," he added.

It will take Dezan Shira a year to finish the reports for all 50 states. "We are looking to drill down to find out exactly what is happening

in trade right now between the US and China, India and ASEAN. We hope that these reports can identify opportunities for US companies in Asia," he said.

"When these reports are completed, we may see the beginning of a trend in which the Chinese and other Asian

nations are starting to buy more American products," he said.

The reports are available free of charge on the Dezan Shira website. Dezan Shira was founded in 1992 and provides legal, tax and financial services to investors in China, India and ASEAN member countries.

## Luxury goods makers sue Alibaba

Gucci, YSL allege online giant gave counterfeiters access

By **REUTERS**

A group of luxury goods makers have sued Alibaba Group Holding Ltd, contending that China's online shopping giant had knowingly made it possible for counterfeiters to sell their products throughout the world.

The lawsuit was filed on May 15 in US District Court in New York by Gucci, Yves Saint Laurent and other brands owned by Paris-based Kering SA, seeking damages and an injunction for alleged violations of trademark and racketeering laws.

The lawsuit alleged that Alibaba had conspired to manufacture, offer for sale and traffic in counterfeit products bearing their trademarks without their permission.

A spokesman for Alibaba, Bob Christie, said in a statement:

"We continue to work in partnership with numerous brands to help them protect their intellectual property, and we have a strong track record of doing so. Unfortunately, Kering Group has chosen the path of wasteful litigation instead of the path of constructive cooperation. We believe this complaint has no basis and we will fight it vigorously."

Concerns over fake products on Alibaba's platforms, including online marketplace Taobao, have dogged it for years, although the US trade representative removed Taobao from its list of "notorious

markets" in 2012 in light of progress made.

The lawsuit marked the second time in less than a year that Kering brands had sued Alibaba over the alleged sale of counterfeit products.

An earlier lawsuit was filed in July only to be withdrawn the same month with the ability to refile it while the Kering units worked toward a resolution with Alibaba, according to court records.

The lawsuit alleged that Alibaba and its related entities "provide the marketplace advertising and other essential services necessary for counterfeiters to sell their counterfeit products to customers in the United States".

The lawsuit cited, for example, an alleged fake Gucci bag offered for \$2 to \$5 each by a Chinese merchant to buyers seeking at least 2,000 units. The authentic Gucci bag retails for \$795, the complaint said.

Alibaba has allowed for counterfeit sales to continue even when it had been expressly informed that merchants were selling fake products, the lawsuit said.

The lawsuit seeks a court order that, among other things, would block Alibaba from offering or facilitating the sale of counterfeit products and unspecified damages that could include \$2 per counterfeit item under a statutory regime.

The case is *Gucci America Inc v. Alibaba Group Holding Ltd*, US District Court, Southern District of New York, No. 15-03784.



# LI'S VISIT TO BRAZIL

FOOD



Chinese bulldozers are ready to be exported to Brazil. Machinery is a main export from China to Brazil. PROVIDED TO CHINA DAILY

## Value-added exports called ready for Chinese market

Consul general emphasizes variety of Brazil goods, Li Wenfang reports.

**B**razil should expand its exports of processed food to diversify the mix of goods sold to China, 79 percent of which are soybean, iron ore and oil products, said Jose Vicente Lessa, consul general of Brazil in Guangzhou.

"We should not focus on primary products," he said.

Brazilian exports to China also include sugar, leather, meat, soy oil, paper pulp and airplanes, Lessa said.

Trade between Brazil and China more than doubled to \$83.3 billion between 2009 and 2013. It dipped to \$77.9 billion (according to Chinese customs, China-Brazil trade amounted to \$86.6 billion) last year partly because of the economic downturn in Brazil, but has since rebounded, he said. "The long-term tendency is growth."

Brazil is the world's biggest producer and exporter of coffee, sugar and orange juice, the biggest meat exporter and the second-biggest producer and exporter of soy products, as well as a major grower of corn.

China is the largest importer of Brazil's agricultural products. In 2014, Brazil's agricultural exports to China represented 22 percent of the South American nation's total agricultural exports.

Starting with imports of Chinese goods to Brazil in 1999, China Invest, which is engaged in facilitating two-way trade, launched its business of exporting Brazilian products to China in 2013.

"From Brazil to China, we mainly focus on products for which China has a huge and rapidly growing demand, while Brazil has keen advantages,



Jose Vicente Lessa, consul general of Brazil in Guangzhou

mainly food and beverage, such as noodles, pasta, snacks, canned beef and chicken, wine, cachaca, juice, beer, honey, propolis and acai," said Paulo Fortes Machado, a project manager of the company.

"We are most confident in the 'only from Brazil' products, such as cachaca, which is Brazilian sugar cane spirits, and acai, which is a natural juice.

"With the rapid growth of the demand of imported products in China, we are confident that we will be able to have success like in our export business."

The company has witnessed and benefited from the robust bilateral trade, Machado said.

Major items exported from China to Brazil through the company include building materials, machinery and parts, electrical products, garments, textiles, shoes, electronics and chemicals. China is Brazil's largest trading partner.

Machado said: "Some Brazilian vendors know China offers great opportunity but they do not know even the name of one Chinese buyer who could be interested in their products. Some Chinese buyers show their interest in Brazilian products, but do not know any brands that can provide them what they need.

### China-Brazil relationship

- China and Brazil established formal diplomatic relations on August 15, 1974.

- In 1993, the two countries built a strategic partnership. The relationship was upgraded into a comprehensive strategic partnership in 2012.

- Bilateral economic relations have witnessed significant growth for the past 40 years. According to Chinese customs, China-Brazil trade amounted to \$86.6 billion last year, with China being Brazil's largest trading partner and Brazil as China's largest trading partner in Latin America. China imports mainly iron ore, beans and crude oil and paper pulp from Brazil while exporting machinery, communication equipment, textile products and steel to Brazil.

- According to the Chinese Ministry of Commerce, China had invested \$17.7 billion in Brazil's various sectors such as energy, mining, agriculture, infrastructure and manufacturing by the end of September. Meanwhile, Brazil had invested \$536 million in China, mainly in aircraft manufacturing,

hydropower stations and textile projects.

- In 2013, the two central banks signed a bilateral local-currency swap pact for up to 60 billion Brazilian reais or 190 billion Chinese yuan (\$30 billion) of trade in their respective currencies.

- The two sides had dynamic cultural and people-to-people exchanges. In September and October 2013, Brazil and China held "Cultural Month" activities in each other's country. In the same year, China received 272 Brazilian students through the China-Brazil Science without Borders Scholarship Program. China also opened 10 Confucius Institutes and two Confucius Classrooms in Brazil.

- China and Brazil have had close military-to-military exchanges and cooperation. Since 2000, military leaders have frequently visited each other's country. The Chinese naval fleet visited Brazil and held a joint military exercise with the Brazilian navy in 2013.

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"The biggest challenge for us to introduce products in the Chinese market is to make buyers understand the positioning of our brands in the market regarding quality and pricing."

Machado believes this barrier can be overcome as Brazilian companies present themselves

through meetings, participation in fairs and business trips and as more Chinese buyers visit factories in Brazil.

Wang Zijia contributed to this story.

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AUTO

## No easy ride for Chinese automakers

By HUANG YING  
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Chinese automakers making footprints in South America should make more efforts to understand the local markets before coming up with expansion plans there, industry analysts said.

In 2013, South America was the largest export destination for Chinese automakers. That year, China exported 286,500 vehicles to the region, up 19 percent compared with the previous year, accounting for 30 percent of the total number of vehicles exported, according to the China Association of Automobile Manufacturers.

Among the top 10 export destinations for Chinese carmakers in 2013, four are South American countries — Chile, Peru, Colombia and Uruguay.

Major Chinese auto brands such as Chery, Geely, Great Wall and JAC all have exported vehicles to South America, and some of them have already invested in setting up plants there to avoid tariffs and save more on logistical costs.

However, from January to November 2014, China's total exports of vehicles have been on a downward trend, with the number of vehicles exported totaling 810,400, dropping 9.3 percent from a year earlier, according to the auto association.

Slowing market demand from overseas and trade barriers contributed to this shift, industry experts said.

Brazil's new policy on tariffs on imported cars is one of the major factors driving the downward trend. It increased the taxes on imported vehicles by 30 percent from December of 2013, causing the cost of importing Chinese cars in Brazil to grow between 25 percent and 28 percent.

Brazil, as the fourth-largest auto market in the world, takes up between 60 percent and 70 percent of South America's auto market.

In 2014, Chery exported 110,000 vehicles, ranking the first among Chinese automakers 12 years in a row. Its accumulated auto exports have exceeded 1 million units.

Chery, as one of the most aggressive Chinese brands in the market, opened its first factory in Venezuela in 2011.

Chery's first auto plant in Brazil started up at the end of last year. The plant will have an annual production capacity of 50,000 units in its initial phase. When its second-phase project is completed, in which a research and development center and auto parts suppliers will be included, the annual manufacturing capacity will reach 150,000 units.

"Before making the decision of establishing plants in South America, Chinese auto brands should make sure that annual sales of vehicles in the market would reach at least over 100,000 units, while 300,000 units is best," said Jia Xinguang, an independent auto industry analyst.

The ownership of vehicles in South America is far lower than that in Europe and the US, and the market potential for Chinese automakers to develop on the continent is huge, according to Shi Jianhua, deputy secretary-general of the China Association of Automobile Manufacturers.

In addition, simply opening a plant in a local market is far from enough.

"An integral part of a long-term and sustainable strategy should include plans for setting up assembly plants, auto parts factories, post-sales services offices and research and development facilities," said Jia.

Also, in a market like

Brazil, which has been dominated by foreign brands for years, it's not easy for Chinese brands to get a slice of the market share in competition with other foreign rivals.

"It's becoming very essential to know about the characteristics of its auto market ... and concrete market surveys and investigation are very much required for Chinese brands building plants there," said Jia.

He offered an example by saying that the fuel of vehicles in Brazil is mainly alcohol, which is produced from sugarcane — a quite distinctive property of the country's auto industry.

Chinese automakers are in fierce competition with other global auto giants in the South American market, including General Motors, Ford Motors Company and Toyota Motor Corp. Besides, the economic downturn in South America has caused exchange-rate losses and financing difficulties for Chinese auto manufacturers there, Shi said.

Shi thinks in order to support the rapid growth in auto exports, improvements in Chinese auto companies' human resources, capital and other fields are required.

"The culture difference will also play a critical role for Chinese brands' expansion strategy there," Jia added, because consumers on the continent have been accustomed to the purchase and application of vehicles produced by developed countries.

Another unhealthy part of Chinese automakers' expansion in the South American market is the price war among domestic auto brands.

"The trend will grow in favor of exporting vehicles rich in exclusive innovation and advanced technologies, instead of comparatively low price," said Jia.



China's Geely Auto company officially entered the Brazilian market with the launch of its flagship model, the Emgrand EC7, last year. XU ZIJIAN / XINHUA

VIEW

## Premier Li's visit provides Brazil with timely opportunities

By STEPHAN MOTHE

As China's economic diplomacy has expanded to every corner of the world over the past decade, Latin America has been the recipient of much of that attention. Relations between China and the region have been strengthened and nowhere is this clearer than in Brazil.

As China's largest trade partner in the region, Brazil received President Xi Jinping last year during the BRICS Summit.

Premier Li Keqiang's visit will come at a sensitive time for Brazil, which is currently being rocked simultaneously by an environmental, political and economic crisis.

Yet through it all, Brazil has been able to find a reliable partner



accounted for not by a fall in volume, but by the drop in the international price of commodities and the devaluation of the Brazilian reais. Although this development has eroded Brazil's trade surplus from \$8.7 billion to \$3.3 billion, everything seems to indicate that under stable prices and a stable currency, Brazil will continue to benefit from bilateral trade.

The assertion that a slowdown

in China's economic growth does not bode well for Brazil may be overblown. Although much of the commerce between the countries centers on commodities, China's rapid urbanization and transition to a consumption-based economy presents Brazil with the perfect opportunity to diversify its exports.

Brazil's competitive agribusiness sector has already been taking advantage of the opening. Cotton and leather were Brazil's fastest growing exports to China in 2014, and poultry, beef and even pork are set to post strong growth in 2015.

Indeed, Brazil's Association for the Promotion of Exports took a delegation of representatives of 30 Brazilian agribusiness and food and beverage companies to

participate in trade fairs in Guangzhou and Shanghai from May 4 to 8. Not coincidentally, Li will be accompanied by a coterie of 150 business executives from diverse sectors of the Chinese economy during his visit.

Aside from commerce, investments will also feature prominently on the agenda. Li is expected to sign a number of deals which were first discussed during Xi's visit last year. The emphasis of these investments will be infrastructure. The biggest beneficiaries will be Brazil's people and businesses.

Brazil desperately needs to upgrade its infrastructure, whose deplorable current condition results in inefficiency, uncertainty and prohibitive transportation costs within the country. It is likely

that Chinese banks and companies will fill the vacuum. Railways, hydroelectric dams and electricity transmission lines are projects for which Chinese companies are especially well suited.

One project in particular would seem to fit neatly into China's One Belt, One Road initiative, based on historic Silk Road trade routes, which appears at first glance to promote Eurasian integration and development but also shows global promise. A transcontinental railway envisioned to link Brazil's Atlantic ports to Peru's Pacific ports could facilitate the integration of markets in the interior of the continent and improve the supply chain logistics of export-oriented enterprises. It would also reduce dependence on the Panama

Canal, allowing China to add a land-based buckle to the "Belt".

No strategy is without risks — and the environmental impacts of building a railway or a dam in the Amazon rainforest must be taken into account — but by and large Brazil stands to benefit from these investments.

At the same time, its companies should seek opportunities in China, particularly in value-added categories such as food service and fashion, where strong Brazilian brands can stake their claim in the Chinese market. If they make the Chinese consumer a priority, they have a world to gain.

The author is a market analyst with Euromonitor International based in Rio de Janeiro, Brazil

# LI'S VISIT TO BRAZIL



Premier Li Keqiang visits Garvey Farm in Shannon with Irish Prime Minister Enda Kenny on Sunday local time. DING LIN / XINHUA

## DIPLMACY

### Li samples products of an Irish farm

By ZHAO YINAN  
in Shannon, Ireland

A box of tea grown in Premier Li Keqiang's hometown in Anhui province and a set of DVDs featuring hilarious stories of the Monkey King, a fictional figure in traditional Chinese literature, were among the gifts prepared by the Chinese premier and his wife for the Garvey family at an Irish farm on Sunday.

Cathal Garvey and his family received the Chinese premier and his wife, who were on a stopover visit to Ireland before a trip to Latin America, in the living room of the 250-year-old Garvey Farm.

Garvey treated Chinese guests with home-made bread, cheese and beef, of which the Chinese premier took a bite and said the good taste had reassured him of the quality and safety of Irish agricultural products.

China is "a major agri-economy at a critical stage to transform into a modernized, better-managed and standardized development pattern", Li said as he sat down with the Garvey family after taking a tour of the farm to see the cattle and the quality-control system.

"China has become the fastest-growing

market of Irish dairy products, as Chinese consumers are more aware of the quality and safety of agricultural products," Li said.

The interaction with local farmers at Garvey Farm is the latest case in which the Chinese premier is striving to increase personal interaction with foreign leaders to build trust and push forward bilateral relations.

Li accompanied German Chancellor Angela Merkel to a small supermarket in Berlin in October, after hours of bilateral governmental consultations during his visit to the European country.

The unscheduled shopping made headlines in local media the following day, with pictures showing the two leaders holding baskets, shopping for groceries.

In Russia last year, Li attended a private dinner at Russian Prime Minister Dmitry Medvedev's villa after a bilateral talk. At the dinner, Medvedev treated Li with dishes that he had especially picked for Li.

Roan Zings, vice president of the China Institute of International Studies, said the remarks made by government leaders during an official meeting are usually seen as the most authoritative statements on a particular issue, while at non-official meetings, leaders are able to exchange views in a relatively casual manner, which may not

necessarily be complete and final.

On multinational occasions, the meetings are usually interlaced, held based on the schedule of leaders.

"An official meeting requires more time and the presence of cabinet members related to issues to be discussed on the meeting, while on informal occasions, leaders can be more flexible, especially when their schedule is tight," he said.

Wang Fan, director of the Institute of International Relations at China Foreign Affairs University, said that as the Chinese leaders have been more confident and tactful on diplomatic events, they are increasingly taking informal meetings as a chance to build personal friendships with foreign leaders to promote trust.

Government leaders appear at official meetings as representatives of their own countries, while their personalities and habits are more obvious during informal interactions, such as at a dinner with family members or during a leisurely walk.

"Through these interactions, (it becomes) easier to know each other as a person, instead of a government leader, so as to build trust," Wang said. "Friendship between the top leaders of two countries can always help bilateral relations."

## AGRICULTURE

### China, Ireland sign agricultural deals

Premier Li traveling with wife stops off in Emerald Isle before heading out on four-nation Latin America tour

By ZHAO YINAN  
in Shannon, Ireland  
zhaoyinan@chinadailyusa.com

China and Ireland signed deals to facilitate the trade of agricultural products after Premier Li Keqiang met his Irish counterpart on Sunday.

Li, accompanied by his wife Cheng Hong, was on an overnight stop in the European country before traveling onto Brazil, the first leg of a Latin-American visit that also will take him to Colombia, Peru and Chile.

"I hope my stop in Ireland could bring even closer ties between the two countries and peoples," Li said after arriving at the Shannon Airport.

Experts said the deal signed during the brief stop could boost the export of dairy and beef products to China, where consumers are seeking a more diversified and healthier diet as disposable incomes increase.

Imports of dairy products increased 18 percent in 2014, despite rising prices caused by a severe drought in New Zealand, after growing at more than 20 percent each year for five consecutive years.

Irish dairy products, 80 percent of which are exported, have gained less attention from Chinese consumers than those from Australia and New Zealand.

When meeting Taoiseach Enda Kenny, Ireland's prime minister, Li called for Ireland to further streamline its visa-application procedures for students, business people and tourists, and said China is willing to cooperate with Ireland in agriculture, pharmaceuticals and information technology.

"China is glad to see a recovering, better-integrated Europe, and a stronger and more consolidated European Union," Li said.

Kenny, who flew from Dublin to meet the Chinese leader, said Ireland is willing to strengthen cooperation with China in trade, agriculture, finance, aviation leasing,

**2,400**  
Irish students  
in China

**2,700**  
Chinese students  
in Ireland's colleges  
and institutions

clean energy and other sectors.

China has been Ireland's largest trading partner in Asia for seven years. In the first 10 months of 2014, Irish investment in China reached more than \$400 million.

During Irish President Michael Higgins' trip to China in December, the two countries signed intergovernmental and corporate deals worth more than \$15 million.

Ireland, recovering from a financial crisis that hurt its banks and property market, is seeking to diversify its sources of foreign investment away from Washington, which has long contributed a major part of Dublin's foreign direct investment, said Chen Fengying, director of the World Economy Institute at the China Institutes of Contemporary International Relations.

She said China, which is a less traditional partner of the European country, is forging closer ties with Ireland in recent years, with more personal exchanges and trade.

China replaced Australia to become the top market in the Asia-Pacific region for small and medium-sized Irish enterprises, according to Shanghai-based Enterprise Ireland, a government agency overseeing the development and growth of Irish enterprises across the world.

There are already 2,400 Irish students in China and 2,700 Chinese students in the colleges and institutions in Ireland.

## VISIT

### Brazil first stop for Li

By ZHAO YINAN  
in Shannon, Ireland

Premier Li Keqiang is scheduled to arrive in Brazil on Monday, kicking off his first trip to Latin America after more than two years in office.

The premier, accompanied by his wife, Cheng Hong, arrived in Shannon, Ireland, on Sunday for an overnight stay and meetings with Irish Prime Minister Enda Kenny.

Experts said Li will finalize deals in aviation, railway, energy and cultural exchanges with leaders from Latin American countries, where the local economies are grappling with unbalanced structures, a credit shortfall and a drop in commodities prices.

After stops in the capital Brasilia and Rio de Janeiro in Latin America's largest economy, Li will travel to Colombia, Peru and Chile.

Widely expected infrastructure deals with China will enable Brazil, which is struggling with a ballooning budget deficit and financing difficulties, to revamp sagging infrastructure ahead of next year's Summer Olympics in Rio, the first Games to be held in South America, said Xu Shicheng, a research fellow in Latin American studies at the Chinese Academy of Social Sciences.

Xu said China's economic cooperation with the area used to focus on mineral resources, large commodities and agricultural products.

"That kind of trade was hit by the global price fall of commodities," he said. "In addition to the Chinese leadership's drive to restructure its investment-driven economy

into a service-oriented, cleaner economy, bilateral trade will become more diverse and balanced in the future."

Annual trade between China and Latin America rose by 0.8 percent year-on-year to \$263.6 billion in 2014, according to the General Administration of Customs. By the end of 2014, China's direct investment in Latin America totaled \$98.9 billion.

Trade with the four countries accounted for more than 57 percent of China's Latin American trade volume, according to the Ministry of Foreign Affairs.

Chen Fengying, director of the World Economy Institute at the China Institutes of Contemporary International Relations, said Chinese companies have the cost-efficient equipment and technologies Latin American countries need, and their cooperation, especially in high-speed trains, manufacturing, e-commerce and industrial parks, will benefit local economic development and job creation.

By 2014, China had signed \$110 billion in construction projects with Latin American and Caribbean countries, covering natural gas, power stations, highways, ports, housing, telecommunications and railway construction.

The Chinese Academy of Social Sciences, the nation's top think tank, said in its Latin America release on Friday that although the region is not part of Beijing's "One Belt, One Road Initiative", trade and investment between the two are expected to continue increasing, as are people-to-people exchanges.

In January, President Xi

Jinping pledged \$250 billion in investment in Latin America over the next 10 years.

### Schedule of Li's Latin America tour



- May 18-21**
  - Witness the signing of deals in cooperation, trade, finance, agriculture and technology
  - Address a meeting with business people from China and Brazil
  - Attend a Chinese equipment exhibition in Rio
- May 21-22**
  - Witness the signing of deals in investment, finance, infrastructure construction, manufacturing, agriculture, telecommunication and education
  - Attend a cultural seminar with Chinese and Latin American scholars
- May 22-24**
  - Witness the signing of deals in trade, infrastructure construction, technology, aviation, and telecommunication
  - Hold a meeting with leaders and employees of China-invested companies
  - Attend cultural events
- May 24-26**
  - Witness the signing of deals in cooperation, trade, finance and technology
  - Attend and address the ceremony to mark the 45th anniversary of China-Chile relations with corporate leaders
  - Deliver a speech at the UN Economic Commission for Latin America and the Caribbean

## COMMUNITY

### Brazilian drivers have long track record chauffeuring China's elite

To 70-year-old Brazilian driver Jose Aprigio, China isn't far away at all.

He is used to seeing Chinese presidents and premiers personally and up close. Working for Brasilia-based transportation company VIP Executur, he has driven numerous visiting Chinese officials at various levels during his more than 50 years of service.

"I hope I get to drive the Chinese premier tomorrow," Aprigio, dressed in white shirt and black suit, told China Daily through a translator on Sunday afternoon, while he was checking his black Toyota sedan at Royal Tulip Brasilia Alvorada, the hotel where Chinese Premier Li Keqiang will stay during his visit to the Brazilian capital.

At the invitation of the presidents of Brazil, Colombia, Peru and Chile, Li left Beijing on Sunday morning for official visits to the four Latin American countries from May 18 through May 26. Brasilia will be the first stop on his visit to Brazil, followed by Rio de Janeiro.

Along with Aprigio, more than 60 drivers have been assigned to chauffeur the Chinese delegation during its two-day visit. The roads in front of the hotel are already lined with vans and sedans with stickers of Chinese and Brazilian flags, as well as numbers stuck on the windshield. Four vans have been designated for



Lia Zhu  
BRASILIA JOURNAL

the press corps traveling with the premier.

Despite his long history serving visiting Chinese officials, Aprigio said he is always excited to drive guests from China. "I'm happy to meet different people," he said.

VIP Executur boasts a long history of doing business with the Chinese Embassy in Brasilia.

"I have served five Chinese presidents and three Chinese premiers since the 1960s," said Francisco Rastro, CEO of VIP Executur, who set up a station in the hotel's lobby providing round-the-clock "coordination of transportation" services.

Rastro said that last July he opened the door for Chinese President Xi Jinping during his state visit to Brazil and attendance at the China-Latin America and the Caribbean Summit held in Brasilia. More than 50 bilateral accords were signed between the two countries during Xi's visit.

In less than a year, the company is ready to welcome another top leader from China.

During Li's upcoming visit, which will be accompanied by a sizeable trade mission, the two countries are expected to sign accords in such fields as politics,



Jose Aprigio, a driver with VIP Executur transportation company, joins his colleague Luiz Gonzaga on Sunday afternoon beside Gonzaga's van at the Royal Tulip Brasilia Alvorada hotel in Brasilia. Over 60 vans and sedans are assigned to transport the Chinese delegation starting Monday for a two-day visit to Brasilia. LIA ZHU / CHINA DAILY

economy, trade, finance, agriculture and culture.

This demonstrates the great emphasis the leaders of the two countries place on their ties, China's Ambassador to Brazil Li Jinzhang said.

"It will provide strong momentum for developing new growth points and bright spots in bilateral cooperation," Li said.

Brazilian President Dilma Rousseff said recently she hopes that Chinese investment will help to upgrade her country's railways, highways, ports and airports.

One of the main topics on the agenda during Li's visit will be expanding bilateral cooperation in production capacity and investment, according to the

Chinese ambassador.

Rastro said he sees more business coming from China.

"I'm happy to see a growing China and stronger ties between China and Brazil," he said.

He also seemed happy for a decision he made many years ago. "I faced a choice of working for either the Chinese embassy or the US embassy. I chose China because the Chinese people are very nice and kind to work with," Rastro said, who even got a Chinese nickname, "Da Xigua", meaning "big water melon" from a member of a Chinese delegation in the 1980s.

"I have been known as Da Xigua ever since," said Rastro with a smile.

### \$110 billion in construction projects

to cover natural gas, power stations, highways, ports, housing, telecommunications and railway construction with Latin America and Caribbean countries

## CHINA

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## Landmark reproduction

Shan Jixiang, director of the Palace Museum, asks a child to show his drawing of the historical landmark to photographers at an event marking International Museum Day, which falls on Monday. The museum held a photo exhibition and a public performance to celebrate the day. WANG HAIXIN / FOR CHINA DAILY

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## ANTI-CORRUPTION

## Dozens of top SOE bosses probed

By ZHANG YI

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## 26 SOEs

More than 100 senior executives at State-owned enterprises have been investigated over corruption allegations since the start of last year, with graft-busters continuing to focus on the energy industry.

Nearly half of the 115 accused worked in the fields of energy, engineering, manufacturing and construction.

The others were employed in industries including telecommunication, transportation, finance, the media, mining, publishing, liquor and tobacco.

These are the findings of a survey published on Saturday by the Central Commission for Discipline Inspection, the country's top anti-graft body.

More than half of the 115 were heads of SOEs, with one of the biggest "catches" being Wang Tianpu, president of China Petroleum & Chemical Corp, Asia's largest oil refiner, who was investigated on April 27.

Wang, 52, was appointed president of the company in March 2005.

The State Council handed

were placed under investigation and 19 top managers held during the CCDCI's first disciplinary inspection tour this year.

him a major punishment in January last year because of an explosion in November 2013 in a pipeline operated by his company in Shandong province. The blast killed 62 people and caused financial losses of 750 million yuan (\$160.6 million).

In the latest case to be made public, Liu Fuxiang, chief executive officer of Fuxin Mining Co, one of the largest coal producers in the northeast, was investigated for alleged serious violation of Party discipline and laws.

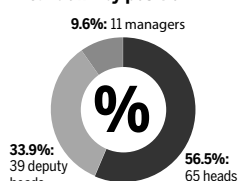
Liu, 60, is also a member of the Party committee of Fuxin, Liaoning province.

In November, 26 workers were killed and 52 others injured when a fire broke out at the company's Hengda coal mine after a mild earthquake jolted the region.

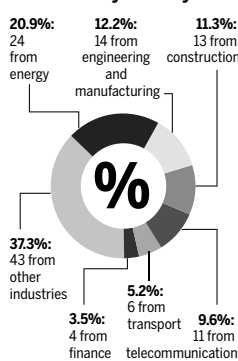
This year, the disciplinary commission has stepped up efforts to root out corruption by — among other things —

## SOE executives probed

## Breakdown by position



## Breakdown by industry



Source: Central Commission for Discipline Inspection

LIU CHEN / CHINA DAILY

increasing inspections at major SOEs. Twenty-six SOEs were

placed under investigation and 19 top managers held during the commission's first disciplinary inspection tour from late February to the end of April.

Thirteen teams were sent to major corporations, with each team reviewing two companies. These included China National Petroleum Corp, China National Offshore Oil Corp, China Huaren Group, State Grid Corp of China and China Mobile Communications Corp.

The number of enterprises under scrutiny was almost double that of previous inspections.

The central government has also targeted Chinese who have fled the country and are wanted on corruption charges.

Most of those targeted in this campaign, dubbed Sky Net and launched in March, are senior executives of SOEs.

The handful of economic fugitives who have returned to China include An Huimin, former general manager of a State-owned trading company in Tianjin, was brought back to Beijing on March 28 after three months on the run in Laos.

## ARMS

## J-10 fighter jet 'good choice for Argentina'

By ZHAO LEI

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The J-10 multirole fighter jet is the best choice for Argentina's air force if it buys combat aircraft from China as earlier reports have suggested, according to aviation experts.

Western news organizations have reported that Argentina is expected to buy a number of fighter jets developed by the Chengdu Aircraft Industry Group, a subsidiary of the State-owned Aviation Industry Corp of China.

The South American nation is reported to be interested in the J-10 and FC-1, both single-engine, lightweight multirole fighter jets developed by the Chengdu Aircraft Industry Group, a subsidiary of the State-owned Aviation Industry Corp of China.

Wang Ya'nan, deputy editor-in-chief of Aerospace Knowledge magazine, told China Daily: "Argentina

gained a lot of experience in the use and purchase of weapons from the Malvinas — or Falklands — War.

"So, it will choose a well-developed weapon, such as the J-10, which has served in China and has major parts made in this country rather than being imported.

"The J-10 should be more competitive and attractive than the FC-1 (also known as the JF-17 Thunder) when it comes to a possible deal with Argentina," he added.

Every buyer wants to obtain the latest, most advanced weapon and the J-10 is more advanced and powerful than the FC-1, making it an ideal choice for overseas buyers, Wang said.

In June 2013, managers from Argentine aerospace company Fabrica Argentina de Aviones told reporters at the 50th International Paris Air Show they had held discussions with Chinese officials

“It (Argentina) will choose a well-developed weapon, such as the J-10.”

Wang Ya'nan, deputy editor-in-chief of Aerospace Knowledge

over potential co-production of the FC-1.

According to Defense Industry Daily, an online trade publication, Argentina is interested in the FC-1, a joint effort by China and Pakistan that is being used by the Pakistan air force, because it can carry Chinese-made C-802 subsonic and CM-400AKG supersonic anti-ship missiles.

However, Xu Yongling, a military aviation expert, said

the FC-1 cannot compete with the Eurofighter Typhoon fighter jets stationed by Britain on the Falkland Islands, which will make its introduction a waste of money for Argentina.

"In contrast, the new-type J-10B is a fourth-generation fighter equipped with an active electronically scanned array radar and the world-class PL-12 radar-guided air-to-air missile, making it capable of fighting the Eurofighter Typhoon," he said.

The fighter jet contract with Argentina, which observers say is likely to be finalized soon, will be the latest achievement for China in its arms sales to South America.

In the past year, China has delivered military vehicles and pontoon bridges to Ecuador, fulfilled a military helicopter deal with Bolivia, and signed contracts for training aircraft and amphibious combat vehicles with Venezuela, according to foreign media reports.

## BORDER SECURITY

## Ministers hold key discussions

Talks between Chinese and Vietnamese defense chiefs a 'sign of cooperation and friendship'

By ZHANG YUNBI

in Mengzi, Yunnan

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China and Vietnam have "both the wisdom and capability to achieve success in tackling maritime issues", State Councilor and Defense Minister Chang Wanquan said on Sunday after talks with his Vietnamese counterpart.

Chang was speaking at a joint news conference with Vietnamese Defense Minister Phung Quang Thanh in Mengzi, Yunnan province, after their second meeting. The first took place on Friday in Lao Cai, Vietnam. The two ministers also witnessed joint patrols on both sides of the border.

The meetings were the first between defense ministers of the two countries — talks were held last year at the deputy defense minister level.

Relations between Beijing and Hanoi became strained last year after China started an oil drilling operation near its Zhongjian Island. Violent protests broke out in Vietnam.

On Sunday, the defense ministers underscored the necessity of "creating and enabling circumstances in the neighborhood" for both countries' domestic economic development.

Thanh told reporters the meetings were of historical significance and described their witnessing border patrols

with Chang at the weekend as a "sign of cooperation and friendship".

In 2011, the two countries agreed to hold joint border patrols and these began at the start of 2012.

Zhu Libin, a Chinese leader of the joint patrols, said they help to end incursions by people living near the border to plant crops, hunt or set up home.

The patrols also increase public awareness of the national borders, said Zhu.

Earlier in the day, the two defense chiefs attended a drill by the Chinese border defense force.

On Sunday, both countries decided to take steps to further develop the relationship between their two militaries, especially strengthening cooperation on border defense, Chang said.

One of the next steps, he said, will be to implement the consensus reached by Xi Jinping, general-secretary of the Communist Party of China, and Xi's Vietnamese counterpart Nguyen Phu Trong.

Upgrading the border meeting to ministerial-level was decided after Trong's April visit to Beijing, Chang said.

Thanh said Vietnam places great priority on the relationship between the two militaries and is ready to work with China on furthering their friendship.

## TRANSPORTATION



A police officer instructs a sniffer dog to check a bag during a subway security check in Beijing this month. LIU CHANG / FOR CHINA DAILY

## Beijing bans more items from subway

By CHINA DAILY

Beijing transportation authorities have issued a new list of items that subway passengers are banned from carrying onto the network.

For the first time the list rules out several everyday household items, including containers of 2 liters or more of white spirit, more than five cigarette lighters per person, toilet water and hair gel.

Viruses or bacteria being used for research also cannot be carried onto the system.

Folding bicycles are not on the list, but passengers cannot clear them through the security check. The authorities explained that large or bulky items are banned because they are an inconvenience to passengers.

Since the start of this year,

public transportation authorities have seized more than 73,000 prohibited items, including 25,000 knives or daggers and 20,000 flammable or explosive items.

Zhang Beixi, a postgraduate student who commutes on the Beijing subway everyday, said that a more efficient checking procedure is needed as she is often held up in long queues before the security check, especially at peak times.

A subway security officer, who asked not to be named, said they are striving to improve efficiency. Public understanding and cooperation is important, the officer said.

Compared with Beijing, Shanghai and Guangzhou ban far fewer items from their subway systems.





## COMMUNICATION

As China takes a bigger role on the international stage, teams of translators are working hard to ensure the country's voice is heard in a variety of languages. Luo Wangshu reports.

# Spreading the word across the world

Every year, just before dawn on March 5, correspondents working for foreign media outlets in China line up in front of the Great Hall of the People in Beijing to collect the annual Government Work Report and hope to be the first to publish details of the previous year's GDP growth and the target for the next 12 months.

English-language versions of the report are usually snapped up quickly because although many foreign correspondents now speak Chinese, they are still more comfortable reading the Western alphabet than Chinese characters, particularly when the clock is ticking.

The English version of the report, along with versions in other languages, is translated by a group of people who regard understanding and translating these dry, complex documents as one of the most stimulating jobs in the world.

"This job is inspiring and I'm very proud to be doing it," said Wang Lili, head of the English Section of the Central Document Translation Center of the Central Compilation and Translation Bureau.

"It's sacred work," said her colleague Jiang Mingwei, head of the French Section.

The translation center deals primarily with central government documents, including those produced by the annual sessions of the National People's Congress and the Chinese People's Political Consultative Conference, plus papers from the CPC's five-yearly National Congress.

The documents, showcasing the thoughts of the top leaders and the central government's plans for the country's development, are couched in legalistic language peppered with traditional Chinese idioms and the Communist Party's own vocabulary.

While the documents are unlikely to set the average citizen's pulse racing, the translation teams can't get enough of them. "We don't find them boring at all. We're not likely to get bored because this is like playing a game, solving an intellectual puzzle," Wang said.

The translators delve behind the poker-faced language to render the docu-

ments in a more fluent style that accords with the reading patterns of the target audience. For instance, to avoid repetition, the translators in the French section rarely produce verbatim translations of the originals, preferring to employ synonyms and sentence structures that will be familiar to their readers overseas.

"We try our best to keep them awake while they are reading these serious documents," Jiang said with a self-deprecating laugh.

Although the translators find their work engrossing, and even fun, they face plenty of challenges to ensure they produce accurate, readable renditions of statements, speeches and other policy documents.

Sometimes they have to read around the subject before they can get to work. "The theme of each document is different. For example, the fourth plenary meeting mainly discussed the law, so we had to learn about the law from scratch so we could translate the documents. The professional vocabulary and specialized expressions were major challenges," Jiang said.

## 'Winning a jackpot'

Qing Xuemin, deputy director of the Central Document Translation Center, started his career by translating documents into Japanese. Now, having worked at the bureau for a number of decades, regular documents and routine translation work can seem mundane. "I love a challenge and I look forward to new words, difficult ones. When I figure out difficult terms and words, it's like winning a jackpot," he said.

Wang spoke enthusiastically about finding the "perfect" word for a translation. "Sometimes, we're thrilled when we find a perfect match in English. It's never boring. For me, the work is like a treasure hunt," she said. "People who choose this job really do love words."

To improve the quality of the translated texts and provide deeper understanding of foreign readers' perspectives, the bureau has hired about 20 native speakers, some of

whom have lived in China for decades.

Holly Snape is one of them. She said a large part of her job involves preventing misconceptions about China.

"In the West there are some fixed ideas about how China is, or how the Party is. So, for example, before the actual meeting (at the Fourth Plenary Session of the 18th Central Committee of the CPC), we'd already heard about the theme (law-based governance) and we knew that the Western media was already reporting what the theme was going to be.

"Because we knew what it was going to be about, we already had some translations in the Western media. The translation they used the most was 'rule by law' and 'rule of law' instead of our phrase, 'law-based governance', so that shows what kind of preconceived ideas Western audiences may have," said the doctoral student, who majored in Asian Studies at the University of Bristol in the United Kingdom.

"We not only have to think about making sure we fully understand the meaning, so that our translation is absolutely precise; we also have to think about not further deepening that kind of preconceived idea, or strengthening it, so we try to avoid situations where that can happen," she added.

The translation center has eight departments: two handle translations into English, while the others deal with French, Spanish, Russian, Japanese, Arabic and German. There are nearly 60 full-time employees, and about 10 retired and visiting members.

Wang is a thin woman in her late 30s. Wearing a long-sleeved striped blouse, and with her hair tied up in simple braids, she spoke slowly, softly and calmly. If one didn't know better, it would be hard to believe that she's responsible for introducing China's most authoritative documents to the English-speaking world.

The team hires top students from China's best foreign language studies universities, including Beijing Foreign Studies University, Beijing Language and Culture Univer-

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china 查词

China n. 中国

Chinatown n. 唐人街; 中国城

chinaware n. 瓷器

更多 >

Online translation websites often include a wide range of terms and sentences produced by the Central Document Translation Center. CHINA DAILY

“When I figure out difficult terms and words, it's like winning a jackpot.”

Qing Xuemin, deputy director of the Central Document Translation Center

“The challenges we are facing are not only linguistic, but equally important, there are cultural and systemic differences.”

Wang Lili, head of the English Section of the Central Document Translation Center

sity, and Shanghai International Studies University. "The majority of staff members are quiet people, who are willing and able to sit down for hours and enjoy the beauty of words," Wang said.

## Intense workload

Although the teams project an air of quiet industry, the workload can be intense when deadlines are tight, or assignments arrive at short notice. If the work is confidential, the translators are required to live away from home for the duration of the translation period.

"After we have translated the government report, we are not allowed to go home before it is published," Qing said.

Although the translation teams were established informally in the 1950s to deal with China's top leaders and thinkers, the Central Document Translation Center was officially launched in 1962. It was immediately given the task of translating the writings of Mao Zedong.

As the central government became more aware of the necessity of introducing its current lines of thought and strategic plans to a global audience, the bureau was set to work translating political documents too.

In 1977, it translated the proceedings of the National People's Congress, and the following year, it moved on to the annual reports of the "two sessions" — the NPC and the Chinese People's Political Consultative Conference.

In the past three decades, China has become an increasingly powerful player on the global stage. To cater to the increasing need for people

overseas to understand the country, the central government has acknowledged the importance and urgency of cross-border communication, not only to promote China's traditional culture, but also to highlight the country's political policies.

That growing responsibility has widened the scope of the bureau's work, and it now routinely translates documents from the CPC's annual plenary sessions, which used to be translated only occasionally in response to central government requirements.

The new approach began in October at the Fourth Plenary Session of the 18th Central Committee of the CPC. The resulting documents were translated and published in a series of books in English, French, Spanish, Russian, Japanese, Arabic and German.

According to Wang, the work is always challenging because many idiomatic or demotic Chinese expressions cannot be translated directly, so they are extremely difficult to explain to people outside China. "The challenges we are facing are not only linguistic, but equally important, there are cultural and systemic differences," she said.

Qing said foreigners "who are connected to China" — for example, researchers, foreign embassies, and foreign-invested companies in the country — have long been eager to study the bureau's "products".

"In the early 1990s, I received a phone call from a Japanese company in Fujian province requesting a Japanese-language version of Deng Xiaoping's works. Foreign companies often attempt to

divine possible futures and prospects from the books written by the country's leaders," he said.

Jia Gaojian, head of the Central Compilation and Translation Bureau, said the bureau's work is crucial to helping people outside China learn about the country: "As China continues to develop, there is an urgent need to strengthen communications with the world. We must provide sufficient information so the world can understand China."

Liu Mingqing, head of the bureau's publishing arm, plans to promote the translated works at international book fairs, including those in New York and Frankfurt.

Each country has its own view of the world, but China's long history and deeply embedded culture can make it appear baffling to the outside world.

When Dong Qing, director of the international department of the Chinese Academy of Governance, organized training sessions with a group of foreign government employees, she found it difficult to discover an effective method of conveying Chinese concepts. "I said one thing, but the trainees understood something different," she said, adding that after much thought she eventually worked out a way of getting her message across.

"Employees of foreign governments are eager to learn about China's current policies, and the government documents are their guidebooks," she said, and urged the inclusion of footnotes to explain obscure or historical points would promote greater understanding of the material.

Wu Yongping, a professor at Tsinghua University's School of Public Policy and Management, said the time has come to make China's voice clearer and louder through the translation of a larger number of authoritative documents.

"That would be an extremely effective way of boosting China's soft power and expressing the Party's values, beliefs and policies," he said.

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# LI'S VISIT

## Premier takes in Irish countryside at old farm



### Pastoral setting

An Irish dairy farm (above), which has been operated by the Garvey family for more than 250 years, was the setting for a meeting between Chinese Premier Li Keqiang and Irish Prime Minister Enda Kenny. PHOTOS BY DING LIN / XINHUA



### In confidence

Irish Prime Minister Enda Kenny talks to Chinese Premier Li Keqiang during a cultural performance at the Garvey Farm in Shannon, Ireland, on Sunday.



### Irish dance

Chinese Premier Li Keqiang, his wife Cheng Hong, and Irish Prime Minister Enda Kenny and wife, Fionnuala, are treated to a traditional dance on Sunday at Garvey Farm in Shannon, Ireland.



### Farmhouse summit

Premier Li Keqiang and his wife, Cheng Hong, chat with Irish Prime Minister Enda Kenny and wife, Fionnuala, in Cathal Garvey's living room at the Garvey Farm in Shannon, Ireland, on Sunday.



### Irish greeting

Premier Li Keqiang and his wife, along with Irish Prime Minister Enda Kenny and his wife, are greeted at the Garvey Farm by Cathal Garvey on Sunday in Shannon, Ireland.



## Silk Road Journeys



**Clockwise from top:** The sunset view ocean villas overlook a stunning sandbar and are the best choice of accommodation at Loama Resort on Maamigili Island. Three Chinese girls from Wuhan are spending a year working at this immaculate new resort in the Maldives. Schoolkids at a neighboring island show off local arts and crafts, including how to make Maldivian noodles. A resort manager points to some of the antiques that may find their way into a cultural museum. PHOTOS BY MATT HODGES / CHINA DAILY

Ancient Chinese ship's lost booties sparkle among Maldives' tourism trove, and the bounties of this archipelago look likely to swell with the Maritime Silk Road's revival, **Matt Hodges** discovers.

Ancient relics plundered from Chinese vessels are turning up in the strangest of places, as luxury resorts literally dig deep into virgin territory in the Maldives, where Chinese tourists now make up one-third of the market.

The Maldives lies along ancient Maritime Silk Road trading routes from Southeast China to East Africa and the Persian Gulf that date back 2,000 years. President Xi Jinping called for a revival of these shipping links to forge closer regional ties during a visit to the Maldives last year.

Loama Resort, which has an enviable monopoly on the Maamigili Island in remote Raa Atoll, is tapping into this narrative to further chase the Chinese dragon after Qing Dynasty (1644-1911) porcelain was unearthed during the early phases of its construction.

"We think it may have been Dutch pirates in the 17th century, but we're still doing some guesswork in that area," says

Umair Badheeu, the resort's culture and heritage manager.

This tiny teardrop is Treasure Island with a twist: The pets play nice, the natives are friendly, and the "gold" is buried in the resort's lobby museum. The 40-odd Chinese relics add a new dimension to its impressive 300-piece collection.

In addition to the idyllic views, its trump card is having the only resort-based museum of Maldivian culture outside of Male, as well as the country's first gallery of modern Maldivian art in a stunning overwater pavilion.

The discovery of two ancient sunken baths made from sandstone, the island's bedrock, suggests a Buddhist temple once existed there. The resort is partnering with the Maldives National University to dig deeper.

Maamigili translates from a local dialect of Dhivehi as "big island cabbage", but that didn't deter ancient kings from using it as their private playground.

### About this series

China Daily explores Silk Road destinations every Monday.

Tourists seem unfazed that the Maldivian word for islands is "dives". Clearly, they're not.

Loama is one of 102 operating island resorts in a necklace of 26 major atolls comprising 1,192 splashes of turquoise, yellow and green south of India and Sri Lanka.

The only downside is the \$540 you must fork out for the return seaplane ride from Male, a 2-square-kilometer island that houses one-third of the Maldives' 350,000 people. It's a scenic, if sweaty ride.

The Maldives is a strict Muslim nation where locals, but not tourists, can face prison terms if found consuming alcohol or pork.

It is illegal for tourists to bring alcohol into the country, but fortunately Loama does a mean Long Island Ice Tea. You can't exchange yuan, or most other currencies, so bring dollars and credit cards.

Chinese, excluding those from Taiwan, made up 30.2

percent of the 1.2 million tourists who visited the Maldives last year, up 9.6 percent from 2013. No one else even came close. Germans were second at 8.2 percent and British third.

The country served as a colonial outpost of the British before it transitioned to a republic in 1968, and a renovated army barracks now caters to those on a shoestring on Addu Atoll's Gan Island.

But who wants to be reminded of bombs and bullets when you can have your own sub-aquatic Garden of Eden?

Book anything other than an ocean villa and you miss the point. It entails spending hours on the balcony watching baby sharks, mantas and parrot fish swim up to say hi before you dive in to roam like Disney's Nemo around a pristine 100-hectare lagoon and superb coral forest. Natural fish spas are also a buzz.

Opt for a sunset-view ocean villa and watch the sky turn blood-orange from a choice of king-sized bed, balcony lounge, open-plan bathtub or mesh mattress suspended over the sea.

Dolphins, turtles and rays abound in this atoll but whale sharks are less common as they prefer the stronger currents in southern Ari Atoll.

"What can you see here? A 3-D Jackson Pollock painting with 50 shades of coral, caves

and overhangs," says resident dive instructor Andrea Balin from Italy.

Single travelers are on the rise, but the Maldives is still a dish best served for two.

If you tire of the sunset dolphin cruises and night-fishing excursions, try climbing coconut trees on neighboring islands, learning how to make Maldivian noodles with local schoolchildren or staring at abandoned islands like Kandahulhudhoo, which somehow squeezed in 4,500 people before they were relocated.

Political slogans emblazon the coral walls on islands like Makaurathu, just a 30-minute speedboat hop from Maamigili, highlighting how dictatorships gave way to democracy in the wake of a 2003 prison riot on Maafushi in Kaafu Atoll. The country had its first multi-party election in 2008.

But you will be more interested in the friendly locals and their customs, the Mosque-backed graveyard and *kasha keyo*, a dessert made from screw pine, sorghum, flour and sugar. It looks like pink hamburger pate but soon proves addictive — just like those nighttime visits from the creatures of the lagoon.

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## THIS YEAR

## Taking a break from Expo among Milan's cultural draws

By ASSOCIATED PRESS in Milan

Milan is used to being the center of attention, albeit in brief spurts. The fashion crowd blows through the city four times a year for seasonal shows. Milan is the site of one of the world's premier design fairs each April. The rest of the year it is the center of Italian finance and business, more backroom deal than global showcase.

Nothing compares with the global attention that the Expo 2015 world's fair is expected to generate, and city officials are going all out to ensure that Italy's fashion and financial capital puts its best foot forward, starting with an extraordinary calendar of cultural events.

### Music

Milan's famed opera house La Scala has launched a special Expo calendar, starting with the May 1 premiere of Puccini's *Turandot*, conducted by Riccardo Chailly. Skipping its usual summer hiatus, the opera house is also offering shorter operas for children, lasting 90 minutes, as well as half-priced tickets to attract opera-lovers who haven't been able to afford to go to the storied theater.

### Art

Milan has unveiled what is billed as the largest Leonardo da Vinci exhibit ever in Italy with more than 200 pieces of art gathered from museums worldwide, including three paintings from the Louvre and 30 signed drawings from the collection of Queen Elizabeth II. Milan is also home to da Vinci's fragile fresco *The Last Supper* located in the convent of Santa Maria della Grazie. Reservations required.

The Triennale contemporary art museum, located in Parco Sempione, is featuring an exhibit on the sidelines of Expo examining the relationship between the arts and food since 1851 — from

kitchen implements to the way we set tables, through Nov 1.

And a new Museum of Cultures designed by British architect David Copperfield opened in March, with artifacts around the world collected from the 19th century to the present day by missionaries, explorers and scholars — but also including spoils of war and colonialism.

### Fashion

Giorgio Armani is celebrating 40 years in the fashion business this year, and he opened a museum called Silos to mark the occasion. It is four floors of Armani splendor, organized roughly by color, across from his Milan showroom.

### Architecture

Milan has been reinventing itself as a modern city replete with skyscrapers, adding about a dozen to the skyline in the run-up to Expo. The center of the high-rise activity is Piazza Gae Aulenti, located near the Garibaldi train station, and featuring the spiraling Uncredit Towers complex. It is a nice counterpoint to Milan's iconic Duomo cathedral, located a couple of kilometers away.

### Turin

Not to be left out of consideration is the one-time Italian capital Turin. Thanks to high-speed trains, its main station is just three-quarters of an hour from the Expo grounds.

Visitors to Turin can view the Holy Shroud (commonly referred to as the Shroud of Turin) through June 24 and a rarely viewed self-portrait of Leonardo da Vinci through June 2.

The newly expanded Egyptian Museum, featuring the entire contents of a tomb of the architect Ka and his wife Merit, as well as the Cinema Museum, located beneath the landmark La Mole Antonelliana dome, are among Turin's most significant cultural draws.



Lights illuminate the Naviglio Grande Canal in Milan, Italy. AP

## ADVENTURE



A concept art by Universal Orlando shows a setting of the upcoming thrill ride "Skull Island: Reign of Kong". AP

## Universal Orlando announces new King Kong ride for 2016

By TAMARA LUSH in Orlando, Florida Associated Press

King Kong first appeared on screens in New York City in 1933, but next summer, he'll be in Florida, headlining a new thrill ride at Universal Orlando.

"Skull Island: Reign of Kong" will open in the summer of 2016 at Islands of Adventure.

Universal executives announced last week that

guests participating in the "intense adventure" will board expedition trucks and forge through jungles, temple ruins and past prehistoric beasts before they come face to face with the oversized ape.

It will be one of Universal's longest rides and will have a 34-inch height requirement. The attraction will be partially indoors and partially outdoors and will involve flaming cauldrons and caves.

The new attraction will be

nestled in between Toon Lagoon and Jurassic Park.

This isn't Kong's first rodeo at Universal Orlando. From 1990 until 2002, the Kongfrontation attraction was housed at Universal Studios. But that experience centered on Kong in New York.

Mike West, Universal creative executive producer, says the ride takes guests into King Kong's home on Skull Island. Locating the ride "in Kong's home" as opposed to New York

was a conscious decision on the part of the creative team, he says.

"We want to tell the next generation Kong's story," says West. "He's timeless."

In the 1933 version of *King Kong*, Fay Wray played an unemployed actress who agrees to take a job with a movie company that is going on location to a mysterious island. Kong is the huge ape that inhabits a part of the island.

When the film company discovers the enormous gorilla, Kong is attracted to Wray and abducts her. But he is eventually captured and brought to New York and put on display. Kong escapes and finds Wray, with terrifying results, but eventually meets his death on the Empire State Building.

West says more details about the ride will be released in 2016, but promises it will be an "intense, thrilling ride" that will "use all of the senses".



NATURE

# A CHINESE BIRDMAN IN BEIJING

Numbers of migrating birds in the capital are falling

By YUAN QUAN  
China Features

Fewer owls can now be seen in the Temple of Heaven, says Lei Hong, a 59-year-old Beijing native who has been a bird watcher for 20 years.

He found only two or three owls in the imperial garden last winter, compared to about 30 a decade ago, which suggests that the owls' food chain might have been broken.

The park authorities have no official statistics, but fellow ornithologists agree with Lei.

Urban expansion, lack of food and a deteriorating environment are all possible factors in the dwindling numbers of migratory birds visiting Beijing from November to April, says Zhao Xinru, assistant professor of Zoology at Beijing Normal University.

"The Temple of Heaven should be a good habitat for birds as it has many tall cypresses with thick branches, where owls like to perch," he says.

But today, "the woody garden has become a lonely island in a concrete forest".

Also, the trees are regularly trimmed so that falling branches don't hit park visitors. The lack of branches makes it difficult for owls to hide and sleep.

A campaign against rats aimed at protecting ancient buildings has also destroyed the owl's staple food, says Zhao, who is also a member of China Ornithological Society.

The creatures spit out what they cannot digest that helps people trace them. But Lei found more bird feathers than rat bones in the owls' saliva.

Zhao notes that the breeding grounds may also have problems. The owls fly from the north to spend winter in Beijing. If the local environment is deteriorating or changing, there will be fewer breeding populations and fewer in the winter ground.

"We don't have any data to support that though," he adds, "because the investigation will be long and laborious, and it requires sustained work by researchers."

"Scientific studies need the contribution of both birdwatchers and civil environment organizations."

Lei says the owl is "a divine bird", not only because it has inspired engineers to imitate its outstanding night vision and stealth flying, but also because of its special appearance.

"It is hard to recognize as the feathers on back of its head are very like its face," he says.

In fact, the owl was regarded as the Divine Bird as far back as the Qing Dynasty (1644-1911). In the Forbidden City, the court even set up a "divine pole", on the top of which was a pot full of food to feed the owls. This gradually attracted a huge number of them flocking together around the imperial city.

Yet interestingly, Han Chinese see owls as a bad omen. An old proverb goes, "Owls hooting, death coming."

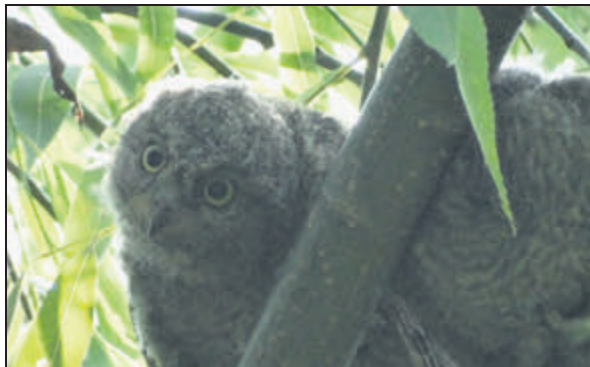
But for Lei, "It is ridiculous. It is superstition."

## Obsession

Lei is an avid birdwatcher, traveling all over Beijing and neighbor-



Lei Hong, a 59-year-old Beijing native who has been a bird watcher for 20 years. PROVIDED TO CHINA DAILY



The owl was regarded as the Divine Bird as far back as the Qing Dynasty (1644-1911). LEI HONG / FOR CHINA DAILY

ing provinces all year round with his telescope and cameras. He can identify various species by their calls within two or three seconds. He attributes his acute sense of hearing to a decade of keeping caged birds.

Lei recalls: "I raised 70 birds on my balcony in 1989."

He was a regular at Beijing's bird market. "I would buy birds I was unfamiliar with, no matter where they came from." He remembers a couple of birds from Indonesia cost him 60 yuan, which was a big sum in the 1990s.

His largest cage — 1.5 meters wide

and 0.8 meters high — had a tree stump where birds could perch and rest.

Every summer, Lei would wash the cages with hot water and disinfectant. He read widely about birds and even learned some veterinary skills. If a bird was ill, he would make medicine for it.

Even at home, he liked to watch his birds through binoculars, which helped him find "interesting details," such as when the birds dozed, fought and bred.

"I was very depressed when they died," says Lei, who would bury them in his flowerpots.

## Resonance

In 1996, he read an article about Friends of Nature, China's first environmental NGO. He wrote to its founder, and became a member the next year.

The way the members cared for birds was a revelation. "They wanted people to observe birds in the wild. Cages were a selfish hobby that harmed birds," says Lei.

He said goodbye to his birds and set them free. "I released the northern birds at parks, and the southern ones I released during the migration season," Lei recalls tearfully.

But he was reborn. He returned to the natural environment, traveling around Beijing and neighboring provinces to watch birds. He went as far afield as Xinjiang.

He loves to photograph birds, regardless of the weather, mosquitoes or physical discomfort. He once snapped a yellow bittern bird just before it hit the water to catch a fish in a pond.

The picture won him acclaim on bird watching websites.

Fans say Lei's pictures are "full of humanity". He calls a walking magpie "a smart gentleman"; he describes a sparrow hawk in the water as "taking a cold bath"; and in his eyes, a washbowl-sized nest looks like a bird "mansion".

"Their world is similar to ours," he says, "with joy and pain, poverty

and wealth."

In 2013, Lei quit his job at a travel agency and had more time to watch birds. He volunteered to do bird surveys, lectured in schools, and joined a growing group that included foreign bird watchers.

Bird watching, however, was little known in China until the 1990s.

In 1958, shortly after Lei's birth, China's central government waged a nationwide campaign to eradicate "four pests": rats, sparrows, flies and mosquitoes.

People believed sparrows stole grain, and this was supported by biologists.

About 450,000 sparrows were killed in Beijing in three days that year, according to a report in the People's Daily.

But cockroaches flourished without the sparrows in early 1960.

Bird watching as a hobby grew in the 1990s in Beijing and other big cities. Zhao Xinru notes that the mainland has about 40 specialized bird watching organizations.

Terry Townshend, a British man who works for an environmental organization, has been a bird watcher in Beijing for four years.

He was amazed to record 460 species in the capital. "It's as an ideal service station" on bird migration routes, he says.

The number of bird watchers in China is still relatively small, but he



Their world is similar to ours with joy and pain, poverty and wealth."

Lei Hong, ornithologist

believes it will grow as Chinese people have more leisure and wealth.

After the hardships of the "cultural revolution" (1966-76), Lei devoted most of his time to making money. But years of bird watching have made him an admirer of their freedom and casual lifestyle.

"It allows me to focus without distractions," says Lei.

However, not all bird watchers have found inner peace.

Lei once caught a photographer throwing stones to wake up owls in the daytime and others who lure birds close with food for the sake of a good picture.

"They just like the picture, not the birds," he says. "How can you impose your thoughts on another species and disturb its way of life?"

"Such behavior violates natural law and will eventually affect our own existence."

## COMMENT

# Misbehaving tourists shouldn't spoil the fun for everyone else

By CRAIG MCINTOSH  
craig@chinadaily.com.cn

My views or actions in no way represent Britain. I know because I retired from the world of politics at age 10, following a failed bid for class prefect, writing off the chance of ever becoming a diplomat, or an ambassador, or even a celebrity, all of who are expected to export some kind of Great British image.

So I was a bit surprised to see in this paper a comment piece that suggested I am directly responsible for the way people view my country of birth.

OK, the comment was actually directed at Chinese tourists, branding those who misbehave abroad as "clueless nuisance-makers" sabo-

It is perhaps sad that we tend to judge many on the actions of a few, namely those who make the news for doing something stupid.

taging China's soft power efforts. But I couldn't help thinking how I would feel if the author had been talking about the British.

My countrymen certainly have their detractors. In Europe we're seen by many people as drunken louts, while in the United States we're regularly pilloried for being stuck up and having bad teeth (only half right, in my case). For a country with a population of 60 million, both visions are broad generalizations.

It is perhaps sad that we tend to judge many on the actions of a few, namely those who make the news for doing something stupid such as etching their name into an ancient relic. A Chinese teenager accused of the latter in Egypt made headlines last year.

But did you know two US tourists were also recently caught doing the same thing at Rome's Colosseum?

I guess the US Congress must be drawing up a bill right now to punish badly behaved American tourists. No? So why does the Chinese government feel the need to do so?

This month, the China National Tourism Administration introduced a measure that threatens to blacklist citizens who are found being unruly idiots in other countries, and urged tourists to report any bad behavior they witness to authorities back home.

Perhaps it's an image thing, that China feels it needs to win "hearts and minds", as the comment piece put it, coincidentally echoing a phrase

used by former British prime minister Tony Blair and former US president George W. Bush to describe their governments' propaganda campaign in the Middle East in the wake of the invasion of Iraq.

Then again, maybe China just likes imposing rules on its people that developed countries — the self-proclaimed justices of civility — would never entertain.

Let me be clear; I don't condone stupidity, but if it isn't criminal or dangerous, why does a government need to intervene? Most countries have laws against the more-serious complaints recently levied against Chinese tourists — fighting on airplanes, damaging relics, sexual harassment. If guilty, they will face punishment.

But to lump such things in with "removing (their) shoes on public transport vehicles (and) creating a foul smell", as the author of the comment piece did, is simply ludicrous. I was unaware the Chinese have a monopoly on foot odor.

Yes, a lot of Chinese are going abroad — 100 million last year, according to the State tourism administration — but I don't think I'm going out on a limb by predicting that the vast majority will do so without breaking the law.

Surely, isn't tourism all about seeing other cultures and, potentially, learning from them? If threatening tourists to behave or face a "blacklist" deters just one person from doing that, it's simply counter-productive.





A local woman fixing fishnets during fishing off season in April, 2012. DING JIANMING / FOR CHINA DAILY



A local woman air drying laver in December, 2010. PROVIDED TO CHINA DAILY



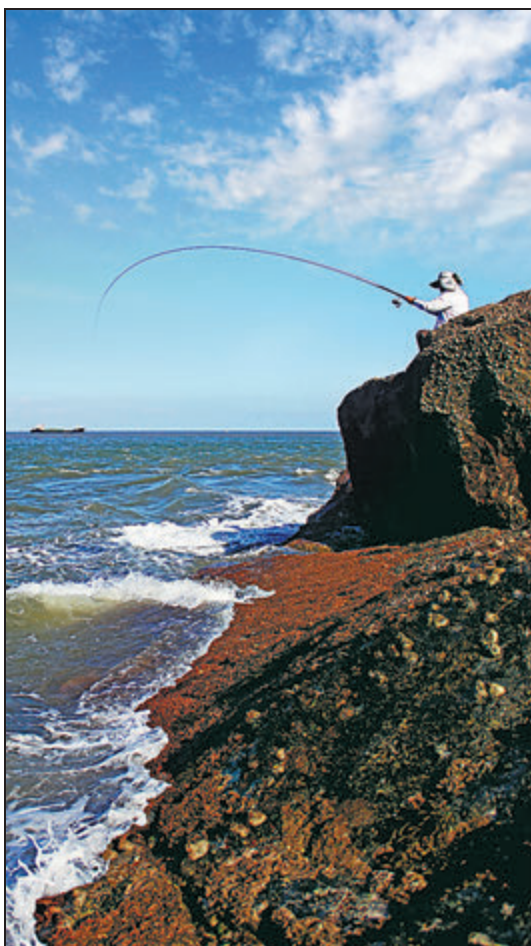
The Wanghai Tower, or Sea-watching Tower, an ancient architecture that is located on the highest mountain on the county's largest island, and also the highest point of Dongtou in December, 2012. CHEN YUFA / FOR CHINA DAILY



Ocean-view villas in Dongtou. PROVIDED TO CHINA DAILY



Seagulls in Dongtou. PROVIDED TO CHINA DAILY



As a state recreational fishery base, Dongtou has held six national fishing tournaments. PROVIDED TO CHINA DAILY

## MISTY ISLANDS AMID ENDLESS WAVES

**It's easy to feel awed on Dongtou islands.** From the 1,500-year-old architecture on its main island to the cloud-blanketed smaller islets; from sharp mountain spires to jagged cliffs, Dongtou is the hidden treasure on China's east coast. Among the chain's 168 islands, you'll find each island has its own distinct personality and offers its own adventures, activities and sights. In Dongtou, you'll find everything from extravagant resorts and golf courses to modest local towns and sacred Buddhism sites. With so much to see, it's best to experience the islands in small bites.



## COMMENT

## EDITORIAL • OPINION

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## EDITORIALS

## Mutual trust vital to China-US relations

By calling on the United States and China to take more measures to deepen mutual trust, reduce doubt and boost cooperation, President Xi Jinping conveyed China's sincere wish to see better bilateral relations when he met with US Secretary of State John Kerry in Beijing on Sunday.

The same message was passed on by Premier Li Keqiang to Kerry on Saturday.

This has been China's long-standing and consistent policy. But some US politicians have responded differently by trying to interfere in China's disputes with some of its neighbors in the South China Sea. A recent report said the US is mulling sending military vessels and planes to within 12 nautical miles of the islands where China is carrying out construction. Some earlier reports even said Kerry would visit Beijing to express US' concern over China's activities in the South China Sea.

It is clear that China will not back down on the question of sovereignty, and its leaders have been reiterating that China will settle the maritime disputes through talks and negotiations.

By backing the countries that have territorial disputes with China, the US has further complicated the already complex South China Sea issue. And by taking sides in the disputes, the US has added uncertainties to US-China relations and diverged from the cooperative track of bilateral ties.

The US government and political figures like Kerry should know the importance of China-US relations in regional stability and world peace. But by viewing China's peaceful rise with suspicion and trying to counterbalance it to enhance its own waning influence across the globe, the US has exposed its bias. The US' challenge to China's core interests is detrimental to political stability in the Asia-Pacific and to world peace.

As Chinese Foreign Minister Wang Yi said, there are more common interests than differences for both countries to work on. While devising their China policy, the US government and politicians need to keep the global perspective in mind and see beyond their immediate interests.

The US and China do have differences and even contradictions. But it would be stupid to allow them to stand in the way of sound interactions. And it would be disastrous for the two countries to let them spin out of control leading to confrontations.

To better manage their differences, the two countries have to deepen mutual trust, which can hopefully be done through exchange of views between the two governments. And that is exactly what is expected of Kerry's visit to China and President Xi Jinping's visit to the US later this year.

## Worries over initiatives baseless

Although the "Belt and Road Initiatives" (Silk Road Economic Belt and 21st Century Maritime Silk Road) offers a framework for global cooperation and also for domestic companies to expand investment and market share, some think the policy involves extravagant use of funds and would make some countries feel Beijing is out to challenge the established world order or dominate the regional market.

But these are misperceptions. The initiatives are based on a win-win principle, and China will take a variety of factors into account before choosing the projects, the investment they will demand, their operation models, and the mechanism needed to minimize risks. To push the initiatives, domestic enterprises will be encouraged to play a big role, and a favorable investment environment will be created, for example, by signing some agreements with countries worried about trade protection.

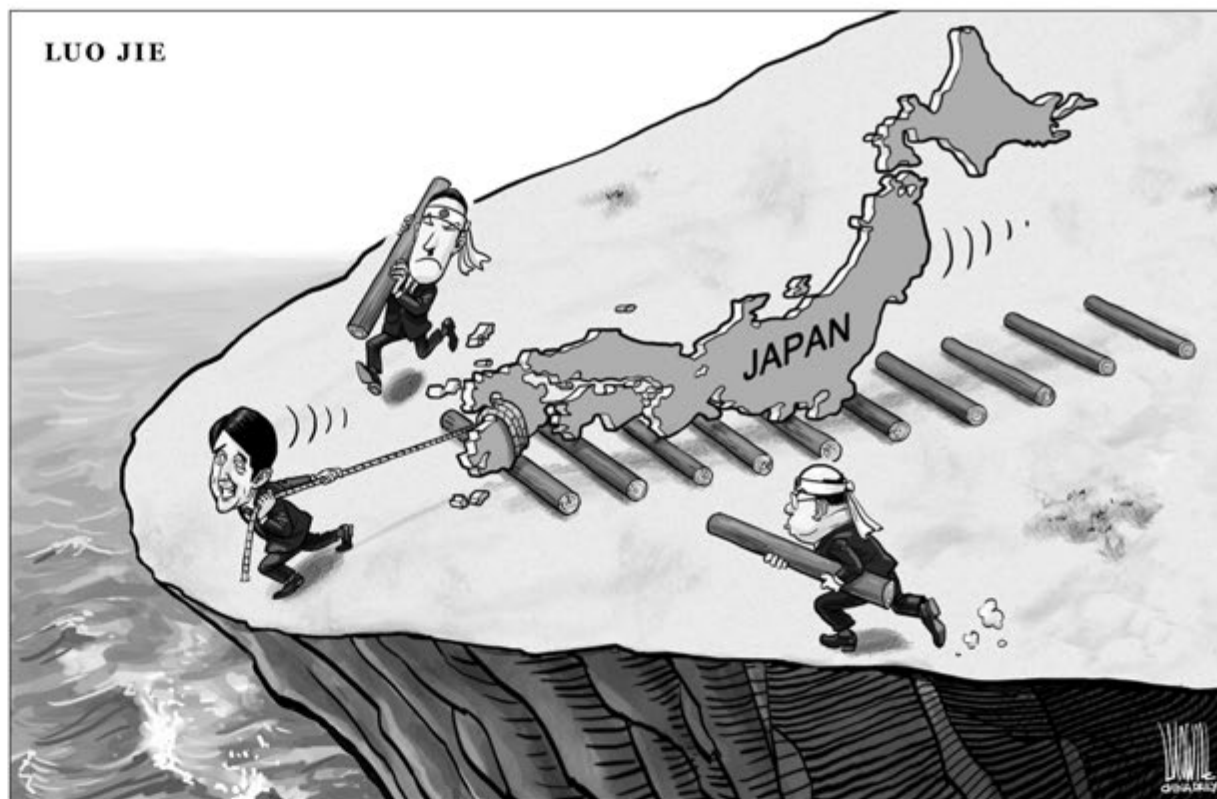
From an international perspective, the "Belt and Road Initiatives" is an extension of China's foreign policy based on non-alignment, non-confrontation and non-targeting of any third party. The initiatives are aimed at creating a platform for global cooperation based on open, inclusive and mutually beneficial principles of shared interests, responsibilities and destiny to rid countries of their traditional "security dilemma".

In this sense, the initiatives will be supplementary to the extant global mechanisms and help optimize their effects, as well as reform them.

From a regional perspective, the initiatives will help regional development. Since the huge cost advantages China enjoyed in the years since its entry into the World Trade Organization did not lead to its domination of the global market, there is no reason for it to do so when it is gradually losing those advantages.

The above is an abridgement of a People's Daily article published on Thursday.

LUO JIE



## OPINION LINE

## Trade of power for money poisons official-entrepreneur relationship

WANG JIANLIN, chairman of Wanda Group and one of the richest people in China, recently said the relationship between entrepreneurs and the government is important and complicated, and "it is impractical to stay away from the government in China". His comments have sparked a public debate, because the exchange of power for money is said to have dominated the relationship until now. Comments:

The government has so much power that some officials can even decide whether a new enterprise can be registered — that's the key reason for the distorted relationship between government officials and entrepreneurs. Hopefully, the anti-corruption campaign and the reform to free businesses of excessive government interference will correct the relationship.

jijeb.cn, May 16

Since the government still controls incomparable amounts of resources and has almost absolute say in many matters, it is impossible for entrepreneurs to not interact with government officials. But they need to use the relationship artfully in order to prevent it from becoming a trade between power and money, which not only can ruin the enterprises' future but also land entrepreneurs in prison.

Morning Post, May 16

The relationship between officials and entrepreneurs reminds people of corruption because for long officials, not the market, has been deciding the allocation of resources, and promoting bad habits among businesspeople. The country's top leadership has promised to let the market play a decisive role in the allocation of resources, and this move will end the trade of power for money.

Zeng Wei, a writer, via WeChat, May 16

Everyone is a victim in a world without law. This applies to businesses too. Even after 35 years of market-oriented reform, China's market is still like Thomas Hobbes' "jungle", in which entrepreneurs need to bribe officials to survive and officials take immense risks to seek rent for power. What is needed is further reform to establish the complete rule of law that gives businesses a basic sense of security.

Reporter's Notes, April 12

## Making campus life convenient for the disabled

THE MINISTRY OF EDUCATION AND CHINA DISABLED PERSONS' FEDERATION jointly issued a regulation to safeguard disabled people's right to take the college entrance exam and ensure organizers make arrangements to guarantee they can do so without trouble. Comments:

Many colleges refuse to admit disabled applicants because they don't have the infrastructure to accommodate them. Some colleges don't have ramp or chair-lifters, and physically challenged students have to be carried to classes by their classmates. Other colleges don't have textbooks for the visually impaired. The situation will not change with just a regulation. The State needs to spend more resources to improve universities' infrastructure to make life more convenient for the disabled.

Beijing News, May 16

The new regulation not only sets principles, but also contains specific details about what conveniences to offer to physically challenged examinees, like exempting students with hearing disability from taking the foreign language listening comprehension test, and giving question papers to the visually impaired in Braille. That is a giant step toward equality in education.

CCTV News, via Sina blog, May 16

Physically challenged people need more than just the chance to take the college entrance exam. For example, massage is perhaps the only profession in which the visually impaired can get employment even if they earn a college degree, because most jobs — even those that do not require perfect eyesight — are not open to them. The State needs to intervene to ensure employers hire a minimum percentage of disabled persons.

China Education Daily, May 12

The new regulation is good. But why not make use of some new technologies? For example, many visually impaired people now use screen-reading software, instead of Braille, to read texts. The new regulation, however, does not allow them to choose the former. Life would be more convenient for disabled students if the authorities took the actual situation into consideration.

Life 11, via Sina micro blog, May 16

## Civilian visits key to ties with Japan

## A JAPANESE CULTURAL

tourist group of about 3,000 people will be on a three-day visit to China from Friday. Comprising mainly professionals from the tourism industry and led by some Japanese city mayors, the group aims to promote cultural exchanges between the two countries and strengthen coordination. Comments:

Interaction between civilians cannot be more important for China and Japan at a time when they really need to understand each other better. We hope people from the two countries know more about each other through civilian exchanges, and, in turn, help improve Sino-Japanese diplomatic relations.

people.com.cn, quoting Cheng Yonghua, China's ambassador to Japan, May 15

The best way to get a clearer picture of a foreign country is to visit it. Many Japanese students who visit China often choose to stay with local families to know about their lives. That's fundamentally different from watching TV and reading newspapers, because both sources of news could be biased. Let us hope more Chinese students and other civilians visit Japan and construct a picture of the country that is different from that painted by some rightwing politicians.

Chen Yan, an expert on Japanese studies, via caixin blog, May 12

The main reason for the current icy relationship between China and Japan is lack of mutual trust, which is also to blame for the lack of proper knowledge about history among Japanese people. When a high percentage of Japanese people, misled by their politicians, remain ignorant about their country's wrongdoings, all efforts of improving relations will be in vain. The situation can improve only if Japanese politicians reverse the trend of distorting history.

xinhuanet.com, May 13

## HOT WORDS

## Railroad linking Atlantic and Pacific Oceans

两洋铁路 (liǎngyáng tiělù)

According to the Ministry of Foreign Affairs, Premier Li Keqiang is paying his first visit to Latin America after assuming office. During his visit, Li will sign several cooperation agreements with Brazil, Colombia, Peru and Chile — the countries on his itinerary — and launch the feasibility study on a China-Brazil-Peru railroad project linking the Atlan-

tic and Pacific oceans.

The construction of the railway linking the Atlantic and the Pacific was proposed by President Xi Jinping during his visit to Latin America in July last year. China has a positive attitude toward this win-win project. It is an important cooperation project between China on one hand and Brazil and Peru on the other, which will not only boost economic development in Latin America, but also deepen multi-

lateral cooperation.

China has an ever-developing trade connection with Latin America. It is already the major export destination for many Latin American products. And the construction of the railway network is crucial to the economic development of Latin American countries as well as the trade between Latin America and China.

Also, China's railway construction equipment and technology, which occupy a leading place in the world, will be conducive to infrastructure construction in Latin American countries. In this sense, the feasibility study is expected to facilitate the construction of this railroad project.

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“All the negative effects of the 30-year-old family planning policy will become evident in the coming years; China will pay a heavy price for it.

Chen Jian, a former member of the National Health and Family Planning Commission and current reform initiator, says in a recently published book.

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

YAN XUETONG

## China's rise to alter global configuration

Even if China realizes its second centennial goal of “building a prosperous and strong, democratic, civilized, harmonious socialist modern country” in 2049, the US will not necessarily lose its superpower status. Global configuration is determined by two key factors — comparative strengths and strategic relationships of major powers. From the perspective of comprehensive national strength, the components of China's national strength are imbalanced.

China's economy has had an impact on the world, but its political and cultural influences are limited to the West Pacific. Its military capabilities, the weakest link in its national strength, have hardly crossed the perimeter of defense. It is far more difficult for China's comprehensive national strength to catch up with that of the US than for its economy to do so. The US upgrades its military

capabilities through wars, China through military drills — the difference is like that between corporate executives and corporate governance scholars.

Indeed, the US has strategic conflicts with two major powers (China and Russia), but its strategic ties are of higher quality than those of China's. The US has adopted an alignment principle and is in alliance with the United Kingdom, France, Germany and Japan. China follows a non-alignment policy, and has cooperative partnerships with the US, the UK, France, Germany and Russia. The US has about 60 allies, not including China, while China has 58 cooperative partnerships including the US.

In a recent article, “Only China Can Contain China,” Joseph Nye has said, that China lacks high-quality strategic partners is an indication of the gap between Chinese and American comprehensive national strengths.

The Chinese economy is more than 60 percent that of the US. But whether it can sustain a high growth rate depends on whether it adheres to the political trend of liberalizing its economy. Countries with long-term openness have healthier national strength than those in long-term isolation. The disintegration of the Soviet Union and “Arab Spring” in the Middle East are typical examples of what follows long-term isolation.

Since 1978 the political line of opening-up has upgraded China's comprehensive national strength in multiple ways. It has improved Chinese people's sense of right and wrong, corporate competitiveness, the government's innovative capacity and the Party's capability to detect errors, laying a solid foundation for national self-confidence.

So the speculation over a unipolar “Chinese century” is entirely contrary to the forecast of

multi-polarization in the post-Cold War world. But given the current conditions, a bipolar international configuration is more likely than a multipolar or unipolar one.

In the next decade, no other major country except China can possibly narrow the gap between itself and the US in national strength. The US' comprehensive national strength is much more and growing faster than those of Russia, France, Germany, Japan and Brazil. And small and medium-sized countries in East Asia have shown a tendency to take sides in their security strategies, reflecting an emerging bipolar pattern.

Bipolarization doesn't mean the world will see another Cold War, which was based on three necessary conditions: Mutual nuclear deterrence and ideological conflicts were the main contradictions, while proxy war was the main means of competition.

The core contradictions in Sino-US relations are over international norms — not over ideology — and the means of competition are scientific and technological innovation as well as pursuit of friendly ties.

The Sino-US bipolarization will promote changes in the global configuration. The world's center of gravity will shift from Europe to East Asia. The US' global dominance will gradually weaken and Eurocentric standards in international norms will increasingly yield place to pluralistic standards. The decline of global organizations and the rise of regional ones will take place simultaneously. And a practical issue in international relations will be, what sort of bipolar global configuration to build.

The author is dean of the Institute of Modern International Relations, Tsinghua University. Courtesy: China & US Focus

CAI HONG

## Japan moves ahead on the military path



CAI HONG

The author is China Daily's Tokyo bureau chief. caihong@chinadaily.com.cn

Arms dealers from around the world flocked to Yokohama last week for Japan's first post-World War II ammunition exhibition because they had enough reason to believe the country was emerging as a new big buyer of weapons.

Coincidentally, the Japanese cabinet approved two bills last week to allow deployment of Japan's quasi-military Self-Defense Forces abroad. The bills are expected to be passed during the current session of the Diet, which ends on June 24, fuelling a huge demand for weapons and logistics equipment by the SDF.

The two bills, after being passed, will become laws and allow the SDF to exercise collective self-defense if Japan's allies are attacked, even if Japan is not, if it “believes” it could pose a threat to the country. The SDF would also be able to help other allies in other parts of the world if it deems it necessary to maintain “peace and security of Japan”. Once the bills become laws, they will necessitate the revision of Japan's 10 existing laws related to the SDF that limit its activities overseas.

The new initiatives codify the reinterpretation of Article 9 of Japan's Constitution by Japanese Prime Minister Shinzo Abe's cabinet last year. That article, in its present form, says Japanese people will renounce war and the use of force to settle international disputes.

Since its surrender in WWII, Japan's military has not engaged in combat. But successive governments have stretched the limits of the pacifist Constitution not only to allow the building up of a standing military but also to permit non-combat missions abroad.

Conservatives in Japan use the changing regional power balance — the rise of China, in particular — as the reason for changing Japan's security policies. Reflecting its growing interest in the South China Sea, Japan held its first joint naval exercise with the Philippines there last week. An AFP report says the Philippines insisted the exercise was focused on building its military capabilities, but security analysts have said it is a response to China over maritime territorial disputes.

Abe's policy of China-bashing serves to aggravate rather than ease tensions. The shift in Japan's defense policy is taking place at a time when it is increasing its defense budget, lifting the ban on export of weapons and military hardware, and beefing up security and strategic ties with countries like Australia, India, the Philippines and Vietnam. These steps will enable Japan to become more assertive in Asia and beyond.

At Yokohama's three-day exhibition, Japanese weapons' makers — Mitsubishi Heavy Industries and Kawasaki Heavy Industries being the two largest — were trying to elbow their way into the global arms business.

After easing the curbs on military exports last April, Japan has been trying to tap foreign markets for its weapons' industry, including potential deals to sell submarines to Australia and seaplanes to India. Japan also wants to sell its submarine-hunting jets to the United Kingdom.

Last year, Japan and the UK agreed on a deal that will see Mitsubishi Electric Corp partner European missile maker MBDA to develop medium-range air-to-air missiles for F-35 stealth fighters. And to facilitate its arms exports, Japan is planning to set up a new agency modeled after the US Defense Security Cooperation Agency, which is part of the US Department of Defense, for arms' sales, training and services to allies, and to maintain military-to-military contacts with allied countries.

People in and outside Japan are worried about Japan becoming a more proactive military force as its leaders refuse to squarely face the country's war past. Japanese daily Asahi Shimbun has called July 1, 2014 — the day the Abe cabinet ratified the new constitutional reinterpretation — “the darkest day in the history of Japan's constitutionalism”.

Japan's legal framework will no longer stop it from modifying its defense policy, because it pertains to security and defense affairs. This has created a dilemma for Japan's pacifist Constitution. Once the new security-related bills become laws, Japan will have no choice but to rewrite the charter. Or, the charter will become just a piece of paper.

YUAN DONGZHEN

## Li's visit to boost ties with Latin America

Premier Li Keqiang has embarked on a visit to Brazil, Colombia, Peru and Chile from May 18 to 26 and will push forward China's diplomatic efforts to strengthen ties with the region. The premier will seek to deepen cooperation with constructive partnerships with Latin American countries during his four-nation visit.

China's new Latin America policy embedded in Li's keynote speeches in the four countries should strengthen the China-Latin America comprehensive cooperative partnership — which the countries reached during President Xi Jinping's visit to the region in July last year.

During his visit to Brazil, Argentina, Venezuela and Cuba, President Xi proposed forging a community with shared destiny in which China and Latin American countries could enjoy mutual

trust, regular trade and cultural exchanges, and close coordination in international affairs. Following that, the first ministerial meeting of the forum between China and the Community of Latin American and Caribbean States was held in Beijing in January, marking a breakthrough in overall cooperation between China and the region.

Similarly, Li is expected to boost the political momentum by restructuring China's resource-oriented economic exchanges with the Caribbean and Latin American countries. In particular, during bilateral discussion, Li is expected to highlight the scope of industrial and technical cooperation, and working together on infrastructure, free trade zones, training programs and financial support.

Also, to encourage Chinese enterprises and equipment makers to “go global” and cooperate

with their Latin American counterparts, Li is likely to address Chinese and Brazilian businesspeople in Brasilia, Brazil's capital, and attend an exhibition of Chinese equipment in Rio de Janeiro, former capital of the country.

The feasibility study of the Twin Ocean Railroad Connection project that links the Pacific coast in Peru to Brazil's Atlantic coast, is also on Li's agenda. The trilateral project, jointly announced by China, Brazil and Peru last year during Xi's visit to the region, is expected to significantly increase the shipments of Brazilian resources such as ore and soy to Asia.

Moreover, Li's visit to Latin America is set to witness the signing of a variety of cultural exchange agreements between China and the four countries on his itinerary. The agreements, ranging from culture and education to special training programs,

will play a supplementary role in the China-Latin America partnership.

It is worth noting that mutual interests and reciprocity — not Beijing's intention of “wrestling” resources, as some Westerners say — remain the core driver of cooperation between China and the Latin American countries. In other words, the Chinese and Latin American economies are highly complementary to each other, which requires their governments to work closely. This is especially important at a time when China is entering an economic “new normal” and Latin America is grappling with economic downturn.

More importantly, China-Latin America relations will keep developing on the basis of mutual respect, inclusiveness and non-interference in the internal affairs of each other,

which is to say China-Latin America cooperation will not affect their relations with other countries.

As a large consumer of energy, minerals and grains, which Latin America can provide, China is more than capable of helping the Latin American economies in infrastructure construction, especially after the global support it got for establishing the Asian Infrastructure Investment Bank and for its “Belt and Road Initiatives”.

Although not covering Latin America, Beijing's “Belt and Road Initiatives” can serve as an example of transnational cooperation for China's Latin America policy, and thus benefit future exchanges.

The author is a researcher with the Institution of Latin American Studies, affiliated to the Chinese Academy of Social Sciences.

QUAN XIAOLIAN

## More work needed to get fugitives back

Michael Ching Mo Yeung, a real estate developer in Vancouver, Canada, is reported to be Cheng Muyang in reality, whose name figures on the list of 100 most wanted Chinese economic fugitives issued by Interpol last month. The 45-year-old Cheng, the son of former Party chief of Hebei province Cheng Weigao, fled to Canada in 2000 and was put on the Ministry of Public Security's wanted list a year later for alleged corruption.

Speaking at a news conference on April 30, Hong Lei, a spokesman for the Foreign Ministry, said, “staying abroad does not mean a fugitive is beyond the reach of the law”. Fugitives should be brought to trial and should get due punishments, but in Cheng's case, multiple obstacles, some of them complex, are preventing his repatriation.

The first is his permanent residence permit in Canada. So unlike another Chinese fugitive businessman Lai Changxing who entered Canada but was repatriated to China in 2011, Cheng's complicated repatriation process can start only after his permanent residence permit is revoked because he has the legal right to stay in that country.

Besides, as president and CEO of Mo Yeung International Enterprise, Cheng is unlikely to turn himself in. In fact, he is

said to have hired a leading human rights lawyer to seek refugee status in Canada.

The cooperation between China and Canada to repatriate fugitives is yet to gather steam, because the two sides have not signed an extradition treaty despite reaching an agreement in 2013 to share assets transferred by Chinese fugitives. The two countries' criminal judicial assistance treaty did come into effect in 1994, but it only allows the two sides to cooperate in recovering misappropriated assets, not to repatriate suspects.

Indeed, Red Notices, Interpol's highest-level alert, have been issued to 189 member countries, requiring them to assist in the arrest and repatriation of fugitives living within their boundaries. But “repatriation” is only an encouraging term not a compulsory feature of the notice, meaning the fugitives can be but not necessarily will be repatriated.

Likewise, the United Nations Convention Against Corruption does not provide the legal basis to allow signatory parties, including China and Canada, to repatriate fugitives more freely. And despite going by the law, based on the decisions made by judges in earlier cases, Canada has few judicial precedents on the exchange of fugitives with China.

Deng Xinzhi, a Chinese national involved in a 24-mil-

lion-yuan (\$3.9 million) fraud in 2002, was handed over to Chinese authorities in 2008 after his Canadian tourist visa expired, signifying notable progress in bilateral cooperation in hunting criminals. Yet Deng's repatriation is hardly a case in point, because repatriation, offsite prosecution and persuasion are alternative measures that do not necessarily constitute extradition.

Moreover, China and Canada are yet to reach an agreement on how to deal with the recovered illegal assets, because Beijing insists that all recoveries should be returned to where they belong, while Ottawa says it deserves a share of the recovered wealth. And if its claim is not accepted, Canada may be less motivated to help China.

This should prompt Beijing to use more flexible tactics, such as different legal and diplomatic channels, to get Cheng repatriated. For one, it can exploit the loopholes in Cheng's application for permanent residence in Canada to invalidate his stay in that country, or force him to surrender by persuading his family to return to China.

More importantly, based on successful cases like the repatriation of Lai Changxing, Canada and China are supposed to cooperate closely on repatriations and sharing of recovered ill-begotten wealth. The June 2013 treaty between the two



LI FENG / CHINA DAILY

sides on assets recovery says that, apart from the legal earnings, the rest of the recovered assets can be shared by China and Canada after the reasonable expenses are deducted. China has every reason

to take steps to get the best out of the treaty.

The author is an associate professor of law at Southwest University of Political Science and Law.



# BUSINESS

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FOCUS

## Donkeys offer new source of wealth

Farmers in Inner Mongolia get chance to cash in on meat and skin from 'desert animals'

By ZHAO RUIXUE in Aohan and YUAN HUI in Hohhot

Surrounded by fields, this farm in the Inner Mongolia autonomous region was once used for raising cattle, but was completely renovated last year to raise donkeys.

The 31,000-square-meter farm in Sidetang village, Aohan Banner, near the city of Chifeng, now has six shelters, each housing around 100 donkeys, as well as an 1,800-square-meter forage house.

"Donkeys are friendly and playful. They do not easily get infectious diseases," said Yin

Xuebo, a farmer in his 40s, as he fed the donkeys.

Known as "desert animals" in ancient times, donkeys have served as pack animals, a mode of transport, and a source of protection for other animals from predators for thousands of years. But as agriculture and transportation become increasingly mechanized, the number of donkeys has decreased.

Official data from China's agricultural authorities show that the number of donkeys raised on farms dropped to 6 million at the end of 2013 from 11 million in the 1990s.

But the situation could be changing in a few years as farmers in China such as Yin now look to donkeys as their fortune and their future.

Yin, together with four partners, has invested 3 million yuan (\$484,000) in his farm.

"The benefits from raising cattle and sheep are shrinking, but earnings from raising donkeys are on the way up," Yin said.

Yin can earn 1,800 yuan from raising a donkey for six months, nearly double the amount he could earn from raising a head of cattle.

Bai Guoting, head of the Husbandry Bureau of Xinhui town, Aohan Banner, said the

SEE "FARM" PAGE 14



A farmer inspects his new donkeys in Aohan Banner, the Inner Mongolia autonomous region. These donkeys were supplied by Dong'e Ejiao Co Ltd in Shandong province. ZHAO RUIXUE / CHINA DAILY

The benefits from raising cattle and sheep are shrinking, but earnings from raising donkeys are on the way up."

Yin Xuebao, a donkey farmer in Sidetang village, Aohan Banner, the Inner Mongolia autonomous region.

AGRO



A customer looks at donkey milk products in a shop in Urumqi, the Xinjiang Uygur autonomous region. PROVIDED TO CHINA DAILY

## Milking a new dairy product

By ZHAO RUIXUE zhaoruihue@chinadaily.com.cn

When it came to curing ailments or improve skin care, the ancient Egyptians and Romans used to turn to donkey milk.

In the West and parts of the Middle East, the nutritional and therapeutic power of this dairy product is well known. Now donkey milk is being developed as a consumer brand in China.

"The potential to develop the donkey milk industry in China is big," Zhang Ming, chairman of Xinjiang-based Yukunlun Natural Food Engineering Co Ltd, said. "It just needs time."

Zhang has spent 70 million yuan (\$11.29 million) developing donkey milk-related products since 2007. So far, he has managed to break even on his investment.

"In addition to the milk, the meat and the hide are important, and precious materials in China. This will drive the business," he said.

The hide is often used for ejiao, a traditional Chinese medicine, dating back more than 2,000 years. It is known to improve blood circulation and boost energy levels. As a beauty product, it is popular with women.

But with the donkey population shrinking, ejiao producers are investing in donkey farms. One company, Dong'e Ejiao Co Ltd, plans to raise one million donkeys by 2020.

"Developing the donkey market will boost the industry and help dairy farmers in the sector. Donkey milk output will increase," Zhang said.

The high cost of buying fresh milk is the biggest problem that stops business-

people from developing donkey-related dairy products.

Zhang buys donkey milk from farmers at 28 yuan per kilogram. The retail price for donkey milk powder is around 4,000 yuan per kg, double the price of imported cow milk powder, according to Zhang.

"Donkey milk cheese is sold at \$800 per kg by a small company in Serbia," Zhang said. "Few people can afford the high price. That's why donkey milk has yet to take off here."

4,000 yuan

the retail price per kilogram of donkey milk powder, double the price of imported cow milk powder

In addition, a dairy donkey yields just 1.5 to 2 kg of milk a day, much less than the 70 kg a quality cow can produce. "If you want to keep farmers raising donkeys for dairy products, you have to raise the price of collecting fresh milk to 45 yuan per kg," Zhang said. "It's a price few businesspeople would accept (initially)."

Even so, Zhang is committed to the business and is branching out to overseas markets. Some Japanese and South Korean companies have begun to purchase Zhang's donkey milk through their Chinese agents for cosmetic research.

"A Japanese company bought more donkey milk products earlier this year. They had spent the last 12 months using the products on tests for new high-end cosmetic," Zhang said.

INTERNET

## Kabam hopes to be marvel of China gaming world

By MENG JING mengjing@chinadaily.com.cn

Kevin Chou is convinced the future of entertainment is gaming. As the CEO of Kabam Inc., a United States-based mobile gaming developer and publisher, Chou announced plans in April to launch the company's hit game in China.

Marvel Contest of Champions had been downloaded by more than 30 million users in the first three months since it was launched in December, 2014 in the US. "I think this game can make more money in China than in the US market," Chou said, without revealing the US figure.

Although he is not a major gaming fan, the Chinese-American entrepreneur does have an eye for a good business. That is why he set up the company with two other co-founders, Holly Liu and Michael Li, in 2006.

Already Kabam is the sixth-fastest growing company in North America, according to the 2014 Technology Fast 500

list, compiled by Deloitte LLP, the global professional services firm. Last year, the company's revenue was \$400 million.

And even though Kabam has yet to make money in China, Chou is confident of success, which is hardly surprising since the company is world leader in mobile games.

To make sure Marvel Contest of Champions is a smash hit, Kabam has changed the game for the Chinese market, switching Western characters to local ones and setting up a pricing strategy. Another winning point, according to Chou, is the console-quality of the game.

But, of course, the test will come in the quality of the experience for mobile users. The fantasy action game is based on the iconic Marvel cartoon characters from the Hollywood franchise films such as Avengers, X-Men, and Guardians of the Galaxy.

"It works 60 frames per second — the standard of high-definition movies," Chou said.



Kevin Chou, chief executive officer of Kabam, said he has changed the firm's strategy since setting up a studio in Beijing in 2010.



Fast & Furious 6, developed by Kabam Inc., is displayed on an application store page on a smartphone in this file photo. Kabam, a producer of games for mobile devices, received a \$120 million investment from Alibaba Group Holding Ltd. BRENT LEWIN / BLOOMBERG

"So when fighters move, graphics are smooth. You can actually project this game onto TVs and it works quite well."

The games market in China is certainly big business. According to a report by Beijing-based Internet consultancy Analysys International, the mobile gaming market in the country more than doubled to 29.3 billion yuan (\$4.7 billion) last year. It is expected to top 41.2 billion yuan in 2015, an increase of 40.5 percent.

It is hardly surprising then that Chou and Kabam are eager to get a slice of that cake. "I think in every gaming market in the world, the graphics really matter," he said. "Just like how the movie industry in China, people want beautiful experiences. They want the highest quality games and we can give them this for free."

Kabam has changed its strategy since setting up a studio in Beijing in 2010. At first, the company, which is valued at \$1 billion, decided to take Chinese games to the Western market. But Chou ditched that

plan and shifted Kabam's focus to bringing Western games to China. He is now also planning to develop Chinese games for the market here.

The rewards could be huge as the country is on course to become the largest mobile gaming market in the world — bigger than the US and Europe put together.

"Firstly, there are about 700 million smartphones in China, out of a population of 1.35 billion," Chou said. "The number of people with smartphones in China is already the same as the entire population of the US and Europe combined. Still 600 million more people in China don't have smartphones, so the size of the market is big from a people standpoint."

"Besides, in the US and Europe, gamers have other choices. They play X-box, Play Station and PC games. But here in China, many people are experiencing games for the first time by playing on their smartphones and tablets," he added.

SEE "GAME" PAGE 14

MANAGEMENT

## Staying on top in changing times

By ANDREW MOODY andrewmoody@chinadaily.com.cn

Publishing boss Barry Clarke is on a recruitment mission. He has flown in from Singapore, where he is Asia managing director of academic publisher Taylor & Francis, to recruit a CEO for the company's China operations.

The company, whose origins date back to 1798 when co-founder Richard Taylor launched the Philosophical Magazine, needs someone who can cope with one of the fastest moving and most complex markets in the 21st century. Over four days Clarke — with Christoph Chesser, group sales director — met with potential candidates at the Crowne Plaza Beijing Zhong-guancun Hotel.

"We had been hoping to make a decision while here but two were such good candidates it might take another two weeks. We might have to fly them back to England so they can meet the board."

"It is a very important appointment. The successful candidate would be responsi-

ble for relations with government, key academic institutions and publishing partners."

Clarke, who has been in Asia for 23 years and has been visiting China for 21 of those, says a person chosen for the role of CEO is increasingly seen as a unique individual.

"Increasingly organizations are like some ecosystem and you have to have a person who can deal with that kind of complexity and also ambiguity." He believes that someone who has to do the job in China often finds it even more difficult operating in a society with deep-set Confucian values.

"These values are often hard to pin down or verbalize. You certainly would never put them in a job description. One example, however, might be that you are looking for a person who is more contemplative and reflective as well as perhaps half a dozen other traits you are looking for."

What capabilities a modern CEO needs — both in the West and in China — has been examined in *The CEO Report: Embracing the Paradoxes of Leadership and the Power of*

*Doubt*, published by global executive search firm Heidrick & Struggles and Said Business School at Oxford University.

It conducted extensive interviews with 152 CEOs from around the world, many of whom have operated and run businesses in China.

One of the most comprehensive pieces of research into the role of the CEO, those interviewed employed 5.8 million and generated revenues of \$1.7 trillion.

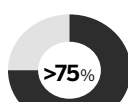
Some 75 percent said the role had changed significantly in recent years and of those who said the role had not changed, a further 14 percent said the way they did the job had.

It concluded the modern CEO had to have a range of skill sets that bosses even five or 10 years ago did not need to possess.

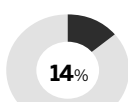
The modern boss also has to have "ripple intelligence" and see before anyone else the ripples or trends that might disrupt his or her business or market.

SEE "CEO" PAGE 14

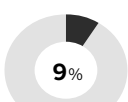
Has the role of the CEO changed?



Yes, role has changed



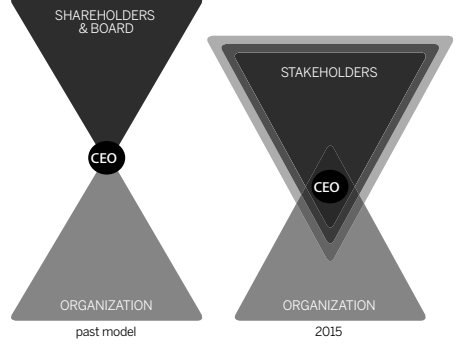
No, role has not changed, but how I do it has



No, role has not changed

From shareholder dominance to stakeholder legitimacy

Why the CEO's job is more difficult?



FACTS

THE SIX CRITICAL CAPABILITIES OF A MODERN CEO

- **Ripple intelligence:** Spotting the ripples that might disrupt your business
- **The S<sup>2</sup> of change:** Coping with the speed, scope and significance of change
- **The power of doubt:** Being able to make the right call when the outcome is uncertain

uncertain  
• **Adapting authentically:** Navigating the relentless pressure for change while maintaining core mission  
• **Being able to choose between right and right:** Sometimes alternative actions are both right  
• **Maintaining own personal development and renewal**  
SOURCE: THE CEO REPORT BY HEIDRICK & STRUGGLES / SAID BUSINESS SCHOOL

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## Farm: Humble beast drives local economy

The donkey market in Sidaowan village, Aohan Banner, the Inner Mongolia autonomous region. PROVIDED TO CHINA DAILY

FROM PAGE 13

price of beef has been threatened by imported meat, which greatly dampened farmers' interest in raising cattle.

Statistics show the wholesale price of imported beef from Brazil and Argentina ranged from 30 to 36 yuan per kilogram last year, much lower than that of the Chinese beef, which was around 60 yuan per kg.

More than 20 families have so far joined Yin's farm.

"Farmers can buy foals and keep them at our farm. We are responsible for raising and selling these donkeys," Yin said, adding that farmers will earn at least 500 yuan from each donkey.

Li Baolin, deputy head of the agricultural bureau of Aohan Banner, said many farmers have turned to raising donkeys instead of cattle since 2013.

The number of donkeys in Aohan Banner has increased to 215,000 from the 160,000 in 2012.

Zhang Yaxing, who graduated from Inner Mongolia University of Science and Technology in 2012, returned to his hometown to raise donkeys.

Starting from scratch, the

27-year-old spent one-and-a-half years building infrastructure for his 2,000-square-meter donkey farm in Xinhui town, Aohan Banner.

"It's especially hard in winter — I have to live in the simple house at my farm where there is no heating system and no tap water," Zhang said. His only companions there were his donkeys and a violin.

Visitors to the area may notice a defining characteristic — an absence of young men.

"Although my classmates supported my decision to return to my hometown, they wouldn't choose to raise donkeys as the work is too hard for them," Zhang said.

Zhang has spent 300,000 yuan on the farm, of which 200,000 yuan was collected from his friends.

In February, he sold 70 donkeys he had raised for six months, earning 70,000 yuan.

Zhang, who majored in design, plans to expand the outdoor space for his donkeys.

"With spring and summer coming, donkeys need spacious room to exercise to be strong," he said.

Li said donkeys raised in Aohan Banner used to be sold



A donkey farm in Binzhou, Shandong province. In China, the benefits from raising cattle and sheep are shrinking, but earnings from raising donkeys are on the way up. PROVIDED TO CHINA DAILY

to Hebei, where donkey meat-stuffed baked cakes are very popular, and Guangzhou, where the animal's meat and skin are used to make soup.

"The value of donkeys is expected to continue growing as we are cooperating with Dong'e Ejiao Co Ltd to extend the industrial chain," Li Baolin said.

In March, the Aohan Banner government and Dong'e, the largest Chinese maker of ejiao, a traditional Chinese

medicine made from donkey hide that can improve blood supply, inked a contract to jointly develop the donkey industry.

According to the contract, Dong'e will build donkey farms in Aohan Banner.

Qin Yufeng, chairman of Dong'e, said a shortage of donkeys is threatening the ejiao industry.

The company has raised the factory price of ejiao four times since 2013 as the cost of

the raw material — donkey hide — keeps increasing, Qin said.

Li said the price of donkey skin in Aohan market has increased to 2,000 yuan from 500 yuan over the past three years.

Dong'e will also build production lines to process donkey meat, milk and placenta in Aohan to raise the value of donkeys.

"The value of a processed donkey will reach 20,000

yuan from the current 6,000 yuan made from selling a whole donkey," Qin said.

Dong'e has been cooperating with a Japan-based company to develop donkey placenta-related products, Qin added.

Li said there were production lines to produce donkey meat in Aohan, but the facilities had closed due to the shrinking demand for processed donkey products.

In addition to expanding the industry chain, the local government in Aohan is also working to improve the donkey breed to increase the value of the animals and the related products.

"We have introduced 10 male wu donkeys (dark donkeys) from Dong'e to help improve donkey breed," Li said.

Li said the skin of a wu donkey is around 15 percent heavier than that of the local donkeys.

Li predicted that the donkey industry will be developed into a pillar industry in Aohan in a couple of years.

"The donkey industry will certainly help local farmers get richer," Li said.

Contact the writer at zhaoruixue@chinadaily.com.cn

## Game: Domestic players dominate the sector

FROM PAGE 13

"So it is their only choice for gaming."

The mobile gaming sector in China is also dominated by domestic players. Although several foreign competitors have entered the market, they have faced big challenges.

"The biggest one for foreign game developers is how to deepen their understanding of local markets and users," Xue Yongfeng, an analyst at Analysys International, said. "Without enough knowledge, they can't launch efficient marketing campaigns and often fail to roll out good localized products."

"There is a growing demand for console-quality games, especially among heavy Chinese players, who now contribute to a bulk of revenues for game companies," Xue added. "Mobile hardcore games, with console quality, are the future of the market. But its success depends on how well developers can adapt it to smartphones without sacrificing the user experience."

Zhang Xuecheng, 26, a graduate student who has been playing mobile games since 2005, is more interested in the quality of the game than the graphics.

"What matters most is whether the game is interesting," Zhang said. "It is OK for a well-designed game to have relatively poor graphics. But I would not be interested in a console-quality game if its characters and events are boring."

Ma Si contributed to this story

## CEO: Role of business leadership sees profound change

FROM PAGE 13

In addition, the CEO has to have the capability of not only choosing between right and wrong options but between alternative choices that might each be right for a particular stakeholder, though only one can be chosen.

The successful modern boss will also not succeed by just making clear-cut easy decisions. He or she will also have to harness what the report calls "the power of doubt" and make the right call in the many gray areas of the modern business world where it is not immediately clear what the right decision is.

Whereas the CEO in the past would be mainly the link between the organization and the shareholders and the board, his or her role is now much more messy, sitting in the middle of the intersection of the pyramid of the organization and that of various stakeholders. This is because so many stakeholders now have a direct role within an organization.

Michael Smets, associate professor in management and organizational studies at Said Business School and one of the authors of the report, says the role of the modern CEO is increasingly lonely and one you cannot really prepare for.

"Most CEOs will only have been second or third in line before, which is very different to being in the seat yourself. You cannot really practice before coming a CEO," he said.

Smets also says the modern CEO is a very different animal to the CEOs of the 1970s and 1980s, who might have been more of an alpha male and who may have liked doing

much of his business networking on the golf course.

"I think most modern CEOs think the old command and control structures of the past are something of an illusion because of the multiple stakeholder groups he or she has to respond to," he said.

"The CEO can no longer be the unassailable hero but actually is likely to be a more authentic human, prepared to share vulnerabilities and have softer capabilities like listening and empathy while having far fewer of the alpha male power habits."

The management professor says that one of the big disrupting changes that the modern CEO has to deal with is the growing Asian middle class, particularly in China.

"The growing Asian middle class, the bulk of which comes from China, was the top preoccupation of those interviewed when asked to rank the top 10 major global trends."

At his company office on the 26th floor of China Central Place in Beijing, Thomas Luedi, managing partner in China for international management consultancy AT Kearney, said the role of the CEO has changed markedly as a result of globalization.

"It is probably more pronounced in the China context than anywhere. If you go back 15 or 20 years the job of the CEO, whether that was in a State-owned or private enterprise, was that of a general manager, just keeping the organization together," he said.

"Now you have to be much more than just a manager — you have to be someone with a vision and of a much more entrepreneurial nature."

Over at the University of International Business and



Ding Chongwen, associate professor at the University of International Business and Economics in Beijing.



Jack Chiang, assistant professor at Peking University's Guanghua School of Management

Economics in Beijing, Ding Chongwen, an associate professor, said the CEO has had to change in China or else be left behind since the whole business environment has transformed beyond recognition.

She said the Chinese CEOs of only a generation ago had an antiquated management style.

"To keep control of an organization, leaders used to keep things to themselves. They thought it made them look smarter if they knew all the answers. This insider game had to change, however."

Ding said there has been a move away from bosses hiding behind a Confucian veneer.

"We used to appreciate these quiet people in China because it was a Confucian



Barry Clarke, Asia managing director of academic publisher Taylor & Francis



Michael Smets, associate professor in management and organizational studies at Said Business School at Oxford University.

tradition. Nowadays a leader has to know how to communicate. They need to be able to motivate people within an organization. This is a very big change from a generation ago," she added.

In London, Steve Tappin is someone who follows global trends in the role of the CEO very closely.

He currently hosts the CEO Guru program on BBC World and runs Xinfu, his own consultancy advising CEOs.

He said the Heidrick & Struggles report was right to highlight the speed of the modern business environment with information being shared online within seconds.

"The fundamental shift has been social media connectivity that has made everything more dynamic in real time. CEOs have to get used to

working in an environment where not everything is in their control. They have to be far more intuitive," he said.

Tappin, who is also author of *The Secrets of CEOs* and has interviewed many CEOs in China, says what makes them stand out in China is how they have adapted to the new environment.

"They are also often very passionate, have big dreams and are relentless in their pursuit of them in a way that you do not encounter in other parts of the world."

One of the major questions about Chinese chief executive officers is whether they operate with the paternalistic hierarchical structures of the past.

Ding at UIBE said such structures are no longer relevant to modern corporate culture.

"I think the older structures are even dying out in the State-owned enterprises because of reform and market pressure. It is certainly the case in small and medium-sized enterprises. They have much flatter management structures and managers and there isn't the big distinction between the boss and other people in the team."

Jack Chiang, assistant professor of management at Peking University's Guanghua School of Management, has done research on paternalistic Asian management structures.

"That sort of paternalistic leadership style is probably not adaptable in Shanghai anymore but many small and medium-sized businesses in second- and third-tier cities still have it and it is pretty popular," he said.

"It still also appears in companies in Asia, such as Japan and South Korea."

Not all the CEOs operating in China are Chinese. Foreign multinationals have played a big role in the Chinese economy since the 1990s.

When China was in the early stages of its recent development, many companies did not deploy their high flyers as head of their China operations.

Often those filling the positions were people with specific Asian experience or old China hands whose main skill was familiarity with the language and culture.

Over the past decade as China has emerged as the world's second-largest economy and a key global market, multinationals have tended to deploy their biggest talents.

Some executives now believe that not having China experience might be a barrier to someone attaining the role of global CEO.

Chiang at Guanghua said the one country that seems to have been caught out by this trend is Japan.

"Whereas US and European companies have tended to send their top people, this has not been the case with Japan. Apart from the New York or London offices the best people within Japanese companies tend to stay at headquarters," he said.

"In fact, while someone coming to China might get a higher salary and live in a luxurious apartment, it will be generally assumed by everyone to be a demotion or that there have been some issues back home. I think this is one of the main reasons why Japanese companies have underperformed in the China market."

As well as having to cope with disruptive change, one of the biggest challenges

ahead for Chinese CEOs is having to cope with a slowing economy.

Many have been used to GDP growth of near double digits but the "new normal" in China is a slowing and maturing economy.

A recent survey of 100 Chinese CEOs by international management consultants Accenture Strategy found that more than 50 percent were focused on efficiency.

"The big challenge for CEOs will be to manage costs down. They are also going to have to be more strategic in identifying new growth areas so there will have to be more focus on innovation and also develop new products and services," said Luis Cenega, the consultancy's managing director in China.

Luedi at AT Kearney said that many Chinese CEOs will be very good at achieving efficiency because many senior executives come from an engineering background.

"The challenge for them will be about re-engineering their organizations, driving efficiency in the operations. There will be a lot of technical elements to this and I think it will play to the strengths of the CEOs who come from engineering backgrounds," he said.

At Taylor & Francis, Clarke is still involved in the recruitment of a new CEO.

"We are looking for someone who is able to support our team in China. We want someone who is a team player and which can bring the leadership skills out from members of the team. We are also looking for someone who is fearless in making decisions," he added.

Yu Hang contributed to this story.



MANUFACTURING: MIKE BASTIN

# Chinese brands in the driving seat

Shanghai auto show is evidence of a new-found confidence in domestic automakers

This year's Shanghai auto show, the most eagerly awaited industry event in China, may have captured global headlines for the absence of the usual scantily clad models, but it was most notable for the step-wise increase in the competitiveness of the Chinese car brands on display.

Chinese car brands used to be stuck at the lower end of the domestic market, while foreign competitors dominated the more profitable top end. This year's show suggested that a major change is taking place and that the Chinese automotive industry is fighting back.

No longer do we see cheap knockoffs; instead at this year's show Chinese automakers proudly presented upmarket, high-tech models.

Dongfeng Motor Corp, whose headquarters are in Wuhan, Hubei province, unveiled an extremely impressive mass-production sedan. Also making its debut was the Guangzhou Auto Trumpchi GA8, which many argue ranks as one of the most attractive Chinese sedans ever built. Both models were little more than concepts less than a year ago. At the show, too, Chinese-owned Volvo displayed its flagship GC9 sedan.

Another distinguishing feature of the Shanghai show was the many environmentally friendly vehicles on display. A record 103 new-energy cars were present, as the domestic and foreign automotive sectors battle for the increasingly green-oriented Chinese consumer.

Of these 103 cars, almost half were Chinese brands, in part influenced by the central government's policies toward sustainable growth.

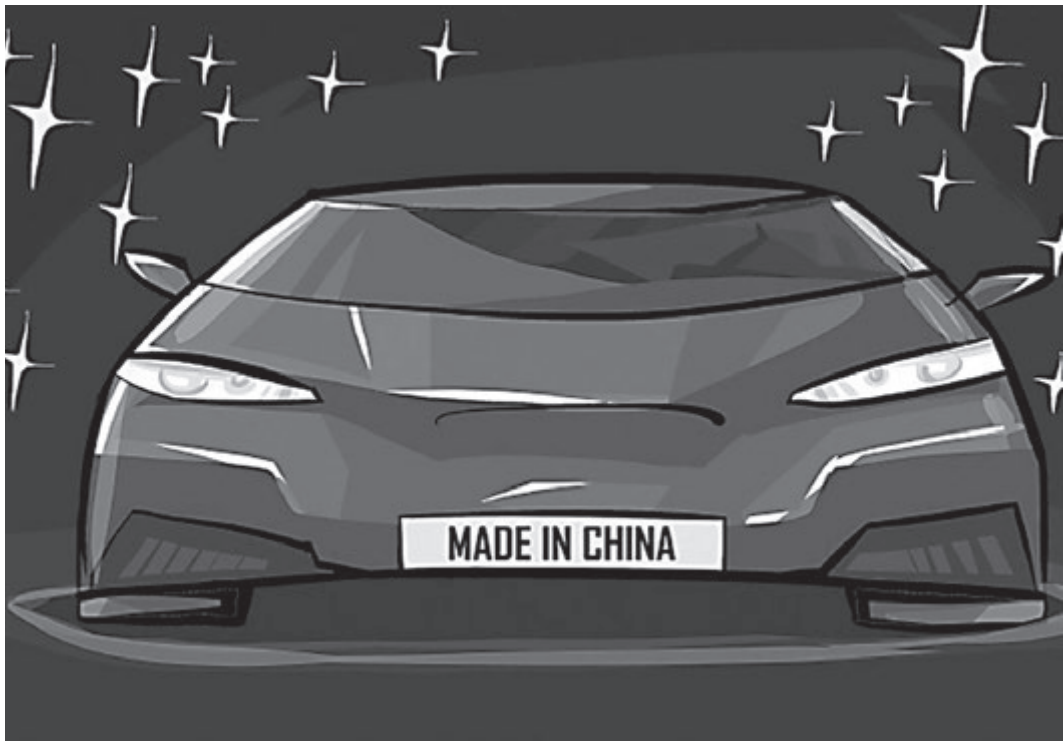
Among the 51 domestic new-energy models, often a combination of hybrids and plug-ins, it was perhaps BYD with its Song Yuan plug-in hybrid and Hawtai Motor's Lusheng E70EV that were most representative of the increasingly competitive Chinese auto sector.

The increased competitiveness is also due to changes in attitudes toward foreign car brands among Chinese consumers. Adoration of major foreign brands such as Audi and BMW is waning, as Chinese consumers become increasingly independent and rational in their decision-making.

It is not only foreign automakers that need to understand this inevitable trend and rethink their entire branding approach to Chinese consumers. A recent 20-percent price reduction by French luxury cosmetics brand Chanel also provides firm evidence that Chinese consumers are switching from well-known foreign brands. Chanel's image and associations can no longer command a premium price, as Chinese consumers continueto redefine how they construct "prestige" and exclusivity.

The need for information in order to make informed consumer choices is also evident in the numbers of people attending the Shanghai auto show. The number reached 800,00 two years ago, but this year's attendance could surpass the one million mark.

The theme of this year's show, Innovation for Upgrading, probably contributed



ZHANG CHENGLIANG / CHINA DAILY

**Many auto industry commentators agree that Chinese brands now rightly justify higher prices due to far more sophisticated design and manufacturing. Crucially, this narrowing of the gap in quality with the long-established foreign brands is most appreciated and accepted by Chinese consumers.**

to its popularity. But it is also a reflection of the changing brand-building business models adopted by many Chinese automakers.

Many auto industry commentators agree that Chinese brands now rightly justify higher prices due to far more sophisticated design and manufacturing. Crucially, this narrowing of the gap in quality with long-established foreign brands is most appreciated and accepted by Chinese consumers.

The more-discerning Chinese consumer could enable Chinese auto brands to narrow and even close this quality gap with foreign competitors within a couple of years.

This could force many of the most famous international car brands to forge long-term co-branding partnerships with China's leading automotive sector players such as Great Wall Motor, Geely and BYD.

The European and US automotive indus-

tries must acknowledge and accept this quality-driven and premium brand orientation that now permeates plenty of China's leading automakers.

Geely is perhaps most representative of this seismic shift. Until recently, the company has been associated with budget cars, but none of the models on display at the Shanghai show this year could be placed anywhere near this category.

Despite the surge in sophistication, it remains the case that foreign brands retain a substantial lead in domestic market share.

According to the China Association of Automobile Manufacturers, Chinese brands' combined market share of the domestic sedan market last year reached only 22.4 percent.

However, foreign automakers should take cold comfort from this statistic, which could serve to mask major changes in both Chinese car consumers' decision-making and Chinese automakers' brand-building.

Brand image and emotional brand associations are perhaps the reasons why foreign car brands retain such a substantial market share advantage across the Chinese mainland.

BMW and Audi, for example, still occupy an extremely attractive position in the network of associations inside the typical Chinese car consumer's mind.

But even this is now at stake. In much the same way that Chanel's heritage and plethora of associations is becoming less influential in the minds of its Chinese target markets, BMW and Audi's German brand background will not lead automatically to market success as it once did.

Chinese automakers are not only rapidly climbing the value chain with high-quality design and manufacturing, but are also more proudly presenting themselves as

part of brand China.

Chinese consumers have been waiting a long time for the rise in quality of Chinese products, as well as the presentation of Chinese brands with Chinese associations. The time has come.

BMW can no longer present itself to the Chinese public as a German brand or even a global German brand. Instead, a subtle blend of foreign and, most importantly, Chinese characteristics will be demanded more by an increasingly savvy Chinese public.

As this new-found brand-building confidence sweeps across the Chinese automotive sector, expect to see more sophisticated representations of Chinese brand associations employed by leading automakers.

The European and US players quickest to understand these irreversible changes and form long-term alliances with suitable Chinese counterparts will turn this apparent market threat into a massive opportunity; a win-win for both foreign and Chinese co-brand partners.

The innovative clothing brand Shanghai Tang was the first Chinese company to break the poor image of "made in China" and employ Chinese-only brand associations. In only a few years it has arguably established itself as the first luxury Chinese brand. Expect the Chinese auto industry and many other sectors to follow suit.

This year's Shanghai auto show is perhaps the Chinese car industry's Shanghai Tang moment.

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

FINANCE: ED ZHANG

# Finding a way out of local debt

It is not a publicity campaign. And in China, officials doing something without an accompanying publicity campaign often means the activity is still of an experimental nature.

But recent developments suggest that China appears to be edging toward a possible solution to the more than 1 trillion yuan (\$1,610 billion) of debt that local governments have accumulated during the financial stimulus round of five to six years ago.

So much debt, and the ill-advised borrowings from which it was incurred, are considered a problem of the stimulus program back then, which was doled out in haste to mitigate the impact of the 2008 global financial crisis.

That's why the central government hates to call whatever it does nowadays to boost economic growth a stimulus program, or a Chinese version of the quantitative easing seen in the United States.

In the forthcoming debt solution, the central bank (which must have been prompted by the premier's office) is making State-owned banks buy the bonds that would be issued by designated provincial governments.

By doing so, local governments would transfer their ownership of debt (at least a considerable part of it) to the banks from which they borrowed loans a few years ago, but now may have difficulty in paying them back on time.

Incentives and terms would be provided by the central bank for commercial banks to participate in the solution, although the size of each province's issuance, and the total size of such a grand scheme would remain unclear for some time to come.

The securitization of local governments' debt will help China, first of all, to know the size of the local governments' debt, because if they keep hiding their debt, it would remain their liability and they would have to pay it back entirely by themselves, and second, to develop the open market instruments and related terms to regulate local governments' debt financing activities.

Presumably, the central government can't, and really has no need to take over all the local debt. Some debt represents pure waste. Some represents the kind of investment projects that are unlikely to generate worthy returns under government management and are better off being sold to private and more capable managers.

The financial contributions that officials received from their private business friends can't be allowed to be part of the solution.

The solution, in its first step, is only for the centralized State banking system to take over the local governments' debt. But down the road, banks, for their part, may need to develop their methodologies to manage local governments' bonds, including, most importantly, an open market practice for measuring a local government's credit worthiness. It is a kind of inevitability. China can't dodge it.

It would be interesting to find out how the central government's relationship with local governments can be redefined in the long run. But in the short run, it is important to find out which province can convert how much of its debt into bonds. The pilot issuer, as widely expected by the domestic financial markets, is to be Jiangsu province in East China.

Jiangsu is one of the three coastal provinces that lead the rest of the country in GDP, 6.5 trillion yuan last year, out of a national total of 63.6 trillion yuan.

Jiangsu should be at the top of all provinces in its ability to repay its debt. But, as reported by the Chinese business press, even such a province has to trim the size of its planned bond issue, by cutting down around 10 billion yuan, obviously because of complaints from the potential bond investors (first of all the banks).

For the provinces from China's inner and western areas, how much debt they can convert into a bond issue is even more questionable.

Indeed, if based entirely on the common sense of market economy, China's provincial bonds, as what they appear to be now, will not be a very attractive investment.

For serious investors, the forthcoming debt solution is still a hasty structure. It does point in the right direction, namely letting the market finance local development. But it is still designed as a temporary relief of the local governments' debt burden.

The debt-bond conversion now needs another conversion, one that converts a temporary solution to a stable system of local development financing. Market-based project evaluation, credit rating, fundraising and financial reporting are all indispensable parts of the system.

Most probably, the knowledge structure of China's all local governments will have to undergo a major change and, along with it, many of their economic officials.

*The author is editor-at-large of China Daily. Contact the writer at edzhang@chinadaily.com.cn*

OVERVIEWS: SERGE ABOU

# Six years of joy, tears and growing together

Eleven years ago I accompanied my boss, the former president of the European Commission Romano Prodi, on an official visit to China. I had been appointed European Union ambassador to China but had yet to take up my post. However, this visit would illuminate my six years as ambassador until the end of 2010.

The emotion was inexpressible when for the first time, under a clear Beijing spring sky and in brilliant sunshine, I saw flying together on Tian'anmen Square and Changan Avenue the blue EU flag with its 12 yellow stars and the red flag of China with its five yellow stars.

It was a potent symbol: China's 1.3 billion people warmly welcoming 500 million Europeans. China was refining its ancient glory and radiance, and Europe was building unity, extending its wings and values to almost all the European continent, adopting a common currency and negotiating a constitutional treaty.

My main mission as ambassador would be to develop and reinforce China-EU relations, and in pursuing this I had four priorities: trade, investment, tourism and student exchanges. In all these areas considerable progress was made, but more importantly we got to know each other better.

I recall one day asking a Chinese leader: "Why do you invest so much in Africa and

so little in Europe, which is far more promising?" He replied: "Because Europe is still too complex for us with your social, environmental, energy and business laws and regulations." Today there is more Chinese investment in Europe than the other way round, which once again underlines the fact that China never stops learning.

The task I faced each day in China was to press on with improving collaboration, and I believe that when I was in the country, and since then, we have done a lot. In my time there were hundreds of visits of delegations from both sides, from the yearly summit of heads of state or government to ministers, commissioners, MPs and public servants.

However, for me the most salient events I shared with the Chinese people were ones that deeply symbolized our working together, such as the opening of the Airbus factory in Tianjin by then premier Wen Jiabao in 2009, a giant step for China in aeronautics; the opening ceremony of the new National Center for the Performing Arts in Beijing, built by a French architect, in 2007, which gave Beijing the status of a new world capital in music and art; and the joint opening by then president of the European Commission, Jose Manuel Barroso, and then vice-premier Li Keqiang of the EU-China Law School near Beijing in 2008.

There were, of course, more solemn

events, too. The saddest was the devastating earthquake in Sichuan province in May 2008. The mobilization of the Chinese people behind the People's Liberation Army to rescue victims as well as the outpouring of help from around the world, including the EU, provided a shaft of light in all the darkness. I will never forget the image of Wen, who, surveying the death and the destruction, was reduced to tears, but found the strength to motivate and encourage rescuers even when it meant putting their own lives in danger.

After that sadness there was the glory of the Olympics three months later: the beauty of the Bird's Nest, the main stadium; the originality of the Water Cube, for swimming and diving; the majesty of the opening ceremony in which Zhang Yimou brought to life the procession of China's contributions to human culture. There was perfection in the organization and enthusiasm from tens of thousands of spectators chanting, "Zhong guo jia you!" ("Go, China!"), and warm hospitality from the citizens of Beijing.

In 2010, the EU, for the first time in its history, took part in an international expo outside Europe, in Shanghai. The EU pavilion was modest compared to that of China. Nevertheless, I was amazed at how attractive it looked. More than six million visitors lined up for hours to see the origi-

nal copy of the Rome Treaty (the founding act of our union), the original European Cup and various items symbolizing day-to-day life in Europe.

These are the main images that come back to me today, but the most important thing for me was discovering the Chinese people.

I traveled widely in the country and probably visited more cities and provinces than most Chinese do in a lifetime, meeting local leaders, visiting universities and talking to local media. In this context, I may well have been inspired, because two of the people I called on were Xi Jinping, when he was Party chief of Zhejiang province, and Li Keqiang, when he was Party chief of Liaoning province.

The last images I shall leave you with are ones I was treated to when I was invited to the celebrations of the 60th anniversary of the People's Republic of China in 2009. Among all the regiments of the PLA that passed in front of us, there were two made up of women. Each of these soldiers had movie-star looks, and their marching was impeccable. Perhaps not surprisingly it was they who drew the loudest cheers and applause from the tens of thousands who gathered to watch.

*The author is former EU ambassador to China. The views do not necessarily reflect those of China Daily.*



## FTZ: Guangdong builds a vibrant future

## High-end services to propel Hengqin growth

Tourism, innovation, cultural industries to get additional focus in development plans

By YANG ZIMAN

in Zhuhai, Guangdong  
yangziman@chinadaily.com.cn

High-end services will be the main growth driver for Hengqin, an island close to Macao that has recently been designated as part of the China (Guangdong) Pilot Free Trade Zone, local government officials said.

"Hengqin's GDP is negligible compared with the GDP in Guangdong," said Niu Jing, director of the management commission of Hengqin. "Therefore, we are not going to focus on the manufacturing model that Guangdong has been following for decades. High value-added sectors such as high-end tourism, services, innovation and cultural industries figure prominently in our agenda."

This 106-square-kilometer island, three times the size of Macao, has transformed itself from a fishing village into a bridge connecting the Chinese mainland, Macao and Hong Kong after it was made into a new development zone in 2009.

By 2016, when the Guangdong-Hong Kong-Macao bridge is completed, Hengqin will become the only place that connects the Chinese mainland, Macao and Hong Kong.

More than 60 projects with a total investment of 240 billion yuan are being built on



The yacht industry is one of the major ways for Hengqin to develop high-end tourism. ZOU ZHONGPIN/CHINA DAILY

the island ranging from entertainment parks to health services, medical centers, filmmaking units and exhibition centers.

Most of the companies can also enjoy favorable policies, like a 15 percent income tax. The general business income tax rate in China is about 25 percent.

Located 200 meters away from Macao, Hengqin has attracted a lot of business from

the special administrative region. Individual Macao residents working in Hengqin can receive subsidies for their income tax. By the end of 2014, at least 213 companies from Macao had set up shops in Hengqin.

The traditional Chinese medicine industrial park in Hengqin is the first industrial park jointly built by Guangdong and Macao. Spread over 0.5 square kilometers, the

facility has received investment of 1.2 billion yuan till date. The park is jointly owned by Macao and Guangdong, with 51 percent of the shares for Macao and 49 percent for Guangdong.

After the return of Macao in 1999, research institutes for traditional Chinese medicine were set up in both Macao University and Macao University of Science and Technology. The long-term goal of the park

is to build a hub for health products, medical services, technology application, and logistics of traditional Chinese medicine.

A high-end international standard hospital will be built in Hengqin under the collaboration of Guangdong Traditional Chinese Medicine Hospital and Massachusetts General Hospital, a leading hospital from the United States. The hospital will be

the first overseas hospital established by MGH and the first hospital jointly built by a global hospital and a TCM facility.

The two hospitals signed a framework agreement last year to bring top-notch medical facilities to people in Guangdong. Advanced technology, equipment and talent will be introduced to China from the United States.

"Tourists and local residents

213

the number of Macao companies that had set up shops in Hengqin by the end of 2014

in Guangdong can enjoy high-standard medical services," said Niu Jing, director of the management commission of Hengqin.

Hengqin is also focusing on innovative cultural industries. Hong Kong-based Lai Sun Group invested in the construction of a cultural industry compound with a floor area of 1.46 million square meters and total investment of around 18 billion yuan. The center will house cultural companies in entertainment, movie post production, video game and theater, art auction houses and hotels.

Huafa Group, a State-owned enterprise, is constructing an exhibition center on the island that covers 269,000 square meters, which will host international automobile companies, yacht builders, printing supply enterprises and so on. Around 100 conferences are preparing to make the exhibition center the permanent venue, many of which are of large size with more than 1,000 participants.

Hengqin has also established a mechanism for young entrepreneurs aging from 18 to 45 from Macao. It offers office space at lower-than-market prices to prospective entrepreneurs in the designated area for startup companies covering 140,000 square meters.

## Zhuhai taking green strides with tunnel project

By KANG BING

and LI WENFANG  
in Zhuhai, Guangdong

While people living in older city areas are often irked by the frequent digging up of roads for underground pipe and cable maintenance, those in Hengqin New Area are free of this trouble, as all the utility facilities are placed in a large underground tunnel.

The 33.4 kilometer comprehensive utility tunnel, one of the largest in the country, houses electricity and telecommunications cables, and pipes for water supply, reclaimed water, air cooling and vacuum garbage transport.

About three meters high and five meters wide, the tunnel has room for more pipes and cables as public services expand, said Yan Lisheng, an engineer of Zhuhai Da Hengqi Urban Public Resources Management Co.

Though the investment for the tunnel sounds high, 2 billion yuan (\$321.97 million), the project helps save 40 hectares of land, or 56 football fields, which can be used for greater economic gains, Yan said. The cost is exceptionally high due to the soft roadbed on the island.

A monitoring room with multiple screens is located above the tunnel. The tunnel makes it easier to maintain the pipes and cables and helps extend their life span, saving the spending by pipe owners in building underground facilities by themselves.

"The project is an example of the goal of Zhuhai government to build Hengqin into an ecological-friendly island," Yan said.

The world's first such tunnel appeared in Paris in 1833 and the first in China extended under the Tiananmen Square in 1958.

At least 10 cities, including Shanghai, Shenzhen and Chengdu, have built such utility tunnels, which total 10 km or 20 km and no more than 100 km in each city, said Li Hongyu, a researcher with the Institute for Urban and Environmental Studies of the Chinese Academy of Social Sciences.

The country remains in the preliminary stage in this respect, with some of the tunnels built being used and some not planned well. Future investment into this sector will be huge, Li said.

Such utility tunnels are an important part of urban modernization and a surge in such construction is expected in large cities in the future, Huang Shunjiang, Li's colleague, said.

That construction will also need huge amounts of capital, which is estimated by certain institutions to be about 400 billion to 500 billion yuan. It will help expand domestic demand, Huang said.

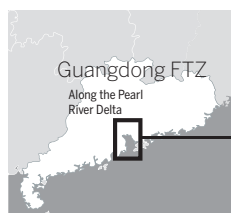
The Ministry of Housing and Urban-Rural Development organized a training session in Zhuhai last month for some provincial and city government officials on the planning and construction of such tunnels.

They can be deployed in all new urban areas and built in old city areas according to the actual situation, Minister of Housing and Urban-Rural Development Chen Zhenggao told the training session.

There has been criticism from the public that local governments have placed emphasis on the buildings above the ground but not as much on the facilities underground, which sometimes disrupt life and lead to serious accidents.

The national plan for new-type urbanization for 2014-2020 required that such tunnels be constructed under new roads, new city

## The location of Hengqin



## Dawn of a new trade era

## Hengqin area of the Guangdong FTZ:

**Total area:** 106.46 square kilometers  
**Total development area:** 28 sq km  
**Sub-areas:**  
**The area adjacent to Macao:** 6.09 sq km  
**Leisure activity area:** 10.99 sq km  
**Creative cultural area:** 1.47 sq km  
**Technology R&D area:** 1.78 sq km  
**High-tech area:** 7.76 sq km

## Infrastructure investment in the past five years since the green light from the central government in 2009: 13.6 billion yuan

## Population

**2009:** 7,000  
**2020:** 280,000 residents (estimated), with a significant proportion being residents from Hong Kong and Macao

areas and various parks.

The State Council issued last year a guideline for strengthening the construction and management of such tunnels, with 36 cities to be included in a trial and to receive subsidies from the central government.

"Sewage pipes and underground pipe networks reflect the competitiveness of a city and the responsibility of the city administrators," Chen said.

The tunnel in Hengqin was financed by State-owned Zhuhai Da Hengqi Investment Co., which is responsible for infrastructure construction in the area, and is managed by its subsidiary Zhuhai Da Hengqi Urban Public Resources Management Co.

Owners of the pipes and cables pay for the tunnel service and financial leasing may be introduced in the future for better financial management, said Niu Jing, director of the administrative committee of Hengqin New Area.

The draft regulation on the protection and management of the tunnel in Hengqin for public opinion has been completed. The tunnel operator worked with the Ministry of Housing and Urban-Rural Development in drafting a guideline for the operation and maintenance of such tunnels.

The engineering and technological standards will be released this month, Chen said.

Technical standards are important because different pipes and cables need different underground environment. The tunnels need to be equipped with a pre-warning system and properly monitored and maintained since gas, water and electricity facilities may potentially cause accidents, Li Hongyu said.

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## Deepwater base to burnish port's high-tech credentials

By LI WENFANG

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By the end of this year, the second phase of the CNOOC Zhuhai Deepwater Engineering Base is expected to be finished. By 2018, the base will be fully built, with an annual capacity of 230,000 metric tons.

It is the first deepwater engineering base in China and one of the world's largest, with total investment of 10.1 billion yuan (\$1.63 billion), according to the company.

The first phase was completed in November last year.

Located in the Gaolan Port Economic Zone in Zhuhai, the base makes facilities for deepwater exploration of oil and natural gas, such as floating production storage and offloading equipment, deepwater floating platforms, semi-submersible drilling platforms and semi-submersible drilling vessels.

The production of offshore engineering equipment is shifting to China, and the base wants to add value through research and development.

The Gaolan zone also houses a base built by Sany Group Co Ltd, one of the country's largest heavy machinery manufacturers, for producing port and marine engineering facilities. There is also one built by Jutal Offshore Oil Services Ltd for making oil and gas facilities.

Marine engineering equipment manufacturing generated more than 13 percent of the output of the Gaolan zone last year, according to the zone's administration. Also last year, there were 15 new or expanded projects in that sector in the zone involving total investment of 9.9 billion yuan.

A national quality inspection and testing center for vessels and offshore engineering equipment materials is expected to open in the

zone later this year.

The zone's administration has identified equipment manufacturing as an engine of economic growth, and it aims to become a leader in this industry. More broadly, Zhuhai has ambitions to develop advanced manufacturing, which includes the production of aircraft, yachts, electric vehicles and light-rail cars.

“Equipment manufacturing will facilitate the economic upgrading of Zhuhai...”

Chen Guanghan, director of the Center for Studies of Hong Kong, Macao and the Pearl River Delta at Sun Yat-sen University

Compared with cities along the east bank of the Pearl River, Zhuhai recorded more moderate economic growth, which reflects the fact that it is further away from Hong Kong, said Wang Yanshi, deputy Party chief of the city.

Designated as a core city along the west bank of the Pearl River, the city's rise is gathering pace and Zhuhai enjoys some advantages from its relatively late development, such as tougher limits on low-end industries, he said.

The city draws support from the agreement on developing advanced equipment manufacturing along the west bank of Pearl River, which was signed last August between Guangdong's provincial government and the Ministry of Industry and Information Technology. The program covers Zhuhai, Foshan, Zhongshan and Yangjiang.

Zhuhai has released a blueprint for advanced equipment manufacturing, which set a goal of output from the sector at 190 billion yuan this year and 300 billion yuan in 2017.

The port gives Zhuhai an advantage in developing the equipment manufacturing industry, with a large industrial park already in place around Gaolan port, said Chen Guanghan, director of the Center for Studies of Hong Kong, Macao and the Pearl River Delta at Sun Yat-sen University.

The manufacturing of aircraft, vessels and offshore engineering equipment has shown robust momentum, he noted.

"Equipment manufacturing will facilitate the economic upgrading of Zhuhai and help raise the city's economic profile in the region," he said.

Chen suggested that Zhuhai enhance its core competitiveness in this industry by attracting research and development organizations and developing a platform for supporting innovation.

Sunbird Yacht Co runs facilities in a yacht manufacturing park in Gaolan zone, which has 18 yacht production companies and 30 component suppliers.

The company last year sold a 112-foot yacht to a client in Dubai, said Ding Liqiang, who works in the marketing department of the company.

The only listed yacht company in China, Sunbird registered output of more than 100 million yuan at the facilities in the park last year. It expects yacht sales in China to rise as consumers' wealth grows and they become more aware of the sport.

Italian luxury yacht manufacturer Ferretti Group SpA, which was acquired by Shandong Heavy Industry Group Co in 2012, signed an agreement last year to set up manufacturing facilities in the yacht park.