Quarterly Chronicle and Documentation

(July–September 2010)

Sources

The principal sources of information on which this chronicle is based are British Broadcasting Corporation, *Monitoring Global News line – Asia-Pacific Political* and British Broadcasting Corporation, *Monitoring Global News line – Asia-Pacific Economic*. These sources, now only available electronically, do not have reference numbers and are only identifiable by date of publication of material. The inclusion of each of these dates would unnecessarily clutter the text and such dates have therefore been omitted, except, at many points, for the original sources from which the BBC reports themselves are taken.

Abbreviations

XHNA	Xinhua (New China) News Agency
CNA	Central News Agency (Taipei)
RTHK	Radio-Television Hong Kong
ZTS	Zhongguo tongxun she (China Reporting Agency), Hong Kong
ZXS	Zhongguo xinwen she (China News Agency), Beijing
RMRB	*Renmin ribao (People's Daily)*
SCMP	*South China Morning Post*
KCNA	Korean Central News Agency

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1. Internal Developments

a *The 16th Session of the 11th National People's Congress Standing Committee*

The 16th session of the 11th National People's Congress (NPC) Standing Committee was held in Beijing from 23 to 28 August. The meeting passed amendments to the People's Mediation Law (full text of the revised law in XHNA, 28 Aug.) and to the Reserve Officers' Law. It voted through the Decision of the NPC Standing Committee on Approving the Bill to Amend Annex I of the Basic Law of the Hong Kong Special Administrative Region (HKSAR) (on the method for the selection of the Chief Executive), and approved the amendment bill. It voted on a report by the NPC Law Committee on the opinions about the deliberation of the Draft Amendment to Annex II of the Basic Law of the HKSAR: Method for the Formation of the Legislative Council of the Hong Kong Special Administrative Region and Its Voting Procedures. The meeting agreed to put the draft amendment on record, and it would be promulgated in the form of a public notice. It ratified the "International Convention for the Suppression of Acts of Nuclear Terrorism." It approved the report of the Credential Committee on the credentials of a number of deputies to the NPC and made a number of appointments and dismissals. Wu Bangguo, Chairman of the NPC Standing Committee, presided over the closing session and made a formal speech summing up the work of the session and the achievements of the NPC in the first half of the year. He noted that attention would now be turning to the drafting of the 12th Five-Year Programme. They had already identified 14 special topics and set up special committees to examine them over the last four months. This had been very useful preparation for the Programme (XHNA, 28 Aug.).

During the session the Standing Committee also discussed draft laws on the application of laws to civil relationships involving foreign interests, draft amendments to the Criminal Law (including dropping the death penalty for some economic crimes, reducing the number of crimes attracting the death penalty from 68 to 55, and introducing tougher provisions on trafficking in human organs), the draft law on intangible cultural heritage, draft revisions of the soil and water conservation law, and amendments to the Law on Deputies to the NPC. The session also discussed reports on the implementation of the national economic and social development, the budget and other subjects (XHNA, 16 Aug.). The amendments to the Criminal Law also contained proposals to protect workers' rights with heavier penalties for those convicted of forcing others to labour through violence, coercion or the restriction of personal freedom, and provisions to penalize employers who deliberately defaulted on wage payments (XHNA, 23 Aug.).

b *Party and Political Affairs*

The Politburo met on 28 September to discuss its work over the past year to examine the proposal for formulating the 12th Five-Year Programme. It decided that the Fifth Plenum of the Central Committee would be held in Beijing from 15

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to 18 October, and to submit the proposal on the Five-Year Programme to the Plenum after making a number of revisions based on discussion at the meeting (XHNA, 28 Sept.).

On 22 July, it was reported that the next Party Plenum, to be held in October, would discuss the formulation of the 12th Five-Year Programme. The announcement was made after a regular Politburo meeting. A statement said that: "[t]he coming five years will be a key period to build a moderately prosperous society in all respects and a period to tackle thorny problems in deepening reform and opening-up and accelerate the transformation of economic development pattern." The meeting discussed the economy in some depth and noted that "[i]n formulating the 12th Five-Year Programme, there is a need to hold high the great banner of socialism with Chinese characteristics, uphold Deng Xiaoping Theory and the important thinking of the "three represents" as guidance, adhere to the scientific development concept, speed up the transformation of the economic development mode, continuously deepen reform and opening up, earnestly ensure and improve the people's livelihood, secure and expand the results of tackling the international financial crisis, promote long-term, stable and relatively fast economic development, and lay a basis of decisive significance for building a well-off society in an all-round way." The meeting noted the success that China had achieved in coping with the international financial and economic crisis and held that for the rest of the year China should

> handle well the relations between maintaining stable and relatively fast economic development, adjusting the economic structure, and exercising management over inflation forecast, take these as the core of macroeconomic regulation and control, continue to implement the proactive financial policy and an appropriately loose monetary policy, maintain the continuity and stability of the macroeconomic policy, improve the target aiming and flexibility of macroeconomic regulation and control, strive to promote stable and relatively fast economic development (XHNA, 22 July).

The Politburo met again on 23 July for its 22nd collective study session, and General Secretary Hu Jintao expounded on the need to reform the cultural system in China in order to boost its "soft power." He listed a number of key tasks: accelerating reform and innovation in the cultural system; building a public network providing cultural services; and building up cultural and creative industries for "the enhancement of the guidance of production of cultural products so as to meet the needs of the public." He said that culture is an important source of national cohesion and creativity, an important factor in the competition for comprehensive national power, and an important supporting pillar for economic and social development (XHNA, 23 July).

China issued a new anti-corruption regulation on 11 July requiring all officials at or above county level to report changes in their marital status, the whereabouts of their spouses and children if they have moved abroad, personal incomes, housing and their family's investments. It also required them to report their ownership

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of passports or visas, and their children's marital status if they are married to foreigners or residents of Hong Kong, Macau or Taiwan (XHNA, 11 July).

There were a number of new senior appointments at provincial level, mainly reflecting the standard processes of retirement at the age of 65 for senior leaders and their replacement by younger officials. Zhang Yi was appointed Party Secretary of Ningxia Hui Autonomous Region on 24 July, replacing Chen Jianguo, who had passed the 65 age limit for senior officials. Zhang Yi was born in 1950 and had served in the Party Committees of Heilongjiang and Hebei, and had been a Deputy Secretary of the Central Discipline Inspection Commission before his transfer (XHNA, 24 July). Liu Weiping was appointed acting Governor of Gansu on 29 July following the resignation of the previous governor Xu Shousheng, who was transferred to Hunan. Liu had been a Deputy Secretary of the Provincial Party Committee previously. He was born in 1953 and joined the Party in 1974. He had earlier served as a Vice Governor and Deputy Secretary of Qinghai from 2001 to 2006 when he was transferred to Gansu (XHNA, 29 July). Li Zhanshu was appointed Party Secretary of Guizhou province on 21 August, replacing Shi Zongyuan. Li was born in 1950 and had been Governor of Heilongjiang before his transfer (XHNA, 21 Aug.). Following Li's transfer, Wang Xiankui was appointed acting Governor of Heilongjiang on 27 August. Wang was born in 1952 and joined the Party in 1974. He was a Deputy Party Secretary in Gansu from 2003 to 2006 and then a Deputy Party Secretary in Jiangxi (XHNA, 27 Aug.). Zhao Kezhi was appointed acting Governor of Guizhou on 30 August. He had previously served as a Deputy Party Secretary of Jiangsu (XHNA, 30 Aug.). An article in the Hong Kong *Ta Kung Pao* on 28 July noted that there had been a significant reshuffle of personnel in nine provinces recently, mainly affecting Party posts and in particular the Organization Departments. The provinces involved were Shandong, Guangdong, Guangxi, Hubei, Henan, Gansu, Zhejiang, Tibet and Ningxia. The article noted that a number of the newly appointed officials were born after 1960, showing a new cohort rising to power (*Ta Kung Pao* website, 28 July).

A number of central government appointments were announced on 18 August. These included the appointment of Gao Hucheng as International Trade Representative under the Ministry of Commerce, Wang Chao as Vice Minister of Commerce, and Chen Qiufa as Head of the China National Space Administration. Ma Xiuhong was removed as Vice Minister of Commerce (XHNA, 18 Aug.).

Several more senior figures were put on trial or arrested for corruption as China's drive against corrupt officials continued. The Supreme People's Procuratorate announced that it had recovered a total of 31.26 billion yuan from 2005 to May 2010, and had investigated 13,192 officials at country level or above. Wen Qiang, former Director of the Judicial Bureau of Chongqing Municipality, was executed on 7 July for corruption and other crimes. He had been one of the most senior targets of Bo Xilai's campaign against corruption in Chongqing (XHNA, 7 July). In Xi'an, former Assistant Minister of Public

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Security Zheng Shaodong was put on trial for accepting bribes and abusing his position (XHNA, 7 July). He was sentenced to death suspended for two years on 24 August (XHNA, 24 Aug.). Wang Huayuan, former Secretary of the Discipline Inspection Commissions of Zhejiang and Guangdong, was tried in Shandong in July for taking bribes and possessing unexplained assets (XHNA, 14 July). He was given a death sentence, suspended for two years on 9 September (XHNA, 9 Sept.). Chen Shaoji, formerly Head of Guangdong Provincial Public Security Bureau and Chairman of the Provincial People's Political Consultative Conference, was sentenced to death, suspended for two years, on 23 July in the Chongqing Intermediate Court. He was found guilty of accepting bribes worth 30 million yuan between 1992 and 2009 (XHNA, 23 July). The Mayor of Shenzhen, Xu Zongheng, was removed from his post and dismissed from the Party for taking bribes in "severe violation of discipline and the law" (XHNA, 18 Aug.).

Much interest was generated by Premier Wen Jiabao's remarks in Shenzhen on 21 August when he appeared to be advocating substantial political reform. He was visiting Shenzhen in connection with the 30th anniversary of the establishment of the Special Economic Zone. In a long speech that praised the innovatory work that had been done in Shenzhen and the success of the policy of reform and opening up, Wen said:

> [t]he basic system of socialism of our country has tremendous advantages, but various mechanisms and structures are not yet sound enough. Only by continuously emancipating the mind, advancing with the time, and comprehensively pushing forward reform in a sustained manner will it be possible to build sound and mature socialism with Chinese characteristics. It is necessary to push forward the reform of the economic structure and it is also necessary to push forward the reform of the political structure. Without the guarantee of the reform of the political structure, the achievements made in the reform of the economic structure will be lost and it will be impossible to realize the goal of modernization. It is necessary to protect the people's democratic rights and interests and their legitimate rights and interests; it is necessary to most extensively mobilize and organize the people to manage state affairs and economic, social and cultural affairs according to law; it is necessary to resolve the issue of the excessive concentration of unrestrained power, create conditions for the people to criticize and supervise the government and resolutely punish corruption; it is necessary to build a society with fairness and justice and it is especially necessary to ensure judicial justice, pay attention to protecting and helping the easily vulnerable groups, and enable the people to live with a sense of security and to have confidence in the development of the country (XHNA, 21 Aug.).

President Hu Jintao also visited Shenzhen and himself gave a speech on the example Shenzhen had set and its achievements (full text in XHNA, 7 Sept.). He took a much more cautious and mainstream line on political reform:

> they (the Special Economic Zones) should continue to deepen reform and opening up and strive to provide an institutional guarantee and a source of driving force for pushing forward scientific development. They should unswervingly deepen reform, make more scientific policy decisions on reform, take more co-ordinated measures for reform,

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comprehensively push forward the reform of the economic structure, political structure, cultural structure and social structure, and strive to make breakthroughs in important fields and crucial links …. They should adhere to the road of the political development of socialism with Chinese characteristics, strengthen the building of the socialist political civilization, continuously push forward the self-improvement and development of the socialist political system, ensure that the people are masters of the country, strengthen the vitality of the party and the state, and arouse the people's enthusiasm. They should expand socialist democracy, speed up the building of a socialist country with the rule of law, practice democratic election, make policy decisions democratically, carry out management democratically, and carry out supervision democratically according to law, and protect the people's right to know, right to participate, right to air their views and right to supervise.

A mainland dissident, Yu Jie, published a book said to be highly critical of Premier Wen Jiabao in Hong Kong. Its title was *China's Best Actor: Wen Jiabao*. In a radio interview in Hong Kong he said: "I think China is at a critical turning point. To put it in the words of historian Tang Degang, China is like a boat coming out through the Three Gorges. It's at a dangerous historical junction. If Wen were a real great political leader, with the vision and guts of a great political leader, he would try at this critical historical moment to move political reform forward. But he isn't and he didn't." Prior to publication he was reportedly detained by police for some hours and advised against proceeding with the book (RTHK Radio 3, 16 Aug.).

c *Military Affairs*

Hong Kong media reported that China had carried out military exercises in the East China Sea and the Yellow Sea in what was seen as a response to US–South Korea exercises. The PLA held live ammunition exercises in the East China Sea from 30 June to 5 July, within fishery zones forming part of China's EEZ. A Ministry of Defence official stated that the exercises had nothing at all to do with the forthcoming US–South Korea exercises in the Yellow Sea in which it was suggested that the carrier George Washington might take part. The Foreign Ministry had expressed "serious concern" over these reports (XHNA, 30 June). The Chinese Navy announced that it would be conducting live firing exercises in the Yellow Sea from 1 to 4 September, which it described as annual routine training (XHNA, 29 Aug.). The Yellow Sea exercise was held on 17 and 18 July and was a drill to ensure support for troop despatch and weapons transport at sea off Yantai in Shandong (*Ta Kung Pao* website, 20 July). An exercise involving the testing of new type of long distance multi-launch rocket was reported to have taken place in the Yellow Sea area on 27 July, and another one involving rocket tubes, satellite communication vehicles and other equipment was held near a port in Shandong (*SCMP*, 28 July). Large-scale air defence exercises were held in Shandong and Henan from 3 to 7 August under the Jinan Military Region, involving over 10,000 troops (ZXS, 3 Aug.). The Chinese Navy announced that it would be conducting live firing exercises in the Yellow

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Sea from 1 to 4 September, which it described as annual routine training (XHNA, 29 Aug.).

These exercises were held in the shadow of growing tensions between the United States and China related to their uneasiness over each other's military activities and posture. A feature of this was an increasing number of public remarks that were critical of the US, made by serving officers. Rear Admiral Yang Yi of the National Defence University was interviewed by ZXS on 2 August about relations with the US. He said that the development of relations depended in part on the need to deal with the maritime "security predicament." The Chinese government had been very concerned about the reports that the USS George Washington would join exercises in the Yellow Sea, and the subsequent deployment in the Sea of Japan had not fully calmed things down. He said that the main responsibility for improving matters lay with the United States. It should abandon its traditional Cold War mentality and not see China's naval development as a challenge or a threat. China's military forces would develop and grow and must go out to the ocean. But all the time China would persist in peaceful development and would not be seeking hegemony by sea or elsewhere. It was necessary to build good strategic communication, to avoid increasing strategic mistrust, dispel misunderstandings and avoid strategic misjudgements (ZXS, 2 Aug.). In a similar vein Major General Luo Yuan was interviewed in ZXS on the subject of the US naval manoeuvres with Vietnam involving the USS George Washington. He claimed that the US was holding to its Cold War mentality and wanted to muddy the waters on the South China Sea issue and incite other countries to stand up to China. On the question of maritime rights he said:

> If the United States observes the United Nations Convention on the Law of the Sea, its ships are allowed 'innocent' passage through this area. There is no "lack of freedom of navigation" at all. However, if its ships make "harmful passage" or carry out reconnaissance or provocative acts against other countries, relevant countries naturally have the right to deny them freedom of movement.

He concluded that

> China advocates a rational and prudent approach towards handling differences through peaceful and friendly means because of its need to maintain stable economic development. But if the US is bent on continuing its provocative acts and encroaches on China's core interests, China will have no choice but to join the fray and fight to the end to resolutely defend its sovereignty and dignity (ZXS, 13 Aug.).

The Hong Kong press reported a significant reshuffle involving over 20 senior military officers in July. There were a number of promotions and changes within the Central Guards Bureau; there were also considerable changes within the People's Armed Police at various levels. Other changes mainly affected officers working in the political departments at military region and military district level, including the promotion of Major General Du Hengyan from Deputy Political Commissar to Political Commissar of Jinan Military Region following the retirement of his predecessor. There were no obvious political patterns to

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the reshuffles (*Ta Kung Pao* website, 17 July). On 19 July the promotion of 11 officers to the rank of full General was revealed. These included the Commanders of Beijing, Lanzhou, Nanjing and Chengdu Military Regions (XHNA, 19 July). A further promotion of 21 officers to the rank of Lieutenant General was announced in late July. Analysis in the Hong Kong press noted that they had all been born after 1950, and included the youngest-ever officer at this rank (Zhang Yulin, President of the University of National Defence Science and Technology) and the first female officer of this rank (Xu Lili, Vice President of the Academy of Military Sciences). The analysis also noted that many of them had impressive professional qualifications (*Ta Kung Pao* website, 9 Aug.).

The Japanese news agency, Kyodo, quoted an internal report of the PLA that defence spending in 2010 was likely to reach 788.0 billion yuan (1.5 times higher than the figures given in the budget). Military spending was expected to double by 2020 and triple by 2030 (Kyodo News Agency, 8 July). The Ministry of Defence spokesman said on 30 July that China's defence spending had always been at a reasonable level and was only about 1.4 per cent of GDP, which was considerably lower than many other countries (XHNA, 30 July).

d *Economic Affairs*

It was reported that China had overtaken Japan to become the world's second largest economy in terms of overall GDP. Yi Gang, a Deputy Governor of the People's Bank of China, made the announcement in an interview on 30 July, but took pains to point out that it was something that was very much expected, and although it was true in gross terms, in per-capita terms China was still far behind many countries. "China is still a developing country, and we should be wise enough to know ourselves" (XHNA, 3 Aug.). The National Bureau of Statistics revised its figure for China's GDP in 2009 from 8.7 per cent to 9.1 per cent on 2 July, with the overall GDP reaching 34.0507 trillion yuan (US $5.296 trillion) (XHNA, 2 July).

The Chinese growth rate slowed somewhat in the second quarter, growing at 10.3 per cent compared to 11.9 per cent in the previous quarter. The National Bureau of Statistics spokeswoman said that this had been expected and would help speed up the transformation of the economic growth pattern and prevent overheating. Inflation was down in June with the Consumer Price Index rising at 2.9 per cent compared with 3.1 per cent the previous month. The Producer Price Index was similarly down rising 6.4 per cent in June compared to 7.1 per cent in May. Industrial value added output rose by 13.7 per cent, again down from the previous month. Retail sales also slowed, down to a growth of 18.3 per cent, from 18.7 per cent the previous month (XHNA, 15 July). The People's Bank of China announced that China's foreign exchange reserves had reached US$2.4543 trillion by the end of June 2010 (up 15.1 per cent from the previous year). The increase in reserves had slowed dramatically from the last

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quarter of 2009, partly because of the decline in the Euro against the US dollar. China's gold reserves were 33.89 million ounces (XHNA, 11 July). Premier Wen Jiabao, in his press conference with Angela Merkel, described the slowdown as being the result of active government regulation and control. He said that the government would be looking for the maintenance of stability in policy in the second half of the year, and added that "efforts will be made to balance continued steady and fast growth with the restructuring of the economy and the management of inflation expectations" (XHNA, 16 July). China's unemployment rate was 4.2 per cent at the end of June, unchanged over the previous three months. China claimed to have created 6.38 million new jobs in urban areas in the first six months against a target for the year of nine million, and an overall target of an unemployment rate below 4.6 per cent for the year (XHNA, 23 July). Premier Wen Jiabao repeated the essentials of China's policy prescription for its economic development in a speech to the Summer Davos forum in Tianjin (text in XHNA, 13 Sept.). He said that China would focus its efforts in the following areas:

a) we will pursue balanced growth of domestic and external demand and establish a long-term mechanism to expand domestic demand, consumer demand in particular;

b) we will spur economic development through innovation and promote scientific and technological advances and upgrading of the industrial structure;

c) we will continue to conserve resources and protect the environment, and raise the efficiency in resources utilization and capacity in tacking climate change;

d) we will strike a balance between economic and social development and strive to ensure and improve people's livelihood and promote social equity and justice;

e) we will deepen reform and increase the dynamism and vitality for sustainable development.

The Central Committee and the State Council held a join meeting on developing the western regions of China on 5 and 6 July. It was attended by all the members of the Politburo Standing Committee, and both Hu Jintao and Wen Jiabao delivered speeches. The meeting marked the tenth anniversary of the launching of the project to open up the west and looked forward to the next ten years. President Hu described the next decade as "a crucial period in building a well-off society in an all-round way and are also a crucial period of inheriting the past and ushering in the future in pushing forward at a deeper level the general development of the western region." Hu praised the considerable achievement made in the past ten years but noted that "the gap between the level of development of the western region and the central and eastern regions is still very great and the western region remains the difficult point and key point in building a well-off society in an all-round way in our country." He said that over the next ten years:

the general goal of the in-depth implementation of the strategy of the general development of the western region is: develop the comprehensive economic strength of the western region to a much higher level, further improve the infrastructure, basically form a modern industrial system, and complete building the region into an important national energy base, a resources deep processing base, an equipment manufacturing base and a strategic

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emerging industries base; raise to a much higher level, and greatly improve the quality of, the people's living standard and considerably narrow the gap between the capability to provide public services of the western region and that of the eastern region; and raise the level of ecological environment protection to a much higher level and curb the tendency of the deterioration of the ecological environment (XHNA, 6 July).

The IEA issued a report in July that said that China had overtaken the US to become the greatest energy consumer in the world: consuming 2.252 billion tonnes of oil equivalent in 2009 (compared to the US at 2.17 billion tonnes). This provoked indignant responses from Chinese energy officials who disputed the assertion claiming that the figures were unreliable and that China's energy usage was really only 2.132 billion tonnes oil equivalent. The officials noted that the IEA lacked understanding of China's "relentless" efforts to cut energy use and emissions, and that China had outpaced the US in new energy expansion. (XHNA, 20 July). A further corrective was issued by the National Energy Administration and the National Bureau of Statistics which compared China's figures (slightly revised to 2.146 billion tonnes oil equivalent) to higher US figures from the US Energy Information Administration which put US consumption at 2.382 billion tonnes oil equivalent. They added that China's per capita energy consumption was just one fifth that of the US (XHNA, 11 Aug.). Wang Zhenhua, Vice Minister of the National Development and Reform Commission, said on 29 September that China would probably reach its goal of improving energy efficiency by 20 per cent from 2006 to 2010. Between 2006 and 2009 small thermal power plants with a capacity of 60 million kilowatts, and inefficient production capacity of 87.12 million tonnes of steel, 60.38 million tonnes of iron and 214 million tonnes of cement had been phased out (XHNA, 29 Sept.).

The Ministry of Agriculture announced on 16 July that China expected to produce 115 billion kilos of wheat this year, against an estimated domestic consumption of 105 billion kilos. The report noted that wheat prices had now stabilized as a result of the newly harvested wheat meeting demand (XHNA, 16 July). On 28 July the National Development and Reform Commission ordered local authorities to prevent hoarding and price speculation in grain markets. Some businesses had been buying large amounts of grain then bidding up grain prices following poor weather in some regions (XHNA, 28 July). The Ministry of Agriculture called for increased efforts to ensure a good autumn grain harvest, which makes up about 70 per cent of the annual harvest. The area planted to grain was estimated to have reached 76 million hectares (up 871,000 from the previous year). Summer grain harvest had fallen slightly from 2009 to 123.1 million tonnes (the first fall in seven years) (XHNA, 13 Aug.). The State Council weekly Executive Meeting of 11 August discussed measures for helping the late rice and autumn grain harvests (XHNA, 11 Aug.). The following week it discussed the expansion of vegetable production and supply in the light of an increasingly serious food supply situation in some major cities. Because of severe floods across China, vegetable prices rose 22.3 per cent in July from a year earlier,

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grain prices were up 11.8 per cent while poultry product prices rose 4.1 per cent (XHNA, 18 Aug.).

It was reported that housing prices in China's major cities rose by 10.3 per cent year on year in July, a decrease from 11.4 per cent the previous month. This was the third consecutive month that prices had risen at a slower pace, following a series of government measures to curb speculation and rein in prices (XHNA, 10 Aug.). Zhang Ping, Director of the National Economic Development and Reform Commission, said on 26 August that the regulation of the property market remained a daunting task despite some initial progress made in cooling prices. In the rest of the year the government would: "stabilize property market regulating policies, further implement the measures meant to curb excessive gains in housing prices, and resolutely restrain speculative property investment" (XHNA, 26 Aug.). On 29 September, the government announced that China would suspend bank loans for third-home purchases in the near future, and that pilot programmes for property taxes would be stepped up as part of measures to control house prices. First-time buyers would have to make a down payment of at least 30 per cent of the purchase price (XHNA, 29 Sept.). The Ministry of Finance said that the introduction of a property tax was necessary to ensure a healthy property market. Pilot programmes would be introduced in certain cities and then rolled out across the country (XHNA, 30 Sept.).

New figures for China's population were released on 3 July. The Director of the National Population and Family Planning Commission said that the population would reach 1.39 billion in 2015, with over 200 million aged over 60. The urban population would exceed the rural population and reach 700 million. In the same period, the ratio of the working age population would peak and then begin to decline slowly, and the dependency ratio would rise for the first time in 40 years (XHNA, 3 July). On 13 July, the National Committee on Ageing released figures to show that the aged population (those over 60) had increased to 167.14 million, 12.5 per cent of the total population (the increase of half a percentage point was the largest increase recorded). An official was quoted as saying this represented an enormous challenge to China: "The economy, the retirement system and services for the elderly are still too weak to handle the challenge" (XHNA, 13 July). China issued a White Paper on Human Resources on 10 September which described the country's human resources situation, related laws and regulations, and the protection of workers' rights and interests (full text in XHNA, 10 Sept.).

Heavy rains fell in early July causing considerable flood damage and persisted through into August. As of 14 July, 118 people had been reported killed and 47 missing in ten provinces in central and southern China. Floods were reported to have affected 32.3 million people and led to losses of 22.2 billion yuan with 101,000 houses and 252,800 hectares of crops destroyed. President Hu Jintao and Premier Wen Jiabao were reported to have taken a personal interest in the floods and ordered local governments to ensure the safety of the public and to minimize property losses (XHNA, 14 July). Water levels were predicted to rise

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in Yangtze River in mid-July as water flows in the upper reaches well exceeded those in the disastrous floods of 1998 (XHNA, 19 July). Heavy rains were reported in the Northeast as well and by 23 July the Ministry of Civil Affairs reported that floods this year in 28 different provinces had led to 742 deaths and 367 missing. Altogether 120 million people had been affected and 7.6 million hectares of crops had been destroyed, along with 670,000 houses, resulting in losses of 152.4 billion yuan (XHNA, 23 July). The Three Gorges Dam was reported to have kept the situation stable in the lower reaches of the river as the first high level passed (XHNA, 20 July). Premier Wen Jiabao toured Hubei province at a "crucial stage" of the preparations as water levels in the upper reaches of the Yangtze were the highest since 1987, and those in the middle and lower reaches were above warning levels for the first time since 2003. He attended a meeting in Wuhan to take reports on the work of controlling and combating floods along the Yangtze (XHNA, 24 July). The second peak flow reached through the Three Gorges on 28 July. Water levels in the reservoir rose to 158 metres (maximum capacity 175 metres) (XHNA, 28 July). Heavy rains continued especially in northeast China where Jilin province was badly affected. By 4 August, the number of deaths had risen to 1,072 with 619 missing, and altogether 140 million people had been affected with direct economic losses of around 210 billion yuan, 1.1 million homes destroyed and 9.72 million hectares of farmland damaged. Premier Wen went to the Northeast on 3 and 4 August to inspect flood control work, where 74 people had died in floods since 20 July (XHNA, 4 Aug.).

On 7 August torrential rains caused a huge mudslide in Zhouqu County, of Gannan Tibetan Prefecture in Gansu. Three villages were wiped out and about a third of the county affected. Premier Wen travelled to the scene to direct emergency operations and both he and President Hu were reported to have issued explicit instructions on dealing the disaster. By 10 August, it was reported that 702 people had been killed and over 1,000 were still missing. The Politburo met on 10 August, chaired by Hu Jintao, to make arrangements for rescue and disaster relief (XHNA, 10 Aug.). A massive emergency operation was mounted, and Guo Boxiong, Vice Chairman of the Military Commission, visited the area on 11 and 12 August to inspect the relief work being done by the armed forces. The rains continued and further mudslides occurred along the course of the Bailong River (XHNA, 12 Aug.). The scale of the disaster was so great that a national day of mourning was held on 15 August. President Hu went to the area affected to pay tribute, while other leaders participated in commemorative activities in Beijing (XHNA, 15 Aug.). Premier Wen paid a second visit to Zhouqu on the weekend of 21–22 August. The rescue operation had largely ceased and efforts were now turning to restoring people's normal lives. It was felt necessary for the local government to issue an order forbidding any further searching for missing bodies on health grounds. By 21 August the number of known dead was 1,435 with 330 still missing (XHNA, 22 Aug.).

In Sichuan heavy rains caused mudslides on 13 August which killed five people and left many trapped. Areas of Gansu and Shaanxi were also affected by heavy

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rains and landslides and at least 29 people were reported to have been killed (XHNA, 13 Aug.). One of the areas worst affected in Sichuan was Wenchuan, the site of the 2008 earthquake. More heavy rains, with widespread flooding and mudslides were reported from Gansu (17 Aug.), Liaoning near the North Korean border (21 Aug.) and elsewhere. Premier Wen visited areas in Sichuan which had been badly affected by mudslides (XHNA, 24 Aug.). On 31 August, the Ministry of Civil Affairs announced that 3,185 people had died in floods and landslides across the country in 2010, with 1,060 still missing. About 230 million people had been affected, and direct economic losses were reckoned at 350 billion yuan (XHNA, 31 Aug.). Typhoon Fanapi struck Guangdong province on 22 September causing floods and landslides which led to 75 deaths and 61 missing (XHNA, 26 Sept.).

Labour disputes at Japanese-owned factories continued to be reported by the official media. On 15 July, 100 workers at the Atsumitec Auto Part (Foshan) Co. Ltd. demanded a pay increase of 500 yuan a month in a peaceful gathering at the compound. Management responded by threatening to dismiss those involved (XHNA, 15 July). Later reports indicated that most of the workers at the plant had been on strike since 12 July. After a number of failed negotiations and attempts by management to bring in replacement workers, most workers agreed to a deal on 20 July involving a basic pay rise of 250 yuan and an increase in subsidies of a further 250 yuan a month (XHNA, 22 July). A further strike at another Japanese run plant in Guangdong, the Omron (Guangzhou) Electronics Company ended after one day when management agreed to a package worth 300 yuan in response to workers' demands for a rise of 500 yuan a month (XHNA, 22 July). Xinhua reported that workers had gone on strike at a South Korea run food plant in Beijing on 19 August, after the company had withheld an annual pay rise. The strike was resolved within three days, with the workers winning a pay rise, through the good offices of the area's administrative committee, the federation of trade unions and the company's trade union (XHNA, 20 Aug.).

The spokesman for the Ministry of Human Resources and Social Security said on 23 July that a timely and moderate rise in workers' salaries would spur domestic consumption, improve people's livelihoods and help bring about harmonious labour relations. But he warned against too rapid a rise in wages which could have an adverse impact on companies and undermine their long-term development (XHNA, 23 July). The Hong Kong press reported that the All-China Federation of Trade Unions (ACFTU) had announced that it planned to pilot a collective bargaining system in ten provinces, and to implement it for all enterprises with ACFTU-affiliated unions by 2012 (*SCMP* website, 28 July). An official of ACFTU said on 30 August that within two years all trade unions across the country would be carrying out collective bargaining on wages. By 2012, 90 per cent of enterprises should have trade unions representing 92 per cent of the workforce (XHNA, 30 Aug.). It was reported that Shenzhen was in the process of drafting new labour laws following the wave of strikes earlier in

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the year. The law included provision for the negotiation of pay rises on a collective basis at least once a year (XHNA, 1 Sept.).

e *Social Affairs*

A major national conference on education was held on 13 and 14 July, attended by all the top leadership. President Hu Jintao (full text in XHNA, 8 Sept.) addressed the conference and said that education should be a strategic priority. He promised that finance and resources would be made available for education and human resources development. It was billed as the first national education conference held in the 21st century. It reviewed China's achievements in education over the past 60 years and called for the full implementation of the Medium- and Long-Term National Education Reform and Development Plan 2010–2020. It outlines major goals and policies regarding education in the next decade and, in particular, a goal to increase the proportion of government spending on education to 4 per cent of GDP by 2012. Hu described education as the cornerstone for national revitalization and called for the full implementation of the Plan. Premier Wen Jiabao also addressed the conference (text in XHNA, 31 Aug.). The plan was published in full on 29 July (XHNA, 30 July).

An official of the Ministry of Industry and Information Technology confirmed on 11 July that the operating licence for Google's China website, had been "approved after rectification." The operator, Beijing Guxiang Information Technology Company, had promised to abide by Chinese law and ensure that the company provides by no law breaking content "as stipulated in the 57th statement in China's regulations concerning telecommunications" (XHNA, 11 July). Liu Yunshan, Politburo member and Director of the Propaganda Department, attended a national meeting on removing pornography from the internet on 23 July (XHNA, 23 July). It was reported that China had shut down or blocked 19,000 websites since launching its campaign against internet pornography in December 2009. China had 420 million people with access to the internet by June 2010 (XHNA, 28 July).

Ma Li, Deputy Editor of *People's Daily*, wrote a piece on 30 July calling on China's major newspapers to make better use of internet technology. She noted that Chinese people were using the internet in ever-increasing numbers and the newspapers needed to respond to this, be more innovative in the ways they disseminated information, and also try to ensure social harmony. She said that the country should recognize the influence of the new media and pay high attention to internet "construction, operation and management." She noted that the internet had brought new challenges of trust and credibility. The Party should use the new technology to serve China's socialist democracy and cement its ruling position (*People's Daily* in English, 4 Aug.). In a similar vein Wang Chen, a Deputy Head of the Propaganda Department wrote an article for *People's Daily* calling for a much strengthened internet "civilization" and the need to "create network harmony with a strong sense of responsibility and a high level of

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cultural consciousness, and make great efforts to promote great development and prosperity of our country's network culture" (*People's Daily* website, 21 Aug.).

Motorola filed a judicial complaint against Huawei for "stealing trade secrets" concerning its cellular network equipment. On 22 July, Huawei made a public statement rejecting the allegations as groundless and without merit (XHNA, 23 July). Chinese internet experts were interviewed to refute the proposition in the US Department of Defence report on China's military power that China was developing cyber intrusion and attack capabilities. The Chairwoman of the Internet Society of China, Hu Qiheng, was quoted as saying: "I have never heard of China's development of cyber intrusion and attack capabilities, let alone organized intrusions and attacks (by China) against foreign computer networks. It is simply preposterous to talk of China's connections to cyber intrusions against other countries." Xinhua noted that there had been numerous allegations in the Western media in 2010 accusing China of cyber attacks, sourcing them in Hainan, Chengdu, Shaoxing, Jiaotong University and Lanxiang Senior Technical School in Jinan. Xinhua claimed that it was the US that was the main source of attacks, and recorded that more than one million IP addresses in China were controlled from overseas in 2009, and 42,000 websites were tampered with by hackers. The US accounted for 16.61 per cent and 22.34 per cent, respectively, of the IP addresses of overseas host computers that participated in the control of the IP addresses of host computers in China through Trojan horse and zombie programmes, ranking first in both categories (XHNA, 17 Aug.). China was said to have come under attack from a new super virus that had affected more than six million personal computers and 1,000 corporate computers by the end of September. The stuxnet cyberworm could break into computers and steal private information sending it back to a server in the US. It took advantage of a bug in Siemens auto-control systems used in manufacturing (XHNA, 1 October).

The Politburo held a study session on social issues on 29 September. President Hu Jintao was reported to have called on the government to take more pro-active measures to properly address social conflicts and to promote scientific development and social harmony. He said a large number of conflicts and contradictions would inevitably emerge in a society at the primary stages of socialism, due to the transformation of the economic system and the social structure, the realignment of interest distribution patterns, and the profound change of people's ideas and concepts. He called on the government to improve social administration and public services (XHNA, 29 Sept.).

A proposal to use standard Chinese more frequently in news programmes in Guangdong provoked strong local opposition to the extent that even the official news agency noted that it had "sparked a heated debate" and that many believed that it was the first step to the extinction of local culture (XHNA, 9 July). It was reported in the Hong Kong press that provincial leaders had held a meeting on the "cultural development" of Guangdong which would agree a new policy on boosting "Cantonese cultural heritage." Party Secretary Wang Yang was quoted

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as having promised that "we won't let Cantonese culture die in our generation" (*SCMP* website, 17 July). Public protests were held in Guangzhou and Hong Kong on 1 August, following similar demonstrations the week in Guangzhou before. In Guangzhou the protests were deemed illegal and there were some scuffles between police and demonstrators (*Hong Kong Standard* website, 2 Aug.). The official press reported that three people had been detained for disrupting public order. A police spokesman was quoted as saying that most of the demonstrators had taken part because they believed rumours that Cantonese would be abolished, but a few criminal elements had deliberately sought to make trouble. He added: "[w]e hope citizens and netizens will not believe in such rumours and take part in such a rally, and help us to create a harmonious city." The report noted that Guangzhou government had made it clear that they would not abolish the use of Cantonese (XHNA, 2 Aug.). The Hong Kong *SCMP* reported that the Guangdong Party Secretary Wang Yang had told a meeting on 4 August that there was no question of Cantonese being banned, and had claimed to be learning Cantonese himself (*SCMP* website, 6 Aug.).

The Hong Kong Information Centre for Human rights and Democracy reported that 2,000 workers had attacked the headquarters of Jilin provincial government while protesting about corruption at the factory where they worked. The protestors were staff of the Jilin Deda Company Ltd. (a Sino-Thai joint venture which took over a former state run plant). They accused the manager of corruption and embezzlement and claimed that their protests went unheard as he was too well connected to the system (Hong Kong Information Centre for Human Rights and Democracy, 13 July).

The Hong Kong press reported that thousands of Zhuang ethnic villagers had been involved in fighting with Han Chinese workers at an aluminium factory in Jingxi County, Guangxi. They claimed that the plant was dumping effluent which poisoned drinking water and damaged homes. Official media described the dispute as being over a road leading to the plant. A hundred people were said to have been injured in the fighting, and over 1,000 riot police were sent to deal with the disturbances (*SCMP* website, 15 July).

The General Administration of Press and Publication came out publicly in support of the rights of journalists to cover and comment on public affairs, following a high-profile case where police had sought to arrest a journalist in Zhejiang who had been accused of defamation by a public company. The Administration said in a statement: "[n]ews organizations have the right to know, interview, cover, criticize and monitor events regarding national and public interests. Journalistic activities by news organizations and their reporters are protected by law" (XHNA, 1 Aug.). The All-China Journalists Association made a similar statement on 7 August: "[i]t is imperative to safeguard journalists' legitimate rights to interview and stop any misconduct that interferes with journalists' legitimate interviews" (XHNA, 7 Aug.).

It was reported in Hong Kong that there had been serious clashes between the inhabitants of adjacent counties in Shaanxi and Inner Mongolia over a land

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dispute. Both sides had been backed by their local Public Security authorities and over 50 participants had been injured in clashes that involved up to 10,000 people. It is coal-producing region and both sides are seeking to stake out areas for mining which have traditionally been poorly demarcated, although the immediate cause was a dispute over grazing rights (Hong Kong Information Centre for Human Rights and Democracy, 3 Aug.).

f *Human Rights*

Liu Xianbin was reported to have been arrested on subversion charges on 7 July. He had originally been taken into custody on 28 June when police raided his home in Suining, Sichuan. He was released from prison in November 2008 after being sentenced to 13 years' imprisonment in 1999 for subversion. He had been a founding member of the China Democracy Party, and an activist in the 1989 demonstrations (*SCMP*, 7 July).

China published a White Paper on Progress in China's Human Rights in 2009 on 26 September (full text in XHNA, 26 Sept.). The Document had seven sections:

Foreword
I. The People's Rights to Subsistence and Development
II. Citizens' Civil and Political Rights
III. Judicial Guarantee of Human Rights
IV. Economic, Social and Cultural Rights
V. Equal Rights and Special Protection for Ethnic Minorities
VI. Rights and Interests of People with Disabilities
VII. Exchanges and Co-operation with Other Countries in the Realm of Human Rights

It contained a detailed explanation and justification of China's human rights record. It concluded that the overall cause of human rights had been promoted in an all-round way. In 2009 the Government had promulgated and implemented its first national action plan on human rights, and it had been very effective.

g *Tibet and Xinjiang*

The reincarnation of the fifth Living Buddha Dezhub, who had died in 2000, was chosen in Lhasa on 4 July in accordance with the lot-drawing process favoured by China. The Panchen Lama oversaw the process and drew the lot from the golden urn. The chosen boy was Losang Doje from Shannan Prefecture. He would be formally appointed following the approval of the People's Government of Tibet (XHNA, 5 July).

Jia Qinglin, of the Standing Committee of the Politburo, convened a meeting in Beijing on 7 July to discuss ways to implement the spirit of the fifth central forum on work in Tibet and to find ways to improve the pairing system between

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parts of Tibet and regions of China. He noted that "[t]horoughly waging a struggle against the Dalai clique is a basic guarantee for realizing leapfrog development and lasting peace and stability in Tibet and Tibetan areas in four provinces. We must uphold the central authorities' basic guiding principle of waging a struggle against the Dalai clique, properly deal with various infiltration and sabotage activities by hostile forces, perfect various measures for safeguarding stability, properly carry out work relating to Tibetan Buddhism, and strengthen Tibet-related diplomatic and external propaganda work in a targeted manner in order to foster a good environment at home and abroad for development in Tibet and Tibetan areas in four provinces" (XHNA, 7 July). He Guoqiang, Secretary of the Central Discipline Inspection Commission, toured Tibet from 13 to 16 August, and said that the government and people of Tibet should make continuous efforts to achieve "leapfrog development and lasting stability" (XHNA, 16 Aug.). Du Qinglin, Head of the United Front Work Department, addressed a conference on the "democratic management" of monasteries held in Shigaze on 14 and 15 August. He said that competent monks and nuns who were politically reliable, extraordinarily learned and widely respected should be selected to be on the management committees through a process of "democratic consultation." He added that the lawful rights of monasteries, orderly religious practices of monks and nuns, and the normal religious practice of believers should be ensured (XHNA, 15 Aug.). Du said that monastery rules must be in line with laws and government regulations, and monasteries should step up patriotic education and improve the monks' awareness of national unity and social stability (*SCMP*, 18 Aug.). The Ministry of Public Security held a meeting on security work in Tibet and the Tibetan regions of neighbouring provinces in Lhasa on 18 and 19 August. The meeting discussed public security work in the region from 2001 together with the current anti-secession struggle and work to maintain stability in Tibetan areas (XHNA, 29 Aug.).

The Indian Press reported that the Indian Foreign Secretary, Nirupama Rao, had travelled to Dharamsala for a meeting with the Dalai Lama on 10 July, but no details of the meeting were released. The report noted that the meeting came shortly after the visit of the Indian Prime Minister's special envoy to China (Press Trust of India, 10 July). China responded on 13 July, urging India to honour its commitments and handle issues relating to exile Tibetan affairs cautiously. The Foreign Ministry spokesman said that China had its stance clear to India and added that "[t]he Indian government has repeatedly acknowledged to China that it recognizes Tibet as part of China's territory and does not allow exiled Tibetans to conduct anti-China activities on Indian territory" (XHNA, 13 July). Following Chinese protests at a meeting between the Indian Prime Minister and the Dalai Lama, the Indian Minister of External Affairs said that India considered the Dalai Lama an honoured guest but did not encourage him to engage in political activities. India considered Tibet to be part of the People's Republic of China (Press Trust of India, 21 Aug.). In a press conference

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during the visit of the British Foreign Secretary, William Hague, Yang Jiechi, the Minister of Foreign Affairs, said that other countries should not provide a platform for Tibetan separatists and that Tibet-related issues were an internal affair of China's and that Tibet was a core national interest. He stated that it was widely recognized by the international community that Tibet had been an inalienable part of China since ancient times (XHNA, 14 July).

The journalist Gheyret Niyaz was sentenced to 15 years in prison by a court in Urumqi for "endangering state security." He had been detained in October 2009 following his criticism of China's policy towards the ethnic minorities and sending news to foreign journalists of the situation in Xinjiang (Reporters sans Frontières website, 24 July). Radio Free Asia also reported that three Uighur webmasters had been sentenced to jail in Urumqi for publishing politically sensitive material on their sites. Dilshat Perhat, webmaster of Diyarim, Nureli, webmaster of Salkin, and Nijat Azat, webmaster of Shabnam were sentenced to five, three and ten years respectively for endangering state security (Radio Free Asia, 28 July).

There was an explosion on 19 August in Aksu when three people drove an electric tricycle into a crowd and detonated explosives. Six people were killed and 15 injured. There were alleged to have been men involved in the incident, led by Ehmet Kurba. Two of them died in the explosion and the other four were subsequently detained (XHNA, 25 Aug.). Police in Xinjiang issued a notice on 27 August offering rewards of between 10,000 and 100,000 yuan for any information leading to the discovery of illegal weapons or explosives (XHNA, 27 Aug.).

h *Hong Kong Special Administrative Region*

The annual pro-democracy march was held in Hong Kong on 1 July. Initial reports noted the anger shown against the Democratic Party for supporting the government's reform package, despite the official theme of the march being labour rights. The organizers estimated that around 52,000 people took part (down from 76,000 last year) and police estimates were substantially lower (RTHK, 1 July). The Chinese press reported that 3,000 people, including leading figures from the SAR Government, had attended the flag-raising ceremony to mark the 13th anniversary of the establishment of the SAR and the return of Hong Kong to China. The Chief Executive, Donald Tsang, addressed the reception for the anniversary and said that the city had seen favourable developments in the economy and in democracy over the past year. The economy had picked up following the global financial tsunami and Hong Kong had seized every opportunity arising from its growing economic integration with the mainland, including expanding Renminbi business in Hong Kong. The passage of the reform bill had laid down a milestone in Hong Kong's democratic development and was "the best gift as we celebrate our reunification" (XHNA, 1 July).

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The Hong Kong press reported that Wang Guangya, formerly a Vice Minister of Foreign Affairs, would take over from Liao Hui as Head of the State Council Hong Kong and Macau Affairs Office. Liao would remain as Deputy Head of the Central Leading Group on Hong Kong. Wang was born in 1950. He has many years of experience in the Ministry, particularly in dealing with multilateral issues and the United Nations (*Hong Kong Standard*, 28 Sept.).

2. Foreign Relations

a *Multilateral Conferences*

ASEAN

Yang Jiechi visited Hanoi for the China–ASEAN (10 + 1) Ministerial meeting on 22 July. He also had talks with a number of other Foreign Ministers in the margins, including Japan, North Korea, Indonesia, Singapore and Hungary. In his address to the meeting he detailed six areas in which China looked to increase co-operation with ASEAN countries: a) the drafting of an action plan to cover co-operation in 2011–15; b) deepening the development of the ASEAN China Free-Trade Area and opposing protectionism; c) continuing Chinese support of ASEAN through the China–ASEAN Investment Co-operation Fund; d) co-operating further on finance, poverty reduction, environmental protection, defence and non traditional security issues; e) increased exchanges of youth, media and non-governmental organizations; and f) strengthening China–ASEAN co-ordination on major international and regional issues (XHNA, 22 July).

Yang attended the ASEAN Regional Forum (ARF) Foreign Ministers' meeting on 23 July. He told the Forum that the position in the Asia Pacific region was generally stable, although he noted that factors for instability were growing. Among these he listed the global economic uncertainty, the rise of protectionism, the Cheonan incident, the "grim" security situation in South Asia, particularly Afghanistan, and the threat of terrorism, and non-traditional security issues. He urged the promotion of common interests and security through multilateral co-operation. He elaborated on China's views, stands and propositions about the situation on the Korean Peninsula and in South Asia as well as the South China Sea issue (XHNA, 23 July). China was taken aback by the way in which the question of the South China Sea was raised on the agenda of the meeting. It took particular offence at the firm statement of concern and involvement by Hillary Clinton.

UN General Assembly

Premier Wen Jiabao left China on 21 September to attend the UN General Assembly. He also attended the UN high-level meeting on Millennium Development Goals; joined a discussion panel on HIV/AIDS (text in XHNA, 22 Sept.) and met UN Secretary General Ban Ki-moon. He addressed the UN Security Council Summit on 23 September, calling for greater efforts to

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realize common security and build lasting peace in the world. He said that China would firmly take the road of peaceful development and stick to its prevention-oriented national defence policy and would never seek hegemonism and expansionism (full text of his speech in XHNA, 24 Sept.). While in the United States he met President Obama. He also met the Bulgarian Prime Minister and President Clinton and attended a banquet in his honour on 22 September at which he gave an important speech, which concentrated on China's economic development and a defence against US complaints over currency and trade issues (text in XHNA, 23 Sept.).

Yang Jiechi met the US Secretary of State Hillary Clinton in the margins of UNGA. He said that they faced an important opportunity to further develop bilateral relations, which in general were good. He said that China stood ready to implement the important consensus reached by the leaders of their countries, deal with sensitive issues in a cautious and appropriate manner and promote the continuous and steady advancement of relations (XHNA, 21 Sept.). Yang also had meetings with the Turkish and Iranian Foreign Ministers. On 20 September he had meetings with the UNGA President, the Secretary General of the Arab League, and Foreign Ministers of Kazakhstan, Indonesia and Switzerland (XHNA, 20 Sept.). He also chaired a meeting of BRIC Foreign Ministers on 21 September, and had meetings with the Foreign Ministers of the Gulf States, the Russian and Norwegian Foreign Ministers and the South African International Relations and Co-operation Minister (XHNA, 21 Sept.). He took part in the P5 and German Foreign Ministers' meeting on Iran on 22 September, and a working breakfast of the P5 Foreign Ministers (XHNA, 22 Sept.). The second summit of Chinese and African Foreign Ministers was held on 23 September and a Joint Communiqué issued afterwards (text in XHNA, 23 Sept.).

b *Countries, Regions and Territories*

Africa (Equatorial Guinea, Ghana, Guinea Bissau, Nigeria, South Africa, Sudan, Togo, Zimbabwe)

President Teodoro Obiang Nguema Mbasogo of Equatorial Guinea visited China to go to the Equatorial Guinea pavilion at the Shanghai World Expo and to have talks in Beijing. He met President Hu Jintao on 18 August. President Hu described him as an old and good friend and suggested that the two sides should maintain their high level of contacts and support each other on major issues concerning their core interests. He said the two sides should co-operate on topics such as reform of the United Nations, climate change and the China–Africa Co-operation Forum. He said that China would continue to provide aid within its capabilities and called for increased co-operation on trade, culture, education, health care and human resource training (XHNA, 18 Aug.).

The President of Ghana, John Evans Atta Mills, paid a state visit to China from 19 to 24 September, and had talks with President Hu Jintao and Wu

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Bangguo, Chairman of the National People's Congress. He also visited Chongqing, Shanghai (for the World Expo) and Shenzhen. With President Hu he agreed to lift the friendly co-operative relations between them to a new high. Hu said that China would encourage Chinese companies to take part in the development of agriculture, resources, energy, electricity, communications and infrastructure in Ghana. He also undertook to help Ghana develop its education, health and personnel training systems (XHNA, 20 Sept.).

Vice President Xi Jinping met the visiting Prime Minister of Guinea Bissau, Carlos Gomes, on 21 September and they agreed to boost the bilateral relationship. Prime Minister Gomes also visited Shanghai for the World Expo (XHNA, 22 Sept.).

The Nigerian Foreign Minister, Ajumogobia, visited China in late August and had talks with Yang Jiechi on 31 August (XHNA, 1 Sept.).

Jacob Zuma, President of South Africa, visited China from 23 to 26 August. He had talks with Hu Jintao, Wu Bangguo and Xi Jinping, and then went to Shanghai for the World Expo. In the talks with President Hu, the two countries announced that they had formed a "comprehensive strategic partnership" and issued the Beijing Declaration (text in XHNA, 24 Aug.) which outlined the main elements of the relationship and noted 38 areas of bilateral agreement between the two on issues including political dialogues, trade, investment, mineral exploration and agriculture, and joint efforts in the global arena (XHNA, 24 Aug.). Over a dozen co-operation agreements were signed during the visit on areas including solar power, mining, telecommunications, insurance and finance. Other agreements signed included mutual exemption of visas on diplomatic passports (XHNA, 24 Aug.). Total trade between the two countries stood at 119.7 billion Rand and grew by two per cent in 2009. China's imports from South Africa are dominated by iron ores and concentrates and iron and steel ferro-alloys and flat-rolled products of stainless steel. South Africa's main imports from China are electrical machinery and electronic equipment, electrical appliances, computing and printing equipment (SAPA News Agency, 19 Aug.).

The Foreign Minister of Sudan, Ahmed Ali Kurti, visited China from 13 to 14 September. After talks with Yang Jiechi he met Vice President Xi Jinping on 14 September. Xi told him that China hoped that the referendum to be held in southern Sudan would be conducted in a transparent and fair way and reflect the choices of the Sudanese people. No matter what the result, China believed that the top priority was maintaining peace and stability in the region. He also hoped that the Darfur issue would be resolved at an early date. Yang Jiechi told him that: "The Chinese side firmly supports Sudan's north–south peace process and hopes for a smooth referendum in southern Sudan; hopes for an early and appropriate solution to the Darfur issue; supports the stands of the African Union and the relevant African countries regarding the International Criminal Court's proceedings against the Sudanese leader."

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The Togo President, Faure Gnassingbe, visited the Shanghai Expo in August. While he was in Shanghai he had a meeting with Yang Jiechi on 20 August (XHNA, 20 Aug.).

President Mugabe visited China for the Shanghai World Expo and then travelled to Beijing for talks with President Hu Jintao on 13 August. They agreed to increase the political, economic and cultural co-operation between them. President Hu said that the two countries should keep in close communication on issues that concerned their core interests. He said that "China supports the Zimbabwean government's efforts to promote economic recovery and development and will further co-operation in the mineral industry, agriculture and infrastructure construction," and said that China would also expand exchanges in the arts, education and human resources training. President Mugabe thanked China for its long-term support of Zimbabwe and said that Chinese investment was welcome (XHNA, 13 Aug.). President Mugabe also met Vice President Xi Jinping on 14 August (XHNA, 14 Aug.).

Australasia (New Zealand)

The Prime Minister of New Zealand, Robert Key, visited China in early July. He had talks with Premier Wen Jiabao on 7 July and they noted that the two sides had experienced rapid growth of co-operation in trade, technology and food security, and undertook to seriously implement the bilateral Free Trade Agreement (FTA) to explore co-operation in diversified fields including new energy, environmental protection, the green economy and food security. Prime Minister Key also met Vice President Xi Jinping. He planned later to visit the New Zealand pavilion at the Shanghai World Expo (XHNA, 7 July). The New Zealand government announced that a series of agreements were discussed or signed during the visit. These included agreements on co-productions of film and television, scientific research collaboration, and food safety technology (New Zealand government website, 8 July). The two sides agreed to double trade to NZ $20 billion by 2015 (XHNA, 31 Aug.).

Central Asia (Kyrgyzstan)

The Foreign Minister of Kyrgyzstan, Ruslan Kazakbayev, visited China from 25 to 28 August. He held talks with Yang Jiechi on 25 August. Yang said China viewed Kyrgyzstan as a good neighbour, friend and partner and was ready to work with Kyrgyzstan to enhance political trust, expand personnel exchanges and strengthen co-operation within the framework of the UN and the Shanghai Cooperation Organization. They signed a co-operative plan for the year 2011–12 (XHNA, 25 Aug.). The next day he met Vice President Xi Jinping who noted the good relationship they had and firm support they gave each on major issues of concern. He said China would expand bilateral co-operation in such areas as economy and trade, investment, communication, transportation, culture and security (XHNA, 26 Aug.).

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Europe (EU, Austria, Germany, Iceland, Kosovo, Norway, Moldova, Slovakia, Spain, Switzerland, Russia, Ukraine, United Kingdom)

Catherine Ashton, the European Union's High Representative for Foreign Affairs and Security, visited China from 29 August to 4 September and co-chaired the first China–EU Strategic Dialogue with State Councillor Dai Bingguo, which represented a rise in the level of the dialogue as it had previously been held at Vice Minister level. She travelled to Shanghai and then to Guizhou for the strategic dialogue on 1 September to discuss the EU's view of China's development, ways for helping the EU know more about China and issues of China EU relations, and major international and regional issues (XHNA, 31 Aug.). Dai Bingguo told her that China expected to be treated as an equal and that the EU should have a balanced, objective, comprehensive understanding of the world's largest developing country. Ashton said that the European Union would strengthen its political and economic dialogue with China and look for more areas of co-operation (XHNA, 1 Sept.). She then travelled to Beijing for talks with Yang Jiechi and Wen Jiabao. Premier Wen noted that China–EU relations were at a critical period of development and said that the two sides should enhance their co-ordination to tackle the problems caused by the international and European debt crises (XHNA, 2 Sept.).

Foreign Minister Yang Jiechi visited Austria in late July. He met the Austrian Foreign Minister Michael Spindelegger on 25 July. The main issues discussed were North Korea and Iran. Bilaterally, China was interested in developing economic relations and sought more co-operation in environmental protection, protection of water resources, health, railroads, new materials and substances, and alternative energies (Die Presse, 26 July). Yang spoke at length on the need for mutual trust, support and enhanced co-operation with the European Union. He said that there were no fundamental conflicts of interest or unresolved historical issues between them. Both supported free trade and had broad common interests in tackling climate change and driving the world economy to early revival (XHNA, 25 July). He met Chancellor Walter Faymann on 26 July and they expressed satisfaction with the state of the relationship. Yang said that they had achieved new progress in such areas as infrastructure construction, new energy, environmental protection, aviation and tourism (XHNA, 26 July).

The German Chancellor, Angela Merkel, visited China from 15 to 18 July. Trade and economic issues were the focus of the visits and she brought with her a large delegation of business leaders and representatives of small and medium sized enterprises. Bilateral trade was US$105.73 billion in 2009. In a preview of the visit, former Chinese Ambassador Mei Zhaorong said that there had been problems in the relationship in the past, especially in 2007, but that these could be overcome by "avoiding things that might damage the other side's core interests, truly showing mutual respect, seeking common ground, reserving differences, and seeking co-operation and win-win results." He added that it depended on the German side, not the Chinese side, whether differences could

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be overcome (XHNA, 13 July). Merkel had talks with Premier Wen Jiabao on 16 July, which he described as being of historic significance. He noted how effectively the two countries had worked together through the global financial crisis and said that they "should join hands to build a comprehensive, strategic partnership covering politics, economy and culture." After the talks they witnessed the signature of ten agreements covering issues as varied as green energy, culture and a joint venture on truck and lorry production. They established an environmental partnership, covering water resource protection, equipment safety and evaluation, energy saving, renewable energy, electric mobile production, technology contacts and co-operation. Premier Wen told Chancellor Merkel that Europe remained a key investment market for China. He noted how China had offered a helping hand when some European countries were hit by the debt crisis. They agreed that the foremost current task was to promote economic growth and sustainable development. To this end they agreed to a) increase their political exchanges and elevate the level of their strategic dialogue; b) to take the opportunity of China's boosting domestic demand to further trade and economic co-operation, jointly avoiding protectionism; c) to establish an energy and environmental partnership; d) to strengthen cultural and regional exchanges; and e) to continue co-operation in the UN, the WTO and the G20 (XHNA, 16 July). Chancellor Merkel also had talks with President Hu Jintao after which the two sides signed a Joint Communiqué on pushing forward their strategic partnership in a comprehensive way. Hu told her that "China is ready to work together with Germany according to the direction and goal stated in the China–Germany Joint Communiqué, strengthen political mutual trust between the two countries, elevate trade and economic co-operation, enrich humanities exchanges, expand multilateral co-operation, jointly meet global challenges, continuously push the China–Germany strategic partnership to a new level and make greater contribution to maintaining world peace and promoting common development" (XHNA, 16 July). She also met Vice President Xi Jinping at the Central Party School. After her visit to Beijing she travelled to Xi'an (XHNA, 16 July).

The Iceland Foreign Minister, Ossur Skarphedinsson, visited China and had talks with Foreign Minister Yang Jiechi on 12 July in which they agreed to push their bilateral relationship to a new stage. Yang said that they had had fruitful co-operation in areas such as trade, fishery and culture. Skarphedinsson thanked China for its support for his country when it was hit by the global financial crisis (XHNA, 12 July). He also had talks with Vice President Xi Jinping on 13 July. Xi noted the exchanges they had had on sectors such as fisheries, geothermal energy, hydropower, finance, education, science and technology, culture and tourism. Skarphedinsson said they would enhance co-operation on geothermal energy and fisheries (XHNA, 13 July). The Icelandic Prime Minister, Olafur Ragnar Grimsson, visited China for the Summer Davos forum in Tianjin and had a meeting with Wen Jiabao on 13 September (XHNA, 13 Sept.).

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On 22 July the International Court of Justice issued an opinion which stated that Kosovo's declaration of independence in 2008 did not violate general international law. In response the Chinese Foreign Ministry spokesman said that China had taken note of the ruling. It held that sovereignty and territorial integrity were fundamental principles of contemporary international law and the basis of the international legal order. China respected Serbia's sovereignty and territorial integrity and had always insisted that the parties seek a solution to the Kosovo problem acceptable to all parties (XHNA, 23 July).

Wen Jiabao met the Moldovan Prime Minister Vlad Filat on 13 September in the sidelines of the Summer Davos in Tianjin, and promised to work with Moldova to increase co-operation in agriculture, economy, trade, communications and culture (XHNA, 13 Sept.).

The Norwegian Foreign Minister, Joan Gahr Stoere visited China in late August and had talks with Yang Jiechi and Xi Jinping. Xi said that he hoped the two countries would expand co-operation in areas such as shipping, fisheries, energy, environmental protection and the Arctic, and that relations would develop in a healthy way so long as the two countries respected each other and especially respected each other's core interests and major concerns. Stoere said that Norway hoped to increase co-operation in politics, economics, culture, science and technology, energy and finance. Norway hopes to sign a free-trade agreement with China (XHNA, 30 Aug.).

The Russian President Dmitry Medvedev paid a state visit to China from 26 to 28 September. His itinerary included visits to Dalian to visit a memorial park to Soviet war dead, and Shanghai for the World Expo. A Russian preview of the trip expected that the main topics would be energy, ecology (including transboundary water resources), mineral development and migration. Bilateral trade had recovered during the first half of the year, reaching US$25.5 billion (growth of 56 per cent year on year) and it was hoped to reached 2008 levels of US$55.9 billion (ITAR-TASS 24 Sept.). President Medvedev had talks in Beijing with President Hu Jintao, Wen Jiabao and Wu Bangguo. He also met Xi Jinping in Shanghai. In the talks on 27 September, President Hu said that he was sure that the visit would deepen bilateral exchanges and practical co-operation across the board, and the two Presidents agreed to further their strategic co-operation in international and regional affairs. President Medvedev promised further co-operation in energy-saving, environmental protection and disaster prevention and relief. He proposed that they make more use of their strategic security consultation mechanism, and that they support each other on issues concerning their respective core interests. After the talks they signed a joint statement on comprehensively developing their strategic partnership of co-operation (text in XHNA, 28 Sept.) and an agreement on the fight against terrorism, separatism and extremism. They also witnessed the signing of more than a dozen co-operative documents (mainly energy related, including nuclear power) and attended the completion ceremony for the China–Russia oil pipeline, from Skorovodino to Daqing (XHNA, 27 Sept.).

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The Slovak President Ivan Gasparovic visited Shanghai, Hong Kong and Macau in early September (SITA News Agency website, 7 Sept.).

The Spanish Prime Minister, José Luis Rodriguez Zapatero, visited China to attend the Shanghai Expo. He then went to Beijing where he met Premier Wen Jiabao on 31 August. They discussed bilateral relations and the international situation. Wen said that he hoped China and Spain would work closely together in the G20, stand firmly against protectionism and push forward reform of the international financial system. Zapatero thanked China for its assistance to Spain and the European Union. Trade between the two countries was up 45.4 per cent in the first half of 2010, reaching US$11.3 billion (XHNA, 31 Aug.).

The Foreign Minister of Ukraine, Konstyantyn Hryshchenko, visited China and had talks with Wen Jiabao and Yang Jiechi on 13 July (XHNA, 13 July). Viktor Yanukovych, the President of Ukraine, visited China from 2 to 5 September. He had talks with Hu Jintao, Wu Bangguo and Wen Jiabao. He visited Shanghai and Hong Kong on the way home. After the talks with President Hu, they issued a Joint Statement (text in XHNA, 2 Sept.) and attended the signing ceremony for a dozen agreements on areas such as official relations, finance, infrastructure development, aerospace, business, customs and quarantine, railway lines and electricity. Bilateral trade was up 31.3 per cent to US$3.3 billion in the first half of the year and they agreed to try to increase annual trade to US$10 billion by 2012 (XHNA, 2 Sept.).

The British Foreign Secretary, William Hague, visited China on 14 and 15 May. He had talks with Premier Wen and the Foreign Minister Yang Jiechi, and held a session of the bilateral Strategic Dialogue with State Councillor Dai Bingguo. In his talks with Yang Jiechi he was reported to have said that the new British government was determined to increase trade and political co-operation and to take the bilateral strategic partnership to a new level. Xinhua also quoted him as saying that Britain recognizes that Tibet and Taiwan are inalienable parts of China, later modified to "the new British government will stick to the policy of the previous government that recognizes Tibet as part of China's territory." Yang said that China and Britain were strategic partners at the global, regional and bilateral levels, and their differences were greatly transcended by their common interests. Yang added that China was willing to work hard with Europe to strengthen relations and deepen the comprehensive partnership relations that existed. The talks covered bilateral issues as well as Africa, the Iranian nuclear issue, tackling the global economic downturn and climate change. Premier Wen noted the importance Britain attached to its relations with China, and said that China was willing to work with Britain to develop a comprehensive strategic partnership with greater vitality. The strategic dialogue with Dai Bingguo covered the international situation as well as the long-term strategic nature of bilateral relations. A Chinese scholar described the dialogue as an important platform for the two sides to feel out each other's thoughts. Bilateral trade was over US $13.9 billion in the first four months of the year, an increase of 29.8 per cent year on year (XHNA, 14 July).

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Japan

Yang Jiechi, the Foreign Minister, met his Japanese counterpart Yukio Hatoyama, in Hanoi on 22 July. They discussed the North Korean nuclear issue and trade relations. They expressed the hope that studies for a three-way free-trade agreement between China, South Korea and Japan would make progress. Following the meeting, China and Japan announced that they would hold the first-round negotiations on the implementation of principles of consensus concerning the East China Sea on 27 July (XHNA, 22 July). Kyodo News Agency reported that joint working group of defence officials had met in Tokyo on 26 July and that the Chinese side had proposed a series of specific measures intended to prevent accidental clashes in the East China Sea, including an annual meeting to review events of the past year, sharing of emergency frequencies used by ships and aircraft, and a hotline between defence officials. This was the second meeting of the working group of defence officials which had been set up in April 2008 (Kyodo News Agency, 15 Aug.).

Seven Japanese Ministers visited China to take part in the high-level economic dialogue on 28 August, chaired by the Japanese Foreign Minister Katsuya Okada and Vice Premier Wang Qishan. Before the dialogue Okada visited the World Expo in Shanghai and then travelled to Beijing for talks with the Foreign Minister, Yang Jiechi. The talks focussed on North Korea, but the Japanese side was cautious towards any early resumption of the six party talks for which Beijing was pressing. The two sides agreed to try to conclude at an early date negotiations aimed at signing a treaty over joint gas field development in the East China Sea. Earlier, agriculture ministers had agreed not to increase the number of Chinese large roll-net equipped fishing boats operating in the west and central Pacific to preserve stocks of bonito and tuna, while Japan agreed to hand over to China part of its surplus of tuna (Kyodo News Agency, 28 Aug.). The economic dialogue was intended to boost bilateral co-ordination in world economic recovery, energy conservation and environmental protection. Topics for discussion included labour disputes in China and intellectual property rights. The Japanese also requested China to ease its controls on the export of rare earths (Kyodo News Agency, 28 Aug.). According to Xinhua, the two sides exchanged in-depth views on the policy for economic recovery, bilateral reciprocal and win-win co-operation, global and regional co-operation. They focused their discussions on the macro-nature, strategic nature, and long-term nature of the two countries' economic co-operation, and reached an important consensus in this respect. Wang Qishan noted that bilateral trade had now fully recovered and had exceeded pre-financial crisis levels. The two sides signed seven documents on co-operation in such fields as logistics, education, forestry and food safety, among others. On the question of rare earths, the Chinese Minister of Commerce said that China had tightened controls over rare earth extraction to protect the environment (XHNA, 28 Aug.). Premier Wen Jiabao met the Japanese delegation on 29 August after the meeting and said that trade and economic relations between them were now back on a positive track having endured

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the global financial crisis. China's imports from Japan were growing and so was its investment (XHNA, 29 Aug.).

On 7 September a Chinese fishing boat was involved in a collision with a Japanese patrol boat in the waters round the Diaoyutai/Senkaku Islands. This led to a long and acrimonious dispute between the two sides. The Captain was detained and the Chinese immediately lodged strong protest, claiming that the Diaoyutai and its adjacent waters were Chinese and claiming that the Japanese had no right to carry our patrols or enforce regulations on Chinese vessels in the area (XHNA, 7 Sept.). The Captain, Zhan Qixiong, was taken to Ishigaki Island and the boat was required to go with him (Kyodo News Agency, 8 Sept.). Further strong official protests were lodged by the Chinese on 8 September, demanding the immediate release of the ship and its crew, and there were demonstrations outside the Japanese Embassy (XHNA, 8 Sept.). On 9 September the captain was handed over to prosecutors, and the Chinese immediately stated that China could not accept Japan applying domestic law to Chinese boats fishing in the area, and called on the Japanese to release the boat and crew immediately to avoid a further deterioration of the situation (XHNA, 9 Sept.). The Japanese responded to the representations that the incident occurred in Japanese territorial waters and that Japan was handling the case in line with domestic law. On 10 September, a Japanese court ruled that the Captain should be detained for ten days. The Chinese responded with further protest and cancelled planned negotiations with Japan on the East China Sea issue (XHNA, 10 Sept.). The Japanese released the crew and the ship on 13 September. On 14 September the Chinese cancelled a visit to Japan by Li Jianguo, Vice Chairman of the National People's Congress Standing Committee, and the Foreign Ministry spokeswoman said that the Japanese had stirred up the current grave situation and should bear all the responsibility (XHNA, 14 Sept.). As the temperature rose, public demonstrations against Japan were reported from a number of places across China. There were also demonstrations and protests in Hong Kong and Taiwan. On 19 September the Japanese Court extended the Captain's detention for a further ten days. China again responded, demanding his immediate and unconditional release, and revealed that all high-level exchanges with Japan had been cancelled, as well as halting civil aviation talks, and postponing a bilateral meeting on coal (XHNA, 19 Sept.). Widespread Chinese popular anger was reported to have been manifested over the internet with calls for boycotts of Japanese goods. On 21 September, Premier Wen Jiabao called publicly for the immediate and unconditional release of the Captain and warned of further consequences if Japan clung to its mistaken ways. In an apparent increase of pressure, it was reported that China had halted shipments of rare earth to Japan (later denied by China). The United States became involved when Hillary Clinton told the Japanese Foreign Minister that the islands were covered by the US Japan Security Treaty, although the formal State Department position on the islands remained unclear (Kyodo News Agency, 23 Sept.). Then on 24 September,

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apparently without Japanese government intervention, the prosecutors decided to release the Captain. Following his return, China demanded an apology and compensation for his detention. Japan rejected this as groundless and totally unacceptable (Kyodo News Agency, 25 Sept.).

Latin America (Argentina, Costa Rica, Cuba, Ecuador, Mexico)

The President of Argentina, Cristina Fernandez de Kirchner, visited China from 11 to 15 July. She had talks with Chinese leaders including President Hu Jintao, Premier Wen Jiabao, Jia Qinglin, Chairman of the CPPCC, and Zhou Yongkang, Member of the Standing Committee of the Politburo. A scene setter for the visit noted that the strategic partnership between the two countries had been set up in 2004 and led to a new era of co-operation. Bilateral trade was US $14.4 billion in 2008 (XHNA, 10 July). The two sides signed six contracts on bilateral co-operation in areas including railway technology and railway electrification following her talks with Vice Premier Hui Liangyu on 13 July. Twelve further agreements were signed after the talks with President Hu, covering areas such as transportation infrastructure, fishery, energy, plant quarantine and freight rail lines. They also signed a Joint Statement (full text in XHNA, 13 July) in which China reiterated its support for Argentina's sovereignty claim to the Malvinas Islands, and restarting relevant negotiations and seeking a peaceful solution to the issue in accordance with UN resolutions, while Argentina said it would follow the one-China policy and support the peaceful development of relations across the Taiwan Strait and China's endeavour for national reunification (XHNA, 13 July). In the talks with President Hu, they agreed to develop the strategic partnership to a deeper level. Hu said that China was ready to work together with Argentina to stabilize and expand bilateral trade and two-way investment, make trade and investment more convenient, and push forward co-operation in mining, transportation, finance, agriculture, forestry, animal husbandry, infrastructure construction, oil and gas exploration and development and other areas. China supported the diversification of Argentine products exported to China, welcomed more Argentine enterprises and products into China's market, and was ready to work with Argentina to strengthen quality control and customs co-operation. President Kirchner noted that Argentina and China had an identical or similar stand on important international and global issues. Argentina fully agreed with the views expounded by President Hu at the Toronto G-20 Summit and was ready to further strengthen communications and co-operation in multilateral areas with China to safeguard the common interests of the developing countries (XHNA, 13 July). President Kirchner's exchanges with Zhou Yongkang centred on Party to Party relations and legal exchanges (XHNA, 15 July).

Yang Jiechi met the President of Costa Rica, Laura Chinchilla, on 1 August and agreed to promote their bilateral ties in areas such as trade, economy, finance, green energy, transport infrastructure and other fields. President Chinchilla welcomed Chinese investment in Costa Rica (XHNA, 2 Aug.).

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Yang Jiechi arrived in Cuba on 31 July and had talks with the Cuban Foreign Minister, Bruno Rodriguez. Yang described Cuba as a very influential country in Latin America and said that the development of their traditional ties of friendship was in the interests of both countries. They agreed to keep up the level of senior exchanges, to increase bilateral trade and investment, take forward work on key co-operation projects, and encourage exchanges between universities, research institutions and non-governmental organizations. They witnessed the signing of an economic and technological co-operation agreement (XHNA, 1 Aug.). Yang also had meetings with Fidel Castro and with Raoul Castro to discuss bilateral ties and traditional friendship, and to exchange views on major international and regional issues of common concern. Yang told Raoul Castro that: "the brotherly feelings between China and Cuba have struck deep roots in the hearts of the two peoples. China will always stick to the policy of developing China–Cuba long-time friendship, and will continue to support Cuba's just struggle to protect national sovereignty and oppose foreign interference. China is willing to make joint efforts with Cuba to push their mutually beneficial and friendly co-operation to a new high by taking the opportunity of the 50th anniversary of bilateral diplomatic ties" (XHNA, 1 Aug.).

The Foreign Minister of Ecuador, Ricardo Patino, visited China from 10 to 16 August. He met Vice President Xi Jinping on 13 August and the two sides agreed to increase their bilateral co-operation and party-to-party exchanges. He had earlier had talks with Foreign Minister Yang Jiechi (XHNA, 13 Aug.).

The Chinese Foreign Minister visited Mexico and had talks with the Mexican Foreign Minister on 29 July at which they agreed to enhance their strategic partnership of seven years. They also agreed to continue high-level exchanges and develop the China–Mexico Permanent Binational Commission. Topics of discussion included trade, agriculture, infrastructure construction, tourism and people-to-people exchanges. They also agreed to enhance their co-operation in international frameworks such as the UN and the G20 (XHNA, 30 July). Yang met President Felipe Calderon the same day. President Calderon spoke highly of China's efficient reaction to the world financial crisis and said that Mexico attached great importance to developing its relations with China (XHNA, 29 July).

Middle East (Iran)

China announced its opposition to the sanctions on Iran imposed by the EU on 26 July, which went further than the sanctions approved by the UN on 9 June. The Foreign Ministry spokeswoman said that China maintained that the issue should be resolved through dialogue and negotiations (XHNA, 30 July). The Chinese Foreign Ministry spokesman claimed that China's normal commercial exchanges with Iran did not violate the UN Security Council Resolution on sanctions, and would not harm the interests of other countries or the international community. This followed remarks by the US State Department special advisor

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that the US hoped that China would take action to support the resolution and not rush to take control of the market while other countries were withdrawing (XHNA, 4 Aug.).

South Asia (Afghanistan, India, Pakistan, Sri Lanka)

Yang Jiechi visited Afghanistan for the international conference on Afghanistan on 20 July. He said that China had always actively supported, promoted and participated in the reconstruction process and would play a constructive role in bringing about peace, stability and prosperity in Afghanistan. He called on the international community to fulfil the commitments of the London Conference. He noted that China had provided aid worth 900 million yuan between 2002 and 2009, written off debts of US$19.5 million and built seven new projects. Since the London conference, China had provided a further 160 million yuan of aid, and lifted tariffs over 4,000 Afghan goods. China would continue its training programmes in Afghanistan and concentrate its aid directly on urgently needed projects. Yang also met President Karzai, who said that he thought China had played a positive and constructive role, and welcomed Chinese companies doing business in Afghanistan. He also said Afghanistan would co-operate with China on international issues such as combating terrorism (XHNA, 20 July).

The Pakistani President, Asif ali Zardari, visited China from 6 to 11 July, his fifth visit since assuming office. Pakistani press speculated that he would be seeking Chinese budgetary support and co-operation in the energy sector, especially over nuclear energy (*The Nation* website, 5 July). President Zardari would hold talks with President Hu Jintao, Premier Wen Jiabao, and Jia Qinglin. He would also visit Pakistan's pavilion at the World Expo in Shanghai. China was also expecting to develop co-operation over fighting terrorism, separatism and extremism (XHNA, 6 July). He met President Hu on 7 July, and after the meeting they signed two agreements and four memoranda of understanding on agriculture, health, economy, legal assistance and media. China also announced a grant of 50 million yuan to help development projects in Pakistan (Associated Press of Pakistan, 7 July). President Hu spoke of the strategic co-operative partnership that had developed strongly, and said that the two countries were good neighbours, good friends, good partners and good brothers. In practical terms, Hu said that China wanted to deepen the two countries' economic and trade co-operation, actively explore new ways and new forms to expand bilateral trade, increase co-operation in the fields of energy, transportation, telecommunications and infrastructural construction, share agricultural development experience, and improve the level of agricultural production. China wanted to increase exchanges and co-operation in the spheres of culture, education, health care and media (XHNA, 7 July). President Zardari addressed the Pakistan–China Economic Forum of chief executives of leading corporations on 9 July, and expressed satisfaction with the level of civil nuclear co-operation between

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the two sides. He called for greater economic co-operation and urged Chinese investors to take advantage of the special incentives being offered them in Pakistan (Associated Press of Pakistan, 9 July). The Chinese Minister of Commerce suggested that trade would double in the next five years to reach US$15 billion in 2015. Bilateral trade had increased 31 per cent in the first five months of this year. There are more than 120 companies and about 10,000 Chinese nationals in Pakistan, involved in sectors such as mining, energy exploration and infrastructure development (XHNA, 9 July).

South China Seas

China reacted strongly to the remarks made by US Secretary of State Hillary Clinton at the ASEAN Regional Forum on 23 July. The essence of these had been that: "[t]he United States has a national interest in freedom of navigation, open access to Asia's maritime commons and respect for international law in the South China Sea" and that the US seeks "a collaborative diplomatic process by all claimants for resolving the various territorial disputes without coercion." She had described resolving disputes in the South China Sea as pivotal for regional stability. A *People's Daily* commentator took issue with the idea that the dispute had hindered navigation in any way or negatively affected regional stability. It claimed that Asian nations did not need the US to mediate in their disputes and that the US was seeking the right to intervene in any issue it wanted to; by "internationalizing" the issue the US was seeking to muddy the waters, and justify any intervention by its own national interest (*RMRB* in English, 28 July). In similar vein a Xinhua commentary asserted: "[o]utside powers will only complicate the South China Sea issue and make it more difficult to resolve the issue. Asian countries should show their wisdom and capabilities by peacefully settling their disputes on an equal footing and through mutual respect and by working together to build the South China Sea into a sea of peace, friendship, and co-operation. They should not allow the South China Sea to turn into a 'waterborne chessboard' by which some outside powers play out their strategies" (XHNA, 27 July).

China conducted naval live-ammunition training exercises in the area on 26 July, involving surface warships, submarines and aircraft. The exercise was overseen by Chen Bingde, Chief of the PLA General Staff (XHNA, 29 July). The Ministry of Defence spokesman reiterated China's assertion of "indisputable" sovereignty over the islands in the South China and their surrounding waters. He said that any differences should be solved by dialogue and negotiation with the relevant countries and not be internationalized (XHNA, 30 July).

South East Asia (Burma, Philippines, Singapore, Thailand, Philippines)

Than Shwe, Chairman of the State Peace and Development Council of Burma, visited China from 7 to 11 September. He had talks with Hu Jintao, Wu Bangguo and Wen Jiabao, and then visited Shanghai and Shenzhen. He had

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an in-depth exchange of views on bilateral issues and issues of common concern with Hu Jintao. Hu described their countries as friendly neighbouring countries and said that relations between them had withstood many tests and vicissitudes in the international situation. China attached great importance to its relations with Burma and good neighbourly relations of friendship and co-operation were an unshakeable policy of China's. Hu said that China was ready to increase imports from Burma and also welcomed Burmese enterprises to make greater efforts to develop their markets in China (XHNA, 7 Sept.). Premier Wen Jiabao undertook to work closely with Burma and to deepen bilateral co-operation in large projects such as oil gas, hydroelectric power and transportation. Than Shwe said that Burma would be committed to developing strategic relations with China after its general election and the formation of the new government later this year (XHNA, 9 Sept.). It was reported that work on the Sino-Burmese oil and gas pipelines had begun on 10 September, designed to carry 22 million tonnes of oil and 12 billion cubic metres of gas (XHNA, 10 Sept.).

The President of Singapore, S. R. Nathan, visited China from 16 to 23 August. He had meetings with Hu Jintao and Jia Qinglin. He then went to Shanghai for the World Expo. President Hu said that China attached great importance to its relationship with Singapore (XHNA, 18 Aug.). The Prime Minister of Singapore, Lee Hsien-lung, visited China in early September. In an interview with Xinhua he said that there were three main objectives for his visit: first, to observe first-hand the developments in cities in central China, to better understand the role these cities play in China's strategy to direct development from the coastal to inland regions; second, to get an update on the progress of the Suzhou Industrial Park (SIP); and finally, to visit the Shanghai Expo which has received very good reviews from both international and Chinese visitors (XHNA, 5 Sept.). The Singapore Foreign Minister, George Yeo, visited China and had talks with Foreign Minister Yang Jiechi and State Councillor Dai Bingguo on 17 September. Earlier he had met the Panchen Lama in the Yellow Temple in Beijing (*Straits Times*, 15 Sept.).

The Chinese government was closely involved in the Philippine hostage crisis requesting the Philippine government to secure the release of the hostages, most of whom were from Hong Kong. When the rescue attempt went badly wrong, resulting in the deaths of a number of the hostages, the Chinese government roundly condemned the hijacking and deplored the killing of innocent hostages. It demanded a full investigation into the matter (XHNA, 23 Aug.). Both President Hu Jintao and Premier Wen Jiabao offered their condolences to the families of the eight tourists killed in the crisis (XHNA, 24 Aug.).

The Thai Premier, Abhisit Vejajiva, visited the World Expo in Shanghai from 4 to 6 September.

The Vietnamese Foreign Minister and Deputy Prime Minister Pham Gia Khiem visited China in early July for the fourth meeting of the China–Vietnam Steering Committee on co-operation which he co-chaired with State Councillor Dai Bingguo. The meeting reached five decisions including an

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agreement to deal properly with maritime territorial issues in the South China Sea. They also agreed to enhance their comprehensive strategic partnership, further increase political exchanges, deepen economic and trade co-operation, strengthen cultural exchanges as well as enhance co-ordination on major international and regional issues (XHNA, 1 July). Pham Gia Khiem also met Vice President Xi Jinping who said that the differences between the two sides should be properly dealt with, and that friendship and reciprocal co-operation were the main features of the relationship (XHNA, 2 July).

There was a lot of hostile commentary in the Chinese and Hong Kong press about the visit of the US aircraft carrier USS George Washington to Hanoi and its exercise with the Vietnamese navy. They were suspicious of the motives of both the US and Vietnam, seeing the actions as directed against China. One Chinese academic was quoted as saying: "What all this boils down to is that the United States wants to use Vietnam's hand to muddy the waters in Asia and to provoke a struggle with China" (ZTS, 11 Aug.). A senior military officer, Yang Yi, was quoted as saying: "Vietnam is a country in a very thorny [sea] territorial dispute with China in the South China Sea. It has been eager to … use the US' power to increase its bargaining chips with China … but ultimately it is the pawn that will be sacrificed by the US in the power game … I am afraid that Vietnam will regret it in the future" (*SCMP* website, 13 Aug.).

Taiwan

The Taiwanese Cabinet formally approved the Economic Co-operation Framework Agreement (ECFA) and the Intellectual Property Rights Protection Agreement (both signed on 29 June) with China on 1 July. Premier Wu Den-yih described it as a win-win achievement that benefitted both sides of the Strait, and called on the Legislative Yuan to either accept it or reject it in its entirety. In a press conference the same day, President Ma Ying-jeou strongly supported the agreement and praised the way that it had protected and promoted Taiwan's interests (CNA, 1 July). On 2 July President Ma announced the establishment of global economic strategy task force to speed up the signing of free trade agreements with other countries following the ECFA. He said that: "mainland China should understand the necessity of us signing FTAs with other countries. We are stepping up efforts to start negotiations, but the issue is quite sensitive. We believe there'll be solid achievements in the near future" (*Taipei Times* website, 2 July). The Chinese press welcomed the agreement, and scholars suggested that it would mean that later cross-Straits dialogues would not be able to remain concentrated on economic issues alone, but would inevitably broaden scope to include political topics, based on the pre-condition of mutual political trust. It was also suggested that culture and education might be a focus of the next stage. The Taiwanese line remained very firmly that political topics were highly sensitive and not on the

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current agenda (ZTS, 2 July). The agreement was finally passed by the Legislative Yuan in Taipei on 17 August (*China Post* website, 18 Aug.).

China's efforts to woo Taiwan continued. A group of over 1,000 officials and business people from Guangxi Autonomous Region, led by the Party Secretary Guo Shengkun, visited Taiwan from 1 to 6 July to buy farm machinery and produce (XHNA, 2 July). The visit generated business worth US$2.23 billion, including 70 investment contracts in agriculture, manufacturing, tourism and logistics, and 56 trade contracts (XHNA, 5 July). A similar delegation from Jilin province, led by Vice Governor Chen Weigen, came to buy Taiwanese goods and promote investment (XHNA, 5 July). The Governor of Guangdong visited Taiwan from 16 August with a 1,000 strong delegation, intending to purchase Taiwanese products worth US$6.66 billion and invest US$40.86 million in Taiwan (XHNA, 17 Aug.). However, Li Yafei, Secretary General of the Association for Relations Across the Taiwan Strait, said on 11 August that Chinese investment in Taiwan amounted to US$122 million so far in 46 investment projects approved by the central government (CNA, 11 Aug.). A delegation from Shaanxi, led by the Acting Governor, Zhao Zhengyong, visited from 14 to 19 September, expecting to place orders worth US$811.5 million (CNA, 14 Sept.).

Taiwan and Singapore issued a joint statement on 5 August to the effect that they had agreed to explore the feasibility of a free-trade agreement between them. China's Foreign Ministry spokeswoman commented that "Our stance on the economic and trade activities between foreign countries and Taiwan is consistent and clear … we hope that the relevant country will continue adhering to the one-China policy and to prudently handle related issues." A spokesman of the Taiwan Affairs office said: "In connection with the discussions to be held between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to explore the feasibility of signing an economic co-operation agreement, we believe Singapore will continue to adhere to the one-China policy and properly handle its economic and trade relations with Taiwan accordingly. At the same time, we hope Taiwan will earnestly safeguard the common political foundation formed across the Strait and safeguard the vital interest of peaceful development of cross-Strait ties" (XHNA, 5 Aug.)

The Chinese Minister of Culture, Cai Wu, visited Taiwan from 2 to 8 September. He was the most senior Chinese official ever to visit (Central News Agency website, 30 Aug.). The spokesman for China's Taiwan Affairs Office said that the visit had been very successful, and suggested that a cultural exchange agreement should be signed at an appropriate time (XHNA, 15 Sept.). A delegation from Wuhan, led by the Party Secretary, visited Taiwan to take part in activities of the "First Uprising of 1911 Revolution and Wuhan Cultural Week" held in the Taipei Chungshan Memorial Hall on 21 September (XHNA, 20 Sept.). A Chinese Vice Minister of Public Security, Chen Zhimin, paid an unpublicized visit at the invitation of the National Police Authority to Taiwan from 13 to 18 September and met with officials from the Ministry of

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the Interior, the Mainland Affairs Council, the Coastguard Administration and the Ministry of Justice (*Taipei Times* website, 29 Sept.).

USA

General Ma Xiaotian, Deputy Chief of the PLA General Staff said on 1 July that China would welcome a visit by the US Secretary of Defence at an "appropriate" time (XHNA, 1 July). None of the high-level military visits outlined in the China–US communiqué signed in November last year when US President Barack Obama visited China have been possible for the past eight months (XHNA, 2 Sept.). Those planned visits included trips to Beijing by US defence chief Robert Gates and Chairman of the US Joint Chiefs of Staff Mike Mullen. A visit to Washington by Chief of General Staff of the Chinese PLA Chen Bingde was also suspended.

On 5 July it was reported that Xue Feng, an American geologist, had been sentenced to eight years in jail, six months after his trial and two and a half years after his original detention. He was charged with seeking and providing intelligence related to the purchase of a commercial database of the oil industry (RTHK, 5 July). The Chinese Foreign Ministry described the process as a domestic affair, and that Xue's rights had been fully protected and due process followed. The US Embassy had said that it was "dismayed" by the judgement and urged that he be released on humanitarian grounds (Kyodo News Agency, 6 July).

General Ma Xiaotian stated on Phoenix Television on 1 July that China was very opposed to the proposed US–South Korean exercises in the Yellow Sea (*SCMP*, 4 July). The Chinese Foreign Ministry spokesman noted that China was seriously concerned by the proposal and would be following developments closely (XHNA, 6 July). South Korea noted that the drill was purely defensive against a possible North Korean attack. The South Korean press noted that a Chinese military researcher, Luo Yuan, had said that if a US carrier were involved in the exercises, it would be a training target for the Chinese military (Yonhap News Agency, 7 July). An article in the pro-China Hong Kong *Wen Wei Po* accused the United States of provoking China over the exercises, and said that conducting an exercise in an area critically sensitive to China's security would be an extremely serious provocation (*Wen Wei Po* website, 7 July). When it later emerged that the carrier George Washington would not take part in the exercises in the Yellow Sea, General Luo Yuan in an interview with the *People's Daily* commented that the Chinese would notice the signal sent by the US side through this "adjustment," but went on to say that the US sending of military vessels and aircraft to exercise in the Yellow Sea would still be a concern to China. He added that the activities of US military aircraft and warships in the East Sea and the South China Sea constituted one of the three major obstacles to US–China military exchanges (*People's Daily*, 16 July).

The United States Department of Defence published its annual report to Congress on military developments in the People's Republic of China on 17

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August (text in www.defense.gov/pubs/pdfs/2010_CMPR_Final.pdf). The Chinese Ministry of Defence expressed its "firm opposition" to the report claiming that it ignored objective facts and stating that it was "not beneficial to the improvement and development of Sino-US military ties." The Ministry spokesman said that the report ignored the facts while "criticizing China's normal national defence and military build-up, exaggerating the so-called Chinese mainland's 'military threats' to Taiwan, and condemning China for suspending Sino-US military exchanges thus compromising the two countries' military co-operation." He said that China has always adhered to the path of peaceful development and that China would never use its military to threaten another country:

> China's military development is reasonable and appropriate, and is aimed to protect its national sovereignty, security and territorial integrity, as well as keep pace with the rapid military development in the world.

He concluded:

> We ask the US side to view China's national defence and military build-up from an objective and just perspective, put an end to comments and conduct that might compromise mutual trust between Chinese and US military forces, and stop issuing the so-called Chinese military and security development report, so to create a favourable environment for the improvement and development of Sino-US military relations. (XHNA, 18 Aug.)

Thomas Donilon, Deputy National Security Adviser, and Lawrence Summers, Director of the White House National Economic Committee, visited China from 5 to 8 September. They had a packed programme. They had discussions with Foreign Minister Yang Jiechi, Vice Premier Wang Qishan, and Liu Yuanchao, Politburo Member and Director of the Organization Department, on 6 September, State Councillor Dai Bingguo and Premier Wen Jiabao on 7 September, and President Hu Jintao and Xu Caihou, Vice Chairman of the Military Commission, on 8 September. The tone of the Chinese official reporting was uniformly positive. President Hu was quoted as saying that

> against the backdrop of a world still having uncertain and instable economic recovery and growth and with all kinds of global challenges becoming increasingly prominent, further developing the positive, co-operative and comprehensive China–US relationship is more important than ever before. Both China and the United States should view and promote the development of their bilateral relationship from a global and strategic perspective … Both China and the United States should uphold the general orientation of jointly building positive, co-operative, and comprehensive bilateral relations in the 21st Century; unremittingly advance dialogue, exchange, and co-operation in all fields; constantly explore and expand their common interests; appropriately handle the new developments and new problems in their relations; and work together to promote the healthy and stable development of the Sino–US relationship (XHNA, 8 Sept.).

Premier Wen Jiabao met President Obama in New York on 23 September. Prior to the meeting he had made publicly conciliatory noises, stating that

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China and the United States were not competitors or rivals but partners in co-operation (XHNA, 23 Sept.). The meeting went well and both sides afterwards expressed confidence in the future. Wen was reported to have told President Obama that although there were contradictions and differences between China and the US, these could be properly resolved through dialogue and consultation. He said that China was willing to discuss with the US, on the basis of mutual respect and equal treatment, large scale co-operation in finance, trade and investment. He hoped the US would recognize China's market economy status, and said that China was determined to promote reform of the yuan exchange rate mechanism and improve the treatment of foreign firms. President Obama said that he had had good co-operation with China's leaders, and that the US would continue to strengthen relations with China based on common interests and mutual respect. They had co-operated well at the G20 and needed to strengthen their co-operation on nuclear proliferation, climate change and other issues, and they needed jointly to find an effective way to improve their trade relationship (XHNA, 23 and 24 Sept.).

There were indications that the military relationship was on the mend. Qian Lihua, Director of the Foreign Affairs Office of the Ministry of National Defence, had talks with Michael Schiffer, Deputy Assistant Secretary for Defence, on 28 September. He said that he hoped that the two militaries would, in a spirit of mutual trust, equality and benefit, communicate effectively and promote the healthy and stable development of relations. He noted that there were problems in the relationship and said these needed to be solved urgently. Schiffer said that the US wanted a stable and reliable framework for the relationship and that uninterrupted dialogue and exchange helped avoid misunderstandings (XHNA, 28 Sept.). Earlier, Xu Caihou, Vice Chairman of the Military Commission, had told John Hamre, President of CSIS, that China was willing to maintain dialogue and contact with the US to push forward military ties (XHNA, 6 Sept.).

c *Trade and Currency Disputes*

Chinese official sources described the decisions by the EU and the US to impose import barriers on three kinds of Chinese product as a lame excuse to put up protectionist barriers. On 28 June the US Department of commerce had set final antidumping duties on woven electric blankets from China; on 30 June the US International Trade Commission decided to impose anti-dumping tariffs on a Chinese chemical product, and the EU announced an anti-dumping investigation into wireless modems from China (XHNA, 1 July).

On 20 July, the Ministry of Commerce accused the US of protectionism in the light of a proposed investigation into the plans of a Chinese steel maker to invest in the US. The Anshan Iron and Steel Group was looking into establishing a joint rebar venture with a US partner in Mississippi, but 50 Congressmen had asked the US government to investigate the deal (XHNA, 20 July). On 20 August

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the Anshan Iron and Steel Group said that they were determined to proceed with plans to invest in the United States, following reports that they might give up the plan (XHNA, 20 Aug.). A Xinhua commentary on 27 August complained of numerous instances when the US had blocked investment from China on national security grounds, which the commentary described as a protectionist move that could only harm its own interests. The commentary listed the request by Congressmen that the administration scrutinise a deal between Huawei and Sprint Netzel, and the problems of Anshan Iron and Steel. The Ministry of Commerce spokesman was quoted as saying "[i]t is inappropriate for some US lawmakers to label regular business behaviour as a move that threatens national security" (XHNA, 27 Aug.). The Anshan deal was signed in Beijing on 15 September (XHNA, 15 Sept.).

China announced on 30 August that it would investigate whether EU members subsidized exports of potato starch to China. This was the first anti-subsidy investigation into imports from the European Union (XHNA, 30 Aug.). The Chinese Ministry of Commerce spokesman said that China was seriously concerned by EU anti-dumping investigations into Chinese-made Wireless Wide Area Networking modems (a trade worth US$4.1 billion). He said that the move would disrupt normal trade and hurt the interests of EU consumers. He hoped that the EU would keep its promised opposition to trade protectionism, and warned that China would take corresponding measures, within WTO rules, in due course (XHNA, 16 Sept.).

The Ministry of Commerce announced on 26 September that China would levy anti-dumping duties of between 50.3 per cent and 105.4 per cent on imports of US chicken products. In 2008, imports of US chicken products reached 584,300 tonnes, an increase of over 12 per cent from the previous year (XHNA, 26 Sept.).

Despite China's decision to allow the yuan to become more flexible in June, and some limited upward movement in respect of the dollar, pressure mounted on China to revalue the yuan more comprehensively. Most of this came from the United States, but it was echoed elsewhere. China continued to resist the pressure. A typical commentary concluded: "[p]ast experience shows that global peace and prosperity is impossible without China's participation and as the world's biggest developing country, China cannot develop itself without the help of other countries. Therefore, the US should rein in those Congressmen yapping for Beijing to revalue the yuan and join hands with China to build a positive, co-operative and comprehensive relationship for the 21st century (XHNA, 15 Sept.). As the voices in the United States grew louder, China put its own position more forcefully. At the Foreign Ministry press briefing on 21 September, the spokeswoman put forward China's standard line on the trade deficit with the US and the currency question. She said:

> The imbalance of trade between China and the United States is decided by the international division of labour and not by the exchange rate. An appreciation of the Renminbi (RMB)

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cannot resolve the problem of US trade deficits and there is also considerable consensus on this within the United States … [i]n recent days, there have once again been voices of disharmony in the United States criticizing the RMB exchange, with proposals calling for all possible steps to be taken to push for the appreciation of the RMB. This is both unwise and also short-sighted. A floating RMB exchange rate cannot resolve the problem of bilateral trade imbalance with a specific country (XHNA, 21 Sept.).

Premier Wen Jiabao took a very similar line in a speech in New York, saying that there was no basis for a drastic appreciation of the yuan. The whole question was an economic one and should not be politicized. China had been highly responsible on the exchange rate and the issue should be considered from a historical perspective (XHNA, 23 Sept.). The Ministry of Commerce complained that the proposed anti-subsidy investigation by the US into Chinese imports on the grounds of exchange rate manipulation was a violation of WTO rules. The Currency Reform for Fair Trade Bill passed by the Congress on 29 September allowed the US to seek trade sanctions against partners for allegedly manipulating their currency. The spokesman said that China was willing to take measures, with the US, to balance bilateral trade, and hoped that all parties in the US would evaluate the facts in an objective way and make the right decisions (XHNA, 30 Sept.).

d *Defence Diplomacy and Exercises*

The Third Joint Military Exercise, Friendship 2010, between China and Pakistan was held in the Ningxia Hui Autonomous Region in early July for 11 days. The Pakistani Chief of Staff visited to observe the exercises which focussed on anti-terrorist capabilities (*Daily Times* website, Pakistan, 4 July; XHNA, 5 July).

A Chinese naval flotilla of destroyer and a frigate was observed to have passed through international waters between the Japanese islands of Okinawa and Miyako heading towards the Pacific Ocean on 4 July. This followed an earlier movement in a similar region by two submarines and eight other vessels in March (Kyodo News Agency in English, 4 July)

It was reported that China has sent 15,603 soldiers to participate in 18 United Nations peace-keeping missions since 1990, nine of whom died while on their mission (XHNA, 6 July).

Two Chinese warships, a frigate and a destroyer, visited Egypt from 26 to 30 July. They had been part of the fifth naval flotilla despatched by China to the Gulf on anti-piracy duties (XHNA, 26 July). The ships then visited Italy, arriving in Taranto on 2 August, where they planned to engage in joint exercises with the Italian navy before leaving for Greece on 6 August (XHNA, 2 Aug.). The flotilla arrived in Piraeus on 9 August for a visit lasting to 13 August (XHNA, 9 Aug.). It made its final call in Rangoon, Burma on 29 August. This was the first ship visit to a Burmese port by the Chinese navy (XHNA, 29 Aug.)

A Chinese navy hospital ship deployed to the Gulf of Aden on 30 August. It planned to call at Djibouti, Kenya, Tanzania, the Seychelles and Bangladesh en route, and to offer medical treatment to local people (XHNA, 30 Aug.)

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A Chinese frigate and a training vessel made the Chinese navy's first ever visit to Vanuatu on 27 to 30 August. The flotilla had previously visited Papua New Guinea and was going on to Tonga, New Zealand and Australia (XHNA, 27 Aug.).

China announced that it would send more than 1,000 army and air force personnel to Kazakhstan to take part in anti-terrorism exercises, "Peace Mission 2010," under the auspices of the Shanghai Cooperation Organization. This would be China's largest deployment in 2010 (XHNA, 30 July). The Chinese contingent was commanded by Ma Xiaotian, Deputy Chief of the General Staff, in the exercises which lasted from 9 to 25 September (XHNA, 6 Sept.). Chen Bingde, Chief of the General Staff, attended the opening ceremony on 9 September. Liang Guanglie, Minister of Defence, also went to observe the exercises on 23 September (XHNA, 23 Sept.).

The Turkish press reported that China and Turkey had held a join military exercise in Konya in September, and Turkey tested Russian-built MiG-29 and Su-27 warplanes belonging to China (Milliyet website, 1 Oct.).

The Australian frigate, Warramunga, visited Qingdao and Zhanjiang from 18 to 30 September and the ship took part in joint rescue drills with the Chinese navy. Chinese marines and Australian naval Special Forces also conducted a joint exercise (XHNA, 16 Sept.).

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