Quarterly chronicle and documentation

(April–June 2007)

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 online, 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*

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1. Internal Developments

a *The 27th and 28th Sessions of the Tenth NPCSC*

The 27th meeting of the 10th NPCSC Standing Committee closed in Beijing on 27 April. Delegates approved the nomination of Yang Jiechi (aged 57), former Chinese Ambassador to the United States, as China's new foreign minister in

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place of Li Zhaoxing. Li had served as Foreign Minister since 2003. But at the age of 66, he had passed the age – 65 – at which ministerial-level officials normally retire.

Other ministerial-level nominations approved by NPCSC members included:

- Wan Gang (President of Tongji University in Shanghai) as Minister of Science and Technology, in place of Xu Guanhua;
- Xu Shaoshi as Minister of Land and Resources, in place of Sun Wensheng;
- Chen Lei as Minister of Water Resources, in place of Wang Shucheng.

(For further comments on these appointments, see XHNA, 27 Apr. and *SCMP*, 27 Apr.) A Presidential Decree subsequently confirmed all four appointments (XHNA, 27 Apr.).

The 28th session of the NPC Standing Committee opened in Beijing on 24 June. Delegates considered the draft amendment of the Civil Procedure Law, designed to combat the "long-standing" problem of failure to implement civil court rulings. Against the background that in 2006 some 2.13 million civil case rulings had not been carried out by the due date, the draft sought to increase fines for those who refused to implement rulings from 1,000 to 10,000 yuan (for individual offenders), and from 30,000 to 300,000 yuan (for companies). In some cases, those in defiance of court rulings would be eligible to be detained. As one NPCSC official put it, "[t]he public are up in arms about the poor execution of verdicts … The amendment is necessary to safeguard the authority of justice" (XHNA, 24 June).

Delegates also deliberated a draft amendment to the Law on Conserving Energy, setting out ways in which energy waste in construction projects, transport and the use of government buildings could be avoided in order to improve energy efficiency and cut pollution emissions. The background to the legislation was the failure to meet energy consumption reduction targets and awareness that rapid rises in energy use in these three areas had become a "weak link" in China's efforts to save energy. Thus, statistics showed that in 2005, construction, transport and government buildings had accounted, respectively, for 27.5 per cent, 16.3 per cent and 6.7 per cent of total energy consumption.

Accordingly, the draft, which was being presented to NPCSC delegates for a first reading, demanded that construction projects must fulfil obligatory energy-saving criteria, while buildings and plants already in use would be subject to regular inspection by building authorities. In addition, obsolescent urban central heating systems would be replaced by modern versions that could be individually regulated. Supplementary measures provided stricter controls over the temperature of public buildings. Finally, the new legislation required all levels of government to increase investment in and improve the efficiency of public transport in order to combat energy waste caused by a rapid increase in private car ownership. In short, "the draft amendment … will provide a strong legal basis for China to further intensify its energy-saving campaign" (*ibid.*).

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Also under consideration by NPCSC members was an Emergency Response Law, which sought to eliminate the fabrication and spread of false information, as well as requiring the government to provide accurate and timely information about accidents and disasters. The law was presented to delegates for a second reading, the first draft having been deliberated in June 2006, when there were differences of opinion about the most appropriate scale of punishment to be meted out to those found to have fabricated or spread false information. In the event, the second draft merely stated that "units and individuals are prohibited from fabricating or spreading false information regarding emergencies and government efforts to cope with emergencies" (*ibid.*).

Another controversial law under discussion for the fourth time at the 28th meeting of the NPCSC was the draft Labour Contract Law. The revised legislation stated that part-time workers' wages – including those of part-time employees – must not fall below the statutory minimum levels set by local governments and must be paid within 15 days. Refusal to obey the law would result in employers having to pay compensation to workers over and above the wages that were owed. In an attempt to improve the safety of employees, employers would also be required to inform workers of job risks (*ibid.*).

b *Party, Political and Ideological Affairs*

A national work conference on the rectification of "unhealthy tendencies" was held in Guangzhou from 9 to 10 April. The meeting reviewed developments in 2006 and claimed that significant progress had been made in addressing such tendencies. It urged that the momentum of progress be accelerated during 2007. It drew special attention to the urgent need to resolve the problem of indiscriminate fee collection in education among rural residents in order to ensure the exemption from all tuition and miscellaneous fees for students during the period of their compulsory schooling. It also urged host governments to ensure that the rights of children of migrant workers to receive compulsory education "on equal terms" were observed and that discriminatory fees were not imposed on such children.

"Unhealthy tendencies" in the sale and marketing of medicines and medical services were another focus of concern, and speakers at the conference called for greater transparency in hospital administration:

> The problem of artificially high prices of medicine should be comprehensively resolved. It is necessary to … introduce … government pricing for prescription medicine, step up supervision and control of prices of high value medical equipment … [and] rectify the practices of indiscriminate collection of fees and increase of prices. [In order to improve] pharmaceutical market order … [i]t is necessary to regulate the examination and approval of new drugs by preventing the switching of labels and brands and the substitution of old for new … [and] to rectify commercial bribery and graft in the area of the procurement and marketing of medicine as well as … deal with the manufacture and sale of counterfeit drugs and medical equipment, illegal practice of medicine, and publication of false and illegal advertising in medicine.

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The conference also highlighted the urgent need to address problems affecting those living and working in the rural sector:

> It is necessary to … resolve the problems that undermine [peasants'] land-related rights. It is imperative to earnestly resolve problems such as the failure to implement the rights of the peasants to operate their contracted land, indiscriminate modification and recall of the peasants' contracted land, forced demand for peasants to transfer their contracted land, illegal and unlawful requisition and takeover of peasants' land, as well as failure to pay out compensation for requisitioned land. It is necessary to step up supervision and control of the collection of fees related to agricultural production and daily living as well as of the collective fee collection for villages, and rectify the problems of raising funds and soliciting manual labour from peasants that are against their will and outside the scope as well as the forced substitution of money for labour. The rural asset market order should be further rectified and regulated, and issues that are detrimental to agriculture such as the manufacture and sale of counterfeit farm assets and the manipulative lifting of the prices of farm assets should be thoroughly resolved. All localities may not issue targets for villages and towns to attract businesses and solicit capital. Town and village governments may not provide guarantees for economic activities, while town and village governments and village level organizations may not borrow money to engage in construction projects. It is necessary to resolutely rectify practices which increase the burdens of the peasants and undermine their interests, such as the disregard of the peasants' real absorption capabilities and lack of respect of their will in new rural construction, wilful construction projects, forced demolition and construction, forced demand on peasants to provide capital and labour, and others (XHNA, 10 Apr.).

An article in a Hong Kong source (*Ming Pao* [*Mingbao*], 18 Apr.) reported that the National Work Conference on Comprehensive Management of Social Order, which had ended in Xi'an on 17 April, openly acknowledged that the scale of social unrest, protests and demonstrations in China in recent years reflected "superficial or perfunctory performance of duty, dereliction of duty, or malfeasance" by officials, and the "improper handling" of such incidents by public security departments. It quoted Huang Shuxian – a member of the Standing Committee of the Central Commission for Discipline Inspection and Vice-Minister of the Ministry of Supervision – to the effect that leading cadres whose actions had contributed to social unrest whether through oversight or deliberately, should be strictly dealt with. The articles interpreted such remarks and the "position statement" it implied as a "message to the outside world that the way the Chinese leadership views mass incidents is undergoing a significant change [as they] contemplate the issue from the perspective of improper handling by the government or the public security authorities."

In April the State Council approved the release of regulations designed to enhance official transparency by providing for the more open publication of information by government departments. The new rules would take effect on 1 May 2008.

The regulations enjoined governments at various levels to make available "information which involves the immediate interests of individuals and groups, which should be known by the masses, and which explains administrative institutions and procedures." Such information would include "details of how

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government departments plan to deal with emergencies, government expenses, specific charges for administrative and public services, and results of investigations into environmental protection, public health and food and drugs safety, [as well as local government] data on land acquisitions, residence relocations and related compensation … [and] information from township governments on land use, financial accounting, the operation of rural collective enterprises and the family situations of local residents in order to ensure the fair enforcement of the family planning policy.''

Information directories would also be compiled with the names, addresses including e-mail, telephone and fax numbers of those departments that had been given the responsibility to release official information. Government departments would be regularly monitored in order to check that they were not withholding information, while the general public would be encouraged to report ''information blackouts.'' Serious violations of the new regulations would be punished (XHNA, 23 Apr.; see also XHNA, 24 Apr., and – for a cautious response to the regulations – see the press release of the Committee to Protect Journalists [New York, 24 Apr.]).

Xinhua published the full text of the ''Regulations of the People's Republic of China on Government Information Disclosure'' on 23 April. They were set out in 38 Articles, arranged in five chapters as follows:

Chapter 1: General Provisions
Chapter 2: Scope of Disclosure
Chapter 3: Modalities and Procedures of Disclosure
Chapter 4: Supervision and Safeguard
Chapter 5: Supplementary Provisions

On 2 April, the funeral took place in Beijing of Mao Zedong's second son, Mao Anqing, who died on 23 March at the age of 84. President Hu Jintao, former President Jiang Zemin and senior CCP and government leaders (including Wu Bangguo, Wen Jiabao, Jia Qinglin and Zeng Qinghong) attended the farewell ceremony at the Babaoshan Revolutionary Cemetery.

A Xinhua report noted that unlike his elder brother, Anying, Mao Anqing was largely unknown to most Chinese (''Mao Anqing and his family … [kept] a low profile and were rarely seen in public''). From 1936 until 1947 he lived in the former Soviet Union. In 1949 he returned to Beijing from Heilongjiang, where he took part in land reform, and worked as a Russian translator in the CCPCC's Publicity Department. Subsequently, he translated into Chinese a number of books on various subjects (XHNA, 2 Apr.).

Xinhua announced the death, on 2 June, of Vice-Premier Huang Ju, whom an official obituary described as ''an excellent member of the CCP, a long-tested and faithful Communist fighter and an outstanding leader of the party and the state.'' Huang was born in 1938 in Zhejiang Province. Between 1995 and 2002 he was a member of the CCPCC Political Bureau and Secretary of the CCP Shanghai Municipal Committee. Following his appointment in 2002 to the

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Standing Committee of the CCPCC Political Bureau, in March 2003 he was made Vice-Premier (XHNA, 1 June [GMT]; see also Hong Kong, *ZTS*, 2 June).

c *Social and Legal Affairs*

In May a State Council executive meeting, chaired by Wen Jiabao, decided that all "needy" rural residents (including the old, the disabled and all those unable to work) would be covered by a rural subsistence allowances system, designed to meet the minimum requirements of the rural poor (defined as those with per capita annual income below 683 yuan [US$87.6]) (XHNA, 23 May). Some 23 provinces were reported to have already put in place the system, to the benefit of 15.93 million people (about 70 per cent of all the rural poor). Responsibility for implementing the programme lay with local governments, but with provision to issue subsidies through the central budget in regions facing financial difficulties.

Zhang Weiqing (director of the National Population and Family Planning Commission (NPFPC)) expressed concern that the widening gap between rich and poor, as well as the practice of early marriages in rural areas, threatened to reverse the low birth rate and generate a "population rebound" (XHNA, 6 May). He noted that there was an increasing tendency among the rich and "celebrities" to ignore the one-child rule and to have "as many children as they like." NPFPC statistics showed, for example, that almost 10 per cent of China's rich and famous had three children.

A XHNA report quoted Chinese "reproduction health experts" to the effect that China faced a major problem of infertility, with up to 10 per cent of Chinese couples unable to conceive. A senior academic at Jiaotong University in Shanghai noted that undergoing multiple abortions and delaying childbirth until after the age of 35 were factors that had contributed to the problem. But he added that male infertility was also increasing, with sperm counts having fallen from an average 100 million per ml in the 1970s to the current level of 40 million per ml. Some 10 million Chinese families were thought to be in need of artificial fertilization (XHNA, 9 Apr.).

Gao Xiqing (Vice-Chairman of the National Council for Social Security Funds) noted that China's ageing population posed a major social security challenge. By 2050, he said, the economic cost of supporting the elderly – the ratio of spending on retirees to GDP – would almost have doubled. The scale of the challenge was reflected in the finding that whereas in 2000 the share of the 65s and over in China's total population was only half that of developed countries, by 2050 it would have become the same. With the number of people above the age of 60 expected to reach 400 million by 2050, compared with 144 million in 2005, the contribution of two workers would be needed in order to provide for one person of pensionable age. Gao pointed out that the national social security fund, with current assets of 320 billion yuan, was already unable to meet China's "pension gap" (XHNA, 20 Apr.).

The Chinese Ministry of Health revealed that investigations of 2,755 commercial bribery cases in the health sector had been undertaken in 2006.

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They included cases of commercial bribery – worth over 100 million yuan – related to the purchase and distribution of drugs, medical equipment and medical services. The investigations led to the successful prosecution of 693 health workers (XHNA, 3 Apr.).

The same source noted that cancer was the most lethal illness in both the urban and rural sector in 2006. It was followed among city residents by cerebrovascular disease and heart disease, whereas cerebrovascular disease and respiratory disease ranked second and third in the countryside. Between 2005 and 2006, the death rate from cancer increased by 19 percentage points in cities, and by 23 per cent in rural areas (XHNA, 8 May).

The Ministry of Finance announced in June that the Chinese government intended to allocate 10.4 billion yuan (c. US$1.35 billion) out of its 31 billion yuan annual healthcare budget in support of urban and rural public healthcare. Some 90 per cent of this – 9.4 billion yuan – would be spent on the rural co-operative health system in 23 provinces (autonomous regions). The remainder would be used to promote the urban public health system in 22 provinces and regions of central and western China.

The report noted that farmers were enthusiastically joining the new co-operative health system. It was confident that the target of including 80 per cent of rural areas in the scheme by the end of 2007 would be fulfilled. Meanwhile, the Ministry of Finance would make available 3–4 yuan per person "to support disease prevention and control, women's health, children and the elderly, and public health education" in local urban communities.

These various initiatives were made possible by an 86.8 per cent increase in the central government's healthcare budget, which took funding to 31.3 billion yuan during 2007 (XHNA, 20 June).

d *Economic Affairs*

According to Ma Kai (Minister of the National Development and Reform Commission (NDRC)), the average annual rate of growth of China's GDP between 1978 and 2006 was 9.67 per cent. This compared with an average global GDP growth of 3.3 per cent. During the same period, urban per capita disposable income rose from 343 yuan to 11,759 yuan, while the corresponding increase in the net income of rural residents was from 123 to 3,587 yuan. Budgetary revenues meanwhile rose from 113,23 billion yuan to 3.93 trillion yuan (XHNA, 6 May).

The State Administration for Industry and Commerce (SAIC) revealed that in 2006 one in every 16 Chinese workers – some 120 million in all (9.5 per cent more than in 2005) – was either self-employed or working for a domestically owned private company. The private sector contributed 9.3 per cent of national tax revenue (up 28.7 per cent), while the self-employed remitted 119.5 billion yuan in tax – 3.2 per cent of the national total. More than 80 per cent of *individual* businesses were engaged in service activities, especially wholesale and retail business (XHNA, 1 May).

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A survey undertaken by State Council's Development Research Centre in 17 provinces (autonomous regions) acknowledged that the supply of migrant workers to Chinese cities was "drying up." It found that in almost three quarters of the 2,749 villages investigated, no workers were any longer available to go to work in distant cities. The findings complemented a report of the Chinese Academy of Social Sciences (CASS), which predicted that China faced an imminent labour shortage – and that labour might even be in short supply *in the countryside* by 2009. If such predictions were fulfilled, upward pressure on wages could be expected – as was already happening in some parts of the urban labour force (e.g. among construction workers, electricians and skilled technical workers) (XHNA, 16 June).

The results of a recent national land survey, conducted by the Ministry of Land and Resources, showed that in the first ten months of 2006, some 306,800 hectares of land had been lost, as a result of which China's arable area being contracted to 121.8 million hectares. The same survey revealed that the area of land used for construction during 2006 had declined by 24 per cent to 258,533 hectares. During the entire Tenth Five-Year Plan period (2001–05), 6.16 million hectares of arable land were lost – an average of 1.23 million per annum. The current goal is to ensure that the national arable area should not fall below 120 million hectares by 2010 (XHNA, 12 Apr.).

In a separate report, the Ministry of Land and Resources admitted that some 12.3 million hectares – over 10 per cent of the arable area – was contaminated by pollution and stated that the situation was worsening. It added that such pollution, alongside the contraction in the arable land base – was becoming a "severe threat" to China's food security (XHNA, 22 Apr.). The sources of land pollution included polluted water, residues of chemicals (especially fertilizers), heavy metals and solid wastes. Heavy metals alone were contaminating 12 million tons of grain – thereby posing a potential danger to health – and causing losses of 20 billion yuan each year. The Ministry of Land and Resources was said to be working with the State Environmental Protection Agency (SEPA) to put in place an appropriate pollution monitoring and prevention system in order to resolve the problem.

On 30 May Wen Jiabao convened a meeting of the State Council Standing Committee, at which a national plan on climate change ("China's National Plan for Responding to Climate Change," according to Xinhua, the first such document to be adopted by a developing country), was reviewed and endorsed. Participants in the meeting were at pains to point out that the outcome of the plan would significantly shape China's future economic and social development:

> At stake are the nation's fundamental interests. All regions and all departments must fully understand the importance and urgency of responding to climate change. We must adhere to the scientific development concept as our guide, plan economic development and ecological construction comprehensively as a whole, plan foreign developments and domestic developments comprehensively as a whole, plan the short-term and the long-term comprehensively as a whole. We must integrate the response to climate change with

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the adoption of the sustainable development strategy and with the acceleration of the building of a conservation-oriented, environment-friendly and innovation-oriented nation. We must incorporate the response to climate change into the overall plan of national economic and social development and into the regional plans. We must strive to curb greenhouse gas emissions, ceaselessly enhance our ability to adapt to climate change, balance China's economic and social development with population, resources, and the environment, and contribute to the improvement of the global climate (XHNA, 1 June).

On 3 June the State Council issued a "General Work Plan for Energy Conservation and Pollutant Discharge Reduction" (XHNA, 3 June). Major targets to be fulfilled by 2010 included the following:

- to cut energy consumption per 10,000 yuan of GDP from 1.22 tons (SCE) (2005) to less than 1 ton;
- to reduce water consumption per unit of industrial value added by 30 per cent;
- to reduce the discharge of major pollutants by 10 per cent;
- to reduce the discharge of sulphur dioxide from 25.49 million tons (2005) to 22.95 million tons;
- to cut chemical oxygen demand (COD) from 14.14 million tons (2005) to 12.73 million tons;
- to raise the ratio of national urban treated sewage to 70 per cent or more;
- to raise the ratio of comprehensive utilization of industrial solid wastes to at least 60 per cent.

According to the 2007 *Energy Blue Paper*, published by the Chinese Academy of Social Sciences, the use of inefficient and outdated mining techniques, and the blind pursuit of profit by some mine owners had caused huge waste in China's coal sector. The recovery rate in the industry was a mere 30 per cent – less than half the global average – while 20 tons of "coal resources", compared with between 1.2 and 1.3 tons in developed countries, were required to generate one ton of coal. In Shanxi (China's largest coal-producing province), almost 6 billion cubic metres of coal-bed gas were wasted each year – the equivalent of half of the total amount of gas transferred by the central government from west to east. A further 1.2 billion tons of water resources were also wasted. It was estimated that lifting the resource recovery rate by just five percentage points (to 35 per cent) would save China 250 million tons of coal, 3.2 billion cubic metres of coal-bed gas and 7 million tons of oil per annum by 2010 (XHNA, 2 May).

On 2 April, the State Food and Drug Administration (SFDA) announced its intention to hold regular press conferences on a trial basis in the second half of 2007 in order to facilitate more effective oversight by the public and the media and to combat corruption. The decision followed the highly publicized investigation of the former Director of SFDA (Zheng Xiaoyu) for the alleged receipt of bribes in a number of food and drug safety scandals in 2006, and the successful prosecution of other senior SFDA officials (XHNA, 2 Apr.).

In April, four food poisoning incidents occurred within a single week. In the first of these, 34 students were hospitalized with suspected food poisoning after

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eating lunch at a factory cafeteria in Fujian Province. In the second, 19 middle-school pupils were admitted to hospital with suspected food poisoning, also after eating lunch in a school cafeteria in Changchun (Jilin Province). The third occurred when more than 200 people in Harbin – one of whom subsequently died – were poisoned after eating breakfast suspected of being contaminated with rat poison. Finally, in Shanghai more than 60 migrant workers in Shanghai were also hospitalized after eating at a construction site cafeteria (XHNA, 17 and 18 Apr.; see also Hu Jintao in XHNA, 24 Apr.). Statistics published by the Ministry of Health showed that in the fourth quarter of 2005 alone, 54 serious food poisoning cases had been reported, involving 1,897 people, 39 of whom had died (XHNA, 6 May).

Xinhua reported the unveiling of a five-year plan for food and drug safety administration, designed to improve monitoring and law enforcement in food and drug production to the benefit of public safety. The plan, formulated by the State Food and Drug Administration and other relevant bodies, sought to put in place the new food safety information monitoring network in 90 per cent of the country by 2010. Parallel measures would be instituted in order to enhance drug quality inspection (XHNA, 11 May; and for a follow-up report, XHNA, 31 May).

Serious food price inflation affected low-income families during the quarter. In particular, there was severe upward pressure on the prices of pork and eggs. Thus, the price of live pigs rose by 71.3 per cent between March and April, while pork prices increased by 29.3 per cent during the same period. In the wake of these rises, the Ministry of Civil Affairs called on local governments to extend food subsidies in order to protect low-income urban families (XHNA, 2 June; see also XHNA, 6, 12 and 23 June).

Addressing a national teleconference (27 April), Wen Jiabao stressed that the key to fulfilling targets for energy conservation and pollutant discharge reduction lay in improvements in *leadership* – at all levels and in all bodies – to ensure that effective measures were put in place and implemented. Wen acknowledged that for the time being the situation remained "considerably grim." The 2006 targets for energy conservation and reduced pollutant discharge had remained unfulfilled. Only by meeting the targets set for 2007 could a foundation be paid on the basis of which the goals for 2010 could be fulfilled. Yet the first quarter of 2007 had witnessed "excessively rapid" industrial growth – especially in high-consumption and high-pollution sectors. In addition, problems such as "insufficient understanding, poorly defined responsibilities, ill-matched measures, imperfect policies, unrealized investments, and ineffective co-ordination" persisted. Such issues must be resolved, if even greater difficulties were to be avoided during the remaining years of the 11th Five-Year Programme (XHNA, 28 Apr.).

A Xinhua report revealed that during the first quarter of 2007 China had become a net coal importer to the extent of 2.89 million tons. Concealed in this figure were a 32 per cent decline in exports and a 61 per cent rise in imports. The

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move into deficit on the coal trade account was attributed to changes in tax policy – in particular, the abolition in 2006 of export tax rebates on coal, the imposition of export tariffs and a reduction in import duties – all these measures designed to combat pollution and redress China's burgeoning trade surplus (28 May).

As of 16 April, the Central Bank raised the required the reserve ratio for financial institutions engaged in deposits by 0.5 percentage points to 10.5 per cent. It was the third half per cent increase to take place in 2007. The move was prompted by concerns about excessive liquidity and inflationary pressures, the consumer price index having risen by over 2 per cent since the beginning of the year. In an accompanying statement, the Central Bank spoke of its determination to "maintain its prudent monetary policies, tighten control over bank liquidity to maintain a proper liquidity level and prevent excessive growth in monetary credit" (XHNA, 5 Apr.).

e *Hong Kong Special Administrative Region (HKSAR) and Macau SAR*

Following the State Council's endorsement of his appointment as the Third Term Chief Executive of HKSAR, Donald Tsang issued the following statement:

> I would like to thank the Central People's Government (CPG) for appointing me as the Third-Term Chief Executive of the Hong Kong Special Administrative Region (SAR). It is a great honour for me to continue to lead the SAR Government and promote Hong Kong's continued development. I wish to thank the CPG for their support.
> I have a huge mission. In the next five years, I would strive to lead the SAR Government in a pragmatic manner and to bring Hong Kong's development to a new height. I shall not fail the trust the CPG and the people of Hong Kong have placed in me.
> During the election campaign in the past two months, I solicited views from members of the Election Committee, and I reached out to people from all walks of life, understanding their needs and expectations. These exchanges will, I am sure, help the Administration's future policy formulation.
> Nobody alone can create a better Hong Kong. I hope you can join me in working towards a brighter future for all (HKSAR government website, 2 Apr.).

Following her visit to Beijing, the British Foreign Secretary, Margaret Beckett, travelled to Hong Kong. According to a Japanese news agency, she suggested that Hong Kong should assist China in its efforts to pursue "harmonious development, including democracy and rule of law," although she was reported as adding that "tough challenges are expected in the decade ahead." Her remarks about the implementation of "one country, two systems" were positive, but qualified by her call for "significant progress" towards the introduction of universal suffrage in the SAR (Kyodo, 21 May; see also XHNA, 21 May).

On 29 June Hu Jintao travelled to Hong Kong in order to take part in the celebrations marking the tenth anniversary of Hong Kong's return to China and to attend the swearing-in ceremony of the third-term government of HKSAR. During his stay he met the HKSAR Chief Executive, Donald Tsang.

Also on 29 June, the Chinese central government and the HKSAR Government signed Supplement IV to the Mainland and Hong Kong Closer

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Economic Partnership Arrangement (CEPA), designed to open even further the mainland market to Hong Kong. Under the Supplement, China undertook to open new service areas to Hong Kong (including sports, environment and public utilities). Extended access was also promised in other areas, such as banking and insurance, securities and tourism. The measures would come into effect on 1 January 2008. The most recently available statistics suggested that during 2004–06 the CEPA had already created 36,000 new jobs for Hong Kong residents, as well as facilitating additional investment in Hong Kong amounting to HK$5.1 billion. It had also generated 16,000 new jobs for Chinese Mainland workers and attracted investment by Hong Kong companies worth HK$9.2 billion (XHNA, 29 June).

A Labour Day march in Macau descended into violence and clashes between civilians and local police. A Hong Kong source (*Wen Wei Po* [*Wenhui bao*], 2 May) expressed a degree of perplexity that such clashes should have occurred in a region which had experienced rapid economic growth and a steady decline in unemployment (''Macau has successfully evolved from a lawless shambles where everyone was jittery into a charming place absorbing wealth from all sides''). But it acknowledged that poverty and widening economic gaps, exacerbated by corruption among local officials, had given rise to many social problems in the SAR. Thus,

> Massive capital inflow that came with large-scale investment projects has shored up prices, especially property prices. People at the grassroots have difficulty making ends meet under the pressure of inflation. Moreover, non-resident workers flooding into the territory to fill jobs created by large investment projects have seriously upset the mental balance of some citizens and given rise to social discontent.

The lesson to be learned not only for Macau, but also for Hong Kong, was that intense efforts should be made to ensure that everyone, including ''grassroots citizens,'' benefited from rapid economic growth.

Another Hong Source (*Hsin Pao* [*Xinbao*], 2 May) suggested that pay increases had weakened the competitiveness of Macau industries by pushing up production costs, thereby threatening the region's economic prosperity. One response would be to restructure the industrial sector through upgrading or cost reductions. However, industrial restructuring in Macau presented a difficult challenge because of the high degree of local economic dependence on the gambling industry (accounting for almost 70 per cent of Macau's GDP). Meanwhile, local companies sought to maintain profitability by importing ''streams of foreign [i.e. Mainland Chinese] labour from the black market …, a move that infuriates local workers'' (on Macau's problems, see also Hong Kong, *Sunday Morning Post*, 6 May).

2. Foreign Relations

a *Countries, Territories and Regions*

Africa (Chad, Rwanda)

On 18 April the Minister of External Relations of Chad (Ahmad Allam-mi) arrived in Beijing at the start of a three-day official visit to China – the first such visit since China and Chad resumed diplomatic relations in August 2006. Allam-

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mi held talks with Li Zhaoxing on the further development of bilateral relations and other issues of shared concern.

On 14 May the Rwandan President, Paul Kagame, arrived in Beijing at the start of his first state visit to China. His talks with Hu Jintao focused on ways to further enhance bilateral relations. Kagame drew particular attention to the prospects for closer co-operation in trade, agriculture and infrastructural construction. Both men also agreed to strengthen co-ordination in international affairs and to work together within the framework of the China–Africa Co-operation Forum. Hu called for more exchanges in culture, science, education, health and sports. Following their talks, the two sides signed five co-operation documents on economic and technological co-operation, and the provision of Chinese aid to Rwanda (XHNA, 14 May). Kagame also held talks with Wen Jiabao and Wu Bangguo.

Australasia and the Pacific (Australia, Tonga)

In April, the Australian Minister for Foreign Affairs, Alexander Downer, visited China, where he met senior government officials and took part in the eighth round of talks on the establishment of a bilateral Free Trade Agreement. Vice-President Zeng Qinghong spoke of the Chinese government's wish to promote bilateral "comprehensive co-operation" between the two countries. Thus, "China considers the development of China–Australia relations from a strategic perspective, and is ready to join hands with Australia to promote mutual-beneficial relations which will contribute to world peace and stability." Downer reaffirmed the Australian government's adherence to a one-China policy.

Later, Downer told reporters that FTA talks were progressing well and expressed the hope that further significant progress would be made during Hu Jintao's visit to Australia in September 2007. He revealed that a consensus of some of the sections of the FTA agreement had been reached during his recent talks (XHNA, 3 and 5 Apr.).

Downer also met Li Zhaoxing, with whom he discussed a range of bilateral, regional and international issues.

The Prime Minister of Tonga (Feleti Vaka'uta Sevele) arrived in Shanghai on 24 April at the start of a seven-day visit to China. Later, he travelled to Beijing, where (27 April) he met Hu Jintao. The two men discussed ways in which bilateral relations could be further developed. Sevele also held talks with Wen Jiabao and Wu Bangguo.

Canada

In April the Canadian Foreign Minister (Peter MacKay) travelled to Beijing, where (April 30) he held talks with China's newly appointed Foreign Minister, Yang Jiechi. Their discussions focused on a range of bilateral and international issues (including the United Nations, Iraq and Afghanistan). Both sides spoke of their government's shared desire to promote the further development of their "bilateral strategic partnership." In a subsequent meeting between McKay and

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State Councillor Tang Jiaxuan, there seems to have been some discussion of the case of Huseyin Celil. Celil is a China-born Uyghur and prominent member of the "'East Turkistan' terrorist organization," who received Canadian citizenship in 2001, but who was sentenced to life imprisonment by a Chinese court on April 19, following his arrest in and extradition from Uzbekistan. Hence, apparently, Tang's reference to the need for "proper handling of sensitive issues" between China and Canada (XHNA, 30 Apr.).

Commonwealth of Independent States (Russia)

Following the death of the former Russian President, Boris Yeltsin, a Chinese Foreign Ministry spokesman said that the Chinese people had lost a "sincere friend," who during his tenure of office had made "remarkable" contributions to the improvement and development of ties between Russia and China. Hu Jintao also sent a cable of condolence to the current Russian President, Vladimir Putin. It noted that it was under Yeltsin's Presidency that the two countries had established their strategic co-operative partnership, settled outstanding border issues, strengthened bilateral co-operation over many fields and rejuvenated Sino-Russian traditional friendship (XHNA, 24 Apr.).

For a report on the seventh plenary meeting of the Sino-Russian Committee for Friendship, Peace, and Development, held in Moscow on 30 May, see XHNA, 30 May.

Eastern Europe (Slovakia)

In June the State Secretary of the Slovakian Foreign Ministry (Diana Strofova) travelled to Beijing, where she met Yang Jiechi and took part in political consultations between the Chinese and Slovakian Foreign Ministries. A press release noted that the two sides had expressed satisfaction over the existing level of development of bilateral relations and hoped that exchanges and co-operation would be increased in the future (XHNA, 15 June).

Japan

On 11 April, Wen Jiabao flew from Seoul (see below) to Tokyo at the start of the first visit to Japan by a Chinese Prime Minister since 2000. Kyodo News Service highlighted the importance of his forthcoming meeting with the Japanese Prime Minister (Shinzo Abe), which, it stated, would "seek concrete steps to build strategic ties and underscore a steady improvement in [bilateral] relations." It added that the two men were expected to issue a joint statement, affirming the importance of co-operation, and to sign agreements on environmental and energy issues. During his visit, Wen would address Japan's Parliament and have an audience with Emperor Akihito (Kyodo, 11 Apr.).

Talks between Wen Jiabao and Shinzo Abe took place on 11 April. The two sides reaffirmed the strategic importance on bilateral relations and agreed to put in place a mechanism for high-level economic dialogue between the two

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countries. They also expressed a wish to upgrade the level of co-operation "in all areas."

The Chinese Premier noted that the two sides having reached a consensus "on surmounting the political barriers that obstructed the development of the two countries' relations" (October 2006), Abe's subsequent visit to China had broken the "political impasse" that had continued to impede the forward momentum of such relations. He spoke of the importance – from regional and global perspectives, as well as that of the two countries themselves – of achieving "long-term, healthy and stable development of bilateral relations." In the interests of fulfilling this goal, he urged both sides to keep to the following principles and goals:

- to adhere to the principles and commitments set out in the three Sino-Japanese "political documents;"
- to strengthen high-level contacts and exchanges in order to "build up trust and remove sceptical feelings;"
- to strengthen mutually beneficial economic co-operation and co-ordination (especially in energy, the environment, financial affairs and high technology);
- to facilitate closer ties between the two countries' armed forces and strengthen dialogue on defence security (including "promptly [notifying] each other on all major moves taken in the area of military security" and accelerating the work of establishing a mechanism for managing maritime crises);
- to expand exchanges "in humanity area" [sic];
- to achieve closer consultations and co-ordination in dealing with regional and international regional affairs (including playing a "constructive role" in facilitating broader regional co-operation in the interests of achieving lasting peace and stability in Northeast Asia).

Abe described Wen's current visit as a "new step" that would assist in strengthening bilateral ties. Like the Chinese Premier, he emphasized the importance to the entire region and world of establishing a "strategic, reciprocal relationship" between China and Japan. Above all, he stressed the importance of putting mutual trust at the heart of relations between the two countries. He added that

> [t]he establishment of Japanese-Chinese strategic, reciprocal relations in security area has important significance. We should not regard each other as a threat, but should strengthen our security co-operation and create a mechanism for liaison between our defence departments. Japan welcomes the Chinese defence minister and Chinese warships to visit Japan.

Wen Jiabao also made clear the importance of addressing the problems inherited from the two countries' shared history:

> Historical issues are major issues of principle that affect the Chinese people's national feelings, and they have a close bearing on the political foundation of Sino-Japanese relations. China and Japan have a history of friendly contacts for over 2,000 years, but also have an unfortunate history of 50 years. The war of aggression that Japanese militarists launched against China inflicted immense sufferings on the Chinese people.

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The Japanese people also suffered deeply. To learn from history and look forward to the future, we need to learn a lesson from history and build a new path for friendly Sino-Japanese co-operation. It is hoped that Japan will earnestly abide by the principles in the three Sino-Japanese political documents, properly handle the historical issues, and safeguard and develop the painstakingly created momentum of improving the two countries' relations.

In response, Abe stated that he would "seriously approach history and firmly adhere to the course of peaceful development. This attitude will remain unchanged in the future" (XHNA, 11 Apr.).

In a meeting with Japanese "economic leaders," Wen put forward five proposals for the further development of trade and the strengthening of economic relations between China and Japan. They were:

- to enhance co-operation in environmental protection;
- to strengthen energy co-operation;
- to enhance co-operation between small- and medium-sized enterprises;
- to extend financial co-operation (including securing the involvement of Japanese financial institutions in China's financial reform programme);
- to promote mutual investments.

(For further comment on Wen's visit to Japan, see also *RMRB*, 10 Apr.)

Latin America (Costa Rica)

In a joint communiqué issued in Beijing on 1 June, China and Costa Rica announced the establishment of ambassadorial-level diplomatic relations, effective as of 1 June (XHNA, 6 June). The announcement marked the end of 60 years of diplomatic relations between Costa Rica and Taiwan. President Oscar Arias explained the switch as "an act of foreign policy realism," designed to enhance Costa Rica's relations with Asia and take advantage of the potential of increased trade with China (the value of Costa Rica's exports to China was in excess of US$1 billion per annum) (XHNA, 7 June).

Middle East and North Africa (United Arab Emirates [UAE], Palestinian Authority, Iraq)

The UAE Foreign Minister, Shaykh Abdullah Bin Zayed Al Nahyan, made an eight-day official visit to China in April. He held talks with senior Chinese officials, including Zeng Qinghong and Li Zhaoxing, and visited two large cities in Jiangsu (Nanjing and Wuxi).

On 14 June 14 Wen Jiabao held talks with the visiting Palestinian Foreign Minister, Ziad Abu Amr. Yang Jiechi was also present at the meeting. The Chinese Foreign Minister expressed the hope that "internal conflicts" in Palestine would cease and called on the various Palestinian factions to exercise restraint and to join in safeguarding national interests. He reaffirmed the Chinese government's support for the "Arab peace initiative" and other internationally sponsored efforts to promote peace in the region. He hoped that peace talks between Israel and Palestine would be resumed at an early date and

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said that China would seek to play a "constructive role" in promoting such talks and helping resolve the Middle East issue (XHNA, 14 June).

Later the same month, the Iraqi President (Jalal Talabani) arrived in Beijing at the start of the first visit to China by an Iraqi President since the two countries established diplomatic relations in 1958. On behalf of the Chinese government, Wen Jiabao offered to extend its assistance to Iraq (including helping train Iraqi personnel to enhance educational and medical facilities in the country) and to write off Iraqi debts (XHNA, 22 June).

Northeast Asia (South Korea [Republic of Korea])

In a written statement issued on his arrival in Seoul (10 April) – the first Chinese Prime Ministerial visit to the South Korean capital for seven years – Wen Jiabao made clear the main purpose of his visit: viz., to "strengthen strategic communication …, promote mutually beneficial co-operation and expand common interests." The statement noted that 2007 marked the 15th anniversary of the establishment of diplomatic relations between China and South Korea and highlighted the considerable progress that had been made during that period – to the benefit of both countries, as well as other countries in the region (XHNA, 10 Apr.).

Also on 10 April, Wen held talks with his Korean counterpart, Han Duck-soo. The main focus of their discussions was how to further strengthen bilateral and regional co-operation. Wen again referred to the progress that had already been made in developing bilateral relations during the previous 15 years and spoke of the Chinese government's wish to take those relations forward to a new level ("the scale of co-operation should be expanded and the level of co-operation should be upgraded"). He also called on both sides to intensify their joint efforts to facilitate the denuclearization of the Korean Peninsula as quickly as possible in the interests of regional peace and stability (XHNA, 10 Apr.).

In his talks with President Roh Moo-hyun (also 10 April), the Chinese Premier put forward five proposals intended to strengthen bilateral relations. They were:

- to maintain the momentum of high-level inter-governmental and other exchanges (including a "consultation and security dialogue" on foreign policy);
- to strengthen economic and trade co-operation;
- to promote personnel and cultural exchanges;
- to strengthen bilateral co-ordination and co-operation in regional and global affairs;
- to "properly handle the issues of each other's concern" (e.g., the Taiwan issue) (*ibid.*).

A South Korean source reported that as part of on-going efforts to enhance diplomatic and security co-operation, China and South Korea had agreed to set

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up military hotlines between the two countries' navies and air forces (Seoul, Yonhap, 10 Apr.).

South Asia and Indian Ocean (Pakistan, India; South Asian Association for Regional Co-operation [SAARC])

Following his arrival in Islamabad on 1 April the Chinese Foreign Minister (Li Zhaoxing) held talks with his Pakistani counterpart, Khurshid Kasuri. Li referred with satisfaction to the strength of the relationship between the two countries, characterized as it was by "all-weather friendship and omni-directional co-operation." He spoke of the Chinese government's willingness to strengthen bilateral co-operation over a wide range of activities (trade, economic, scientific and technological, and educational). He also gave an undertaking that China would work with the South Asian Association for Regional Co-operation (SAARC) in order to enhance its relations with South Asian countries.

Kasuri's remarks echoed those of the Chinese minister. He spoke of further progress in the development of bilateral relations that had resulted from the exchange of state visits made by President Pervez Musharraf and President Hu Jintao in 2006, including the signing of a five-year programme for the development of economic and trade co-operation and a bilateral Free Trade Agreement (FTA). He hoped that Prime Minister Aziz's forthcoming visit to China to attend the annual meeting of the Boao Asian Forum would generate more mutually beneficial initiatives (XHNA, 1 Apr.).

The following day, Li Zhaoxing held talks in Rawalpindi with President General Pervez Musharraf. Musharraf hoped that the signing of the FTA would be the catalyst for the level of bilateral trade to rise from the current US$5billion to US$15billion (XHNA, 2 Apr.).

Li Zhaoxing travelled from Pakistan to India, where he attended the 14th SAARC summit meeting (New Delhi, 3 April). In an address at the opening ceremony, he reaffirmed the Chinese government's support for SAARC goals and put forward a number of proposals for co-operation between China and SAARC, especially in the areas of poverty alleviation and combating natural disasters. He also revealed that China intended to organize human resources training programmes, in which SAARC member countries – Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka – would be invited to participate. Chinese enterprises would also be encouraged to undertake investment in SAARC countries, especially in infrastructural and energy development (XHNA, 3 Apr.).

Also in April, the Prime Minister of Pakistan (Shaukat Aziz) visited China, where on 17 April he held talks with Wen Jiabao. Both men spoke of the strong friendship that had long existed between China and Pakistan and agreed that their governments should make a concerted joint effort to take the Sino-Pakistani strategic partnership to a new level. To this end, they reached a wide-ranging consensus on measures to enhance their bilateral relations and

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strengthen co-operation. They also exchanged views on major regional and international issues.

Following their meeting, Wen and Aziz attended a signing ceremony of 13 agreements [15, according to Pakistan's *PTV World*, 17 Apr.] and other documents. These embraced economic and technical co-operation; telecommunications co-operation; prevention of double taxation, tax fraud and tax evasion; judicial assistance in dealing with criminal offences; and regulations for the implementation of the projects under the Five-Year Development Plan for Sino-Pakistani Economic and Trade Co-operation (XHNA, 17 Apr.).

On 18 April Aziz met Hu Jintao, who expressed the hope that Pakistan and India would continue their dialogue in an effort to further strengthen their bilateral ties and thereby enhance peace, stability and development in the South Asian region. He looked forward too to the further development of Sino-Pakistani relations through trade, economic and other forms of co-operation. The two men exchanged views on reconstruction in Afghanistan and the nuclearization of Iran (XHNA, 18 Apr.; for the complete text of the two countries' Joint Statement, see XHNA, 20 Apr.).

A report from Hong Kong (*ZTS*, 23 Apr.) indicated that progress made during the most recent – the tenth – Sino-Indian border talks (New Delhi: 20–22 April) left room for optimism that unresolved issues might at last be nearing a settlement. Participants in the discussions were Dai Bingguo (Chinese Special Representative and Vice-Minister of Foreign Affairs) and M. K. Narayanan (Indian Special Representative and National Security Adviser). Dai also had separate meetings with the Indian Prime Minister (Manmoham Singh) and Foreign Affairs Minister (Pranab Mukherjee).

Dai insisted that the Chinese government was anxious to co-operate closely with Indian officials in order to put in place at the earliest opportunity a "fair and rational framework acceptable to both sides for settling the border issue."

The *ZTS* commentary noted that in contrast to previous meetings, the tenth round of talks had used words that pointed to more significant progress having been made in the discussions. Not least, "the fact that China and India had 'in-depth and useful discussions' during the two rounds of talks within three months indicates the two countries' eagerness to solve this sensitive issue" (see also New Delhi, Press Trust of India, 10 May).

South-East Asia (Singapore, Vietnam, Thailand, the Philippines)

Singaporean Senior Minister Goh Chok Tong arrived in Beijing on 23 April. During his visit to China, he held talks with Wen Jiabao, and Jiang Zhenghua ("Senior Chinese legislator"). He also attended the opening ceremony of the Second Investment and Trade Fair of Central China in Zhengzhou (Henan Province).

The President of Vietnam (Nguyen Minh Triet) arrived in Kunming on 15 May at the start of a four-day state visit to China – his first since taking office in June 2006. On 17 May he held talks in Beijing with Hu Jintao, the outcome of

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which was an agreement to further strengthen bilateral relations in accordance with the principle of "long-term stability, looking forward to the future, good-neighbourliness and friendliness, and comprehensive co-operation." Following their discussions, Hu and Triet attended a signing ceremony of economic, cultural transport and human resources training co-operation documents (XHNA, 17 May; also XHNA, 18 May for the text of the two sides' Joint Communiqué, which included a commitment to complete the demarcation of their joint border in 2008).

In separate talks (see XHNA, 28 May), the Chinese and Vietnamese Foreign Ministers discussed bilateral and other issues and agreed to accelerate "China-Vietnam all-round co-operation."

During a visit to China in May, the Thai Prime Minister (Surayut Chulanon) met Hu Jintao, who reaffirmed the Chinese government's commitment to maintaining friendly relations with Thailand. Hu also hoped that the "China–Thailand Joint Action Plan for Strategic Co-operation," to be signed during Surayut's visit, would help strengthen relations between China and Thailand (XHNA, 28 May).

In his talks with Surayut, Wen Jiabao called on the Chinese and Thai governments to work together in promoting progress in the following five areas:

- to maintain the momentum of high-level bilateral exchanges (including strengthening communication and co-ordination on important bilateral and international issues);
- to maximize the use and usefulness of economic, trade, investment, and co-operation joint committees and other mechanisms in order to enhance trade and economic co-operation with a view to attaining a level of bilateral trade of US$50 billion by 2010;
- to extend cultural, educational and health co-operation;
- to promote closer relations between border provinces and cities via the Yunnan–North Thailand Co-operation Work Team and other local co-operation mechanisms;
- to strengthen co-operation in defence, and drug prevention and prohibition.

On 6 June the President of the Philippines (Gloria Macapagal Arroyo) arrived in Chengdu, Sichuan Province, for what Xinhua described as an "investigation tour on development of western China" (XHNA, 6 June). In an informal meeting with the local Mayor Ge Honglin, Arroyo, who spoke of bilateral relations between the Philippines and China having entered a "golden age," endorsed the suggestion that the Philippines should open a new consulate in Chengdu (*The Philippine Star* website, 8 June).

Later the same month, the Philippine Secretary of Foreign Affairs (Alberto Romulo) travelled to Beijing, where he held talks with Yang Jiechi. In an echo of the Chengdu Mayor's remarks to Arroyo, Yang also described the current period as a "golden age of all-round development" of relations between China and the Philippines ("the two sides have deepened political trust and co-

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operation in all areas, and maintained consultation in regional and international affairs''). In addition to discussing bilateral relations, the two men exchanged views on regional affairs (including those of the Association of Southeast Asian Nations (ASEAN)) and other issues of shared concern (XHNA, 18 June). Romulo also met Wen Jiabao.

Taiwan [Republic of China]

On 16 April, Lien Chan (Honorary Chairman of the Kuomintang Party) arrived in Zhengzhou to begin his fourth visit to Mainland China since April 2005. He headed a 27-person Taiwanese delegation. During his visit, Lien participated in the Third Cross-Straits Economic, Trade and Cultural Forum (Beijing, 28–29 April) (see XHNA, 27 Apr.; for the full text of the ''common suggestion'' adopted at the Forum, see XHNA, 29 Apr.; and XHNA, 30 Apr. for details of ''13 Policy Measures for Promoting Cross-Strait Contact, Exchanges, and Co-operation'' forthcoming from the Forum).

For the 11th successive year, a proposal that Taiwan should be admitted to the World Health Organization (WHO) as a ''member state'' was rejected by the World Health Assembly (the WHO's supreme decision-making body). The Chinese Minister of Health, Gao Qiang, insisted that Taiwan's status as a ''province of China'' ruled out its eligibility, since WHO membership was only open to sovereign states. He also suggested that the proposal to admit Taiwan to WHO membership was designed to fulfil political, not welfare goals, Thus,

> the focus of attention of the ''Taiwan membership'' proposal is not the well-being of the Taiwan people, but to seek ''Taiwan Independence'' in the international arena, and serves the election campaign of certain political figures on the island (XHNA, 14 May; see also the statements of Gao Qiang and a Chinese Foreign Ministry spokesman in XHNA, 15 May).

United States of America

On 21 May Vice-Premier Wu Yi arrived in Washington to attend the second meeting of the Strategic Economic Dialogue (SED). Xinhua said that the meeting would focus on issues relating to ''service, investment and transparency, energy and environment, growth balance and innovation'' in the hope of strengthening the ''mutually beneficial co-operation and [pushing] forward the strategic co-operative relationship'' (XHNA, 21 May).

Both Wu Yi and her America co-chair – Henry M. Paulson (Treasury Secretary and Special Envoy of President George W. Bush) later said that the meeting had achieved ''concrete results.'' Wu revealed that it had afforded the two sides to have an ''in-depth discussion on overall, strategic and long-term economic issues relating to the two countries'' (including some of the ''hotspot issues'' currently affecting bilateral trade and economic relations) (for more details, see XHNA, 23 May and Hong Kong, *SCMP*, 24 May; also XHNA, 25 May for the full text of the ''Joint Fact Sheet of the SED''). Following the meeting, Wu Yi met President Bush.

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A *ZXS* report (25 May) noted that Wu Yi had also had a "very frank … [and] constructive … dialogue" in meetings with Nancy Pelosi (Speaker of the US House of Representatives) and other members of the US Congress. Pelosi was reported to have called for stronger cultural, political and diplomatic ties between China and the United States.

In June Vice Foreign Minister Dai Bingguo travelled to Washington, where he was co-chair, alongside John Negroponte (US Deputy Secretary of State), of the fourth round of the Sino-US Strategic Dialogue. During the meeting the two sides enjoyed a "frank and in-depth exchange of views" on bilateral relations, as well as regional and international issues (including Taiwan, Darfur (Sudan), the nuclearization of the Korean Peninsula, global climate change and the non-proliferation of weapons of mass destruction). They agreed that the fifth round of the strategic dialogue should take place in Beijing before the end of 2007 (XHNA, 22 June).

Following the meeting, Dai held separate talks with Condoleezza Rice (US Secretary of State) and Stephen Hadley (Assistant to the President for National Security Affairs). During these discussions, the two sides exchanged views on bilateral relations, Taiwan, the nuclear programmes on the Korean Peninsula and in Iran, Darfur and other issues of mutual concern.

Western and Southern Europe (Greece, The Netherlands, United Kingdom [UK], Germany, Sweden, Spain; European Union (EU))

In May the Greek Foreign Minister (Dora Bakoyannis) visited China, where she held talks with Wen Jiabao, Yang Jiechi and State Councillor Chen Zhili. The visit coincided with the 35th anniversary of the establishment of diplomatic relations between Greece and China. Bakoyannis, who led a delegation of some 30 entrepreneurs, also spent time in Shanghai.

During his visit to China in May, the Dutch Foreign Minister (Maxime Verhagen) held talks with her Chinese counterpart, Yang Jiechi. The two sides later signed a joint statement on enhancing bilateral co-operation between the countries' foreign ministries. Verhagen also met Wu Bangguo.

In advance of her visit to China, the British Foreign Secretary (Margaret Beckett) stated in a written interview with Xinhua that the holding of annual bilateral summits, the regular flow of reciprocal visits by senior officials and other figures, and the UK's role as the largest European investor in China all pointed to the fact that Sino-British relations were better than ever before. She noted too that the UK now hosted the largest number of Chinese students – more than 60,000 – of any country in the world. She hoped that her forthcoming visit, during which she expected to discuss a wide range of issues (including climate change, migration, poverty reduction and prevention of the proliferation of weapons of mass destruction) would take bilateral relations to an even higher level (XHNA, 14 May; see also Chinese comments in advance of Beckett's visit in XHNA, 15 May).

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Following her arrival in Beijing, on 18 May Beckett held talks with Yang Jiechi. Yang noted that 2007 marked the 35th anniversary of the establishment of ambassadorial-level diplomatic relations between China and the UK, as well as the tenth anniversary of the retrocession to China of sovereignty over Hong Kong. He spoke of the Chinese government's willingness to use the occasion as an opportunity to work with the UK to deepen bilateral co-operation and strengthen the two sides' strategic dialogue in the interests of pushing forward the Sino-British comprehensive strategic partnership to a new level. Beckett endorsed Yang's remarks and agreed that Sino-British relations were advancing more strongly than ever before. She emphasized the importance which the British government attached to its relations with China and reiterated its commitment promote comprehensive co-operation. The two ministers also exchanged views on UN reforms, African development, Iraq, the Iranian nuclear issue and EU integration (XHNA, 18 May).

On 23 May, the President of Germany, Horst Koehler, arrived in Kunming to begin his first state visit to China – timed to coincide with the 35th anniversary of the establishment of diplomatic relations between China and Germany. The day after his arrival in Beijing, Koehler discussed the further development of bilateral relations and a number of international issues with Hu Jintao. The Chinese President spoke enthusiastically about the rapid growth of relations between China and Germany during the previous 35 years. He called on both sides to further strengthen ties by deepening their political relationship, expanding trade and economic co-operation (especially in finance and insurance, infrastructural construction, energy, environmental protection and the development of high-tech industry), and promoting closer co-ordination in international affairs. He also pledged the support of the Chinese government in helping organize German "cultural activities" in China between 2007 and 2010 (XHNA, 24 May).

Koehler's talks with Wen Jiabao (May 25) focused on environmental issues, including global climate change. The Chinese Premier reaffirmed the Chinese government's determination to fulfil its responsibilities and contribute to the global cause of environmental protection.

Following his participation in the G8 dialogue meeting in Germany, Hu Jintao travelled to Stockholm, where (9 June) he held talks with the King of Sweden on the further development of bilateral relations. His visit was the first state visit to Sweden by a Chinese head of state since the two countries established diplomatic relations in 1950.

The following day, the Chinese President met the Swedish Prime Minister (Fredrik Reinfeldt). He hoped that the two countries would work together to strengthen their relations, both politically and economically (in the latter case, by co-operating in telecommunications, environmental protection, energy saving and bio-pharmacy). He also looked forward to an expansion of educational, cultural and other exchanges (XHNA, 10 June).

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On 24 June King Juan Carlos I of Spain arrived in Shanghai at the beginning of a six-day state visit to China at the invitation of Hu Jintao. It was the King's third visit to China. During his stay, he held talks with Hu Jintao, Wen Jiabao and Wu Bangguo, the main focus of their discussions being the prospects for increased bilateral trade.

The 23rd China–EU Human Rights Dialogue took place in Berlin during 15–16 May under the co-chairmanship of Wu Hailong (Director General of the Foreign Ministry's Department for International Organizations and Conferences) and Peter Wittig (Director in charge of the UN and Global Affairs in the German Foreign Ministry). Wu spoke of recent progress made by China in relation to human rights (e.g. through legislative initiatives, judicial reform, increasing the openness of government affairs public, safeguarding people's rights to work, ratifying the Property Rights Law, restructuring the household registration system and protecting rural migrant workers' rights) (XHNA, 17 May).

In Hamburg on 28 May, Yang Jiechi met senior European Union officials, including Javier Solana (High Representative for the Common Foreign and Security Policy and Secretary-General of the Council of the European Union) and Benita Ferrero-Waldnerhere (European Commissioner for External Relations and European Neighbourhood Policy). Also present was the German Foreign Minister, Frank-Walter Steinmeier. Both sides committed themselves to further efforts in order to strengthen bilateral relations.

During his stay in Hamburg, Yang Jiechi also attended the Eighth Asia–Europe Meeting (ASEM) of foreign ministers (28–29 May).

Following trade talks in Brussels between the Chinese Minister of Commerce (Bo Xilai) and the EU Trade Commissioner (Peter Mandelson), the two sides announced that they had reached agreement to liberalize their bilateral textile trade in 2008 (XHNA, 13 May). The announcement added that two sides had agreed to adhere to the 2005 Shanghai textile agreement and to implement free textile trade "in due time" (but see *ZXS*, 13 June, for criticism by a spokesman of the Ministry of Commerce of the EU's recent assessment report on China's market economy, which found that China had fulfilled only one of five technical conditions needed for the granting of market economy status).

b *International Organizations and International Meetings (Boao Forum for Asia (BFA), African Development Bank (ADB), Group of Eight (G8))*

The 2007 Annual Conference of the Boao Forum for Asia (BFA) took place in Boao (Hainan Province) on 21–22 April. The central theme of the meeting was Asian integration.

Wu Bangguo (Chairman of the NPC Standing Committee) delivered a keynote speech at the opening ceremony of the conference. He highlighted the importance of BFA – reflected in the major Asian shares of global GDP (25 per cent), trade (over 30 per cent) and foreign exchange reserves (75 per cent) – and spoke of its role as a forum for dialogue towards stronger business co-operation

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and development throughout Asia. He also drew attention to shared Asian aspirations – the maintenance of peace, enhancement of co-operation, promotion of scientific and technological innovation, resource conservation and environmental protection – and called on member countries to use these to accommodate their mutual interests and concerns in the interests of peaceful and stable development throughout the region. In particular, Wu Bangguo called on Asian countries to implement a "new strategy" of industrialization in a new way – one that was "high-tech driven, resources-efficient and environment-friendly and fully [tapped] the strengths of human resources" (XHNA, 21 Apr.).

In advance of the 2007 Annual Meetings of the African Development Bank (ADB) Group, held in Beijing, 16–17 May, a Foreign Ministry spokesperson stated that in hosting the meetings the Chinese government sought to demonstrate its commitment to playing a positive role in reducing poverty and promoting development in the African continent. She noted that as of the end of 2006, China had invested US$11.7 billion in Africa – most of it destined for infrastructural construction. She also revealed that during the coming three years China planned to help set up 30 hospitals, 100 rural schools, 30 malaria prevention centres and 10 agricultural pilot centres in Africa (XHNA, 15 May).

Wen Jiabao addressed the opening ceremony of the annual board meetings (Shanghai, 15 May) – only the second time that the meetings had taken place outside Africa, and the first time in Asia. He said that the current meetings would help boost ADB's growth, strengthen its role and increase its influence. He noted that since the first openings of diplomatic relations between China and African countries in the 1950s, China had been involved in over 900 infrastructural and public projects in Africa, had provided nearly 20,000 government scholarships to 50 African countries, and had sent 16,000 medical personnel to 47 African countries. In addition to giving zero-tariff preferential treatment to exports to China from some of the poorest African countries and providing wider market access to African products, the Chinese government had cancelled 10.9 billion yuan of African debt to China, most recently of all during the Beijing Summit of the Forum on China–Africa Co-operation (November, 2006).

Wen reaffirmed his government's commitment to working alongside African countries and looked forward to finding new avenues of co-operation in order to strengthen co-operation to the mutual benefits of both sides. He stressed the importance of improving project evaluation and enhancing the efficiency of investment and loans.

Around 2,000 people attended the opening ceremony, including the Presidents of Rwanda (Paul Kagame), Cape Verde (Pedro Pires) and Madagascar (Marc Ravalomanana), the Governor of the People's Bank of China (Zhou Xiaochuan) and the President of the African Development Bank (Donald Kaberuka) (XHNA, 16 May).

On 6 June Hu Jintao arrived in Berlin with a delegation, including Tang Jiaxuan, in order to take part in the G8 dialogue meeting, to be held in

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Heiligendamm on 8 June. Hu had attended the previous three G8 dialogue meetings (for comment in anticipation of the meeting, see *RMRB*, 5 June).

In his speech to the G8 meeting (8 June), Hu spoke of the challenges and opportunities arising out of the process of economic globalization. He drew attention to worsening imbalances in the global economy, increased pressure on energy resources, ''conspicuous'' ecological and environmental problems, and strengthened trade protectionism. The emergence of such problems served as a reminder of the need to ''persistently carry out mutually beneficial co-operation, strengthen co-ordination and co-operation, guide economic globalization to develop healthily, and enable the growth of the world economy to benefit the people of various countries.'' With this in mind, Hu put forward several proposals on strengthening co-operation in international development. They included:

- the need for joint efforts, not least in the financial sector, to promote steady and more balanced global economic development (''the international community should … promote … the orderly readjustment of the imbalance of the world economy through expanding domestic demands, reducing financial deficits, speeding up structural readjustment, deepening structural reform and other measures'');
- the need to strengthen co-operation in order to ''realize mutual benefits and win-win results'' – hence, the importance of implementing the UN Millennium Development Goals, and narrowing the gap between the North and the South (with special provision to meet the needs of African development);
- the need to promote sustainable development on the basis of ''co-ordinated economic growth, social development and environmental protection;''
- the need to differences and contradictions through ''democratic consultation,'' based on the recognition that there exists no ''unified model'' of development (''[t]he international community should respect the right of various countries to independently choose the social system and the road for development'').

Hu also drew special attention to the serious challenge posed by climate change. He insisted on the importance of adhering to the principle of ''common but different responsibility'' established in the ''UN Framework Convention on Climate Change.'' He was at pains to reaffirm China's commitment to development sustainability, and pointed to measures taken by the government to address the problems of climate change and reduce the emission of greenhouse gases (XHNA, 8 June).

During his stay in Germany, Hu Jintao held separate meetings with leaders of the G8 member countries, including President Bush.

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