Quarterly chronicle and documentation

(July–September 2008)

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 Fourth Session of the 11th NPCSC*

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The Fourth Session of the NPC Standing Committee took place in Beijing between 25 and 29 August. Li Jianguo (Vice-Chairman and Secretary-General of the NPC Standing Committee) delivered a report on the implementation of the Law on the Protection of Minors. He noted that the healthy growth of China's 300 million minors was a priority concern of the government, not least because they held the key to the country's future development. It was against this background that earlier in the year, the NPCSC had dispatched teams to five provinces and autonomous regions in order to inspect the working of the Law. The findings of these teams suggested that at a general level, the Law was being implemented satisfactorily. There were, however, also some areas of concern that needed to be addressed.

One of these issues was the problem of "Internet addiction" among minors. With this in mind, Li called for tighter control and management of online games and Internet cafes, as well as the implementation of other measures "to promote civilized online behaviour and civilized Internet management." He also suggested that more investment be allocated to "activity venues for minors that serve the public interest," and advocated admitting minors free of charge to recreational and sports facilities during holidays and at weekends.

In order to care for children left in rural areas by parents who worked away from home, Li argued that greater efforts were needed to construct pre-school and other care institutions. He also highlighted the problem of juvenile delinquency and called for the accelerated development of appropriate forms of education (including both the provision of universal education at high-school level and the construction of more reformatory schools) and the implementation of more effective judicial protection.

The Minister of Agriculture, Sun Zhengcai, presented a report to NPCSC delegates on progress in raising farmers' incomes. In pursuit of this goal, recent years had seen the implementation of a range of new measures, intended to promote agricultural and rural development. But Sun acknowledged that serious problems persisted: the rural–urban income gap had continued to widen; returns from farming had continued to decline; farmers were facing greater difficulty in finding work away from home; and natural disasters still took a heavy toll on agricultural income. It was against this background that efforts to raise farmers' incomes during 2008 would focus on eight key areas:

- to promote comprehensive farm development, including seeking new ways of raising farm income;
- to strengthen the role and dissemination of agricultural science and technology and service in order to raise the returns from farm production;
- to reduce the cost burden on farmers by introducing more effective regulation and tighter controls over agricultural markets;
- to increase agricultural and rural investment;
- to provide more diversified employment opportunities among farmers;
- to accelerate rural infrastructural construction;
- to promote the accelerated development of rural "social programmes";

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- to deepen rural reform, including providing "institutional guarantees for increasing incomes and reducing expenditures for farmers" (XHNA, 28 August).

Zhu Zhigang (Vice-Chairman of the NPC Financial and Economic Committee) presented the "2007 Final Account of the Central Government." His report contained the following final estimates of central government revenue and expenditure, which may be compared with the preliminary estimates cited at the First Session of the 11th NPC on 20 March 2008 (see 'Quarterly Chronicle', *The China Quarterly*, No. 194, June 2008).

Table 1: **Central Government Final Accounts (2007 actual) (figures in billion yuan)**

	CENTRAL BUDGET
Total revenue	**2,861.2**
- change over 2007 (plan)	+ 419.1 (+ 17.2%)
Total expenditure	**2,958.0**
- change over 2007 (plan)	+ 270.9 (+ 10.1%)

Zhu's report also revealed that transfer payments from the central government budget to local authorities totalled 1,401.7 billion yuan (19 per cent above the budgeted figure). Tax rebates from the central budget to local authorities totalled 412.1 billion yuan, or 2.1 per cent above the budgeted figure. At the end of 2007, the level of outstanding national debt in the central government budget was estimated to be 5,207.465 billion yuan – "within the limit approved by the National People's Congress" (XHNA, 29 August).

b *Political Affairs*

Against the background of "at least four violent riots" in China in the space of a month, a Hong Kong source quoted Li Junru (Vice-President of the CCP Central Party School) to the effect that local officials' "insensitivity and crude manners" were a significant contributory factor. Rapid economic and social changes were a breeding ground for dissatisfaction and conflict, but grievances were not being satisfactorily addressed. The outcome was that disputes between officials and ordinary citizens quickly became "flashpoints for unrest."

Li called on relevant authorities to seek new and more effective ways of dealing with public grievances, including the establishment of a conflict-resolution mechanism to resolve differences between the government and other interest groups. He added that

[Officials] must start working on issues the public want the most and areas they are most unhappy about. Solving their grievances will become the most important benchmark to assess their performance (Hong Kong, SCMP, 24 July; see also XHNA, 24 July for text of "Explanations for the CCP Regulations for Disciplinary Sanction").

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It was reported by Xinhua that on 4 August 16 policemen had been killed and a further 16 injured after a grenade attack on a border patrol armed police division in Kashi City (Xinjiang Uygur Autonomous Region). Two attackers were said to have been arrested. In the face of previous evidence that members of the "East Turkestan Islamic Movement" were planning to undertake terrorist attacks in the run-up to the Beijing Olympics, police sources suspected that terrorists were responsible for the incident (XHNA, 4 August).

The following day, the Japanese News Agency, Kyodo, reported that two Japanese press representatives (a reporter and a photographer) had been detained and beaten by paramilitary police in Kashgar while they were trying to investigate the alleged terrorist attack in Xinjiang. The Japanese Embassy in Beijing informed the Chinese Foreign Ministry of its regret that such an incident should have occurred, and demanded that such behaviour should not recur.

In the early hours of 10 August, "several" bombings were reported from outside a public security bureau in Kuqa County, southern Xinjiang. The incidents resulted in the deaths of seven bombers and a security guard. Two policemen and two civilians were also said to have been injured, and two police cars were destroyed (XHNA, 10 August).

A report based on a survey undertaken by the Chinese Academy of Social Sciences (CASS) concluded that "conflict" between the public and government officials had become increasingly prominent in recent years. Of those surveyed, 70 per cent felt that government officials had been the biggest beneficiaries of economic development during the previous decade, followed by entertainment stars, entrepreneurs, managers of state-owned enterprises and professionals. There was a widespread belief that whereas those outside officialdom who had become rich had done so through the positive virtues of "hard work, business acumen and higher education," rich officials more often owed their affluence to "corruption and stealing public assets." Hence, the increasing frequency of conflict generated by "malpractice such as illegal charging, displacement programmes, law enforcement and unemployment policy implementation" (XHNA, 12 Sept.).

c *Social Affairs*

It was reported that Shanghai's permanent population (i.e., those who had resided in the city for at least six months) reached 18.58 million in 2007, compared with 13.34 million in 1990. The sharp increase was mainly attributable to the influx of migrants, whose numbers totalled 4.99 million. The ageing of Shanghai's population was captured in the finding that those aged six and above accounted for 20.8 per cent of total population – twice as big as the corresponding national figure and the same level as in developed countries (XHNA, 11 July).

Xinhua noted that as of the end of June 2008, the number of Chinese internet users ("netizens") had reached 253 million – a remarkable 56.2 per cent more than in 2007. As a result, the number of Chinese netizens had overtaken the

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corresponding number in the United States to become the largest national total in the world. There were 214 million broadband subscribers – also the largest such number in the world.

The same report revealed that 63.29 million Chinese shopped online, while 23.79 million of them paid money online (XHNA, 24 July).

Towards the end of the quarter, contamination of baby milk powder was thought to have caused kidney stones in more than 430 babies. The Sanlu Group – a leading Chinese dairy producer based in Hebei Province – acknowledged its discovery of the contamination of its milk formula with melamine and ordered a recall of relevant products. The State Administration for Industry and Commerce also instructed that all Sanlu baby powder made before 6 August should immediately be removed from sale. Subsequently, the General Administration of Quality Supervision, Inspection and Quarantine (GAQSIQ) dispatched working groups to Hebei, Guangdong, Heilongjiang and Inner Mongolia in order to inspect dairy product companies.

Xinhua later reported that two brothers who had been selling three tons of contaminated milk per day had been arrested in Hebei. They were charged with producing and selling toxic and hazardous food by putting melamine – a chemical raw material used in the plastics industry – into raw milk in order falsely to inflate the protein content of the milk. A further 17 people working at private milk collecting stations in Hebei were also detained by police, and police later made two more arrests (with more expected to materialize). More than 10,000 tons of Sanlu baby formula that had been seized and recalled was destroyed (XHNA, 15 Sept.).

The scale of the contamination problem emerged when the results of the GAQSIQ's investigations revealed that chemical melamine had been found in 69 batches of baby powder produced by 22 Chinese companies (including two exporters – one based in Guangdong, the other in Shandong). An immediate halt on the sale of the affected products was ordered. In all, 491 batches of milk products produced by 109 companies were tested. No melamine was discovered in the only brand produced for export. Nor was any chemical contamination found in dairy products used during the Beijing Olympics and Paralympics. Taiwan responded to the contamination scandal by banning the import of all dairy products from 22 companies in China, with immediate effect as of 17 September (CNA, 17 Sept.).

Also on 17 September, it was reported that three infants had died after being fed contaminated milk powder. Following the death of the third child – in Zhejiang Province (the previous two had occurred in Gansu) – the Chinese government instructed that every dairy product by every producer should be tested for the presence of melamine. As of the same date, it was revealed that the number of infants made ill as a result of consuming the tainted formula exceeded 6,200, of whom 158 had suffered acute kidney failure (XHNA, 17 Sept.).

Against the background of three deaths and almost 13,000 infants having been hospitalized as a result of consuming tainted dairy products, it was

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announced on 22 September that the State Council had endorsed the resignation of Li Changjiang (Director of GAQSIQ).

d *Economic Affairs*

Addressing members of the Politburo of the CCP Central Committee on 25 July, Hu Jintao said that the government's topmost economic priority during the second half of the year would be to promote "steady and fast" GDP growth, while keeping prices stable.

The Politburo meeting recognized that fulfilling these objectives would require significant challenges to be overcome. In particular, efforts would be needed to contain inflationary pressures, as well as to strengthen macroeconomic controls.

Other priorities for the second half of 2008 included: acceleration of economic restructuring, intensifying efforts to conserve energy and reduce greenhouse gas emissions, improving people's living standards, and promoting reconstruction in the aftermath of the recent earthquake (XHNA, 25 July; see also comments by Wen Jiabao in XHNA, 27 July).

The Politburo meeting took place against the background of first-half results, which showed GDP to have grown by 10.4 per cent and the consumer price index (CPI) to have risen by 7.9 per cent.

A *People's Daily* commentary (*RMRB*, 19 August) suggested that despite a buoyant first-half performance, China's economy faced major and complex domestic and external challenges. Uncertainties at home and abroad had added to the difficulties of macroeconomic regulation and controls and such problems were likely to intensify in the second half of the year. In particular, the American sub-prime mortgage loan crisis, the fall in the US dollar and declining growth in Europe, Japan and the United States posed many problems for China – "a country that relies too much on external economies." The negative impacts of such forces on the Chinese were already making themselves felt, and the likelihood was that such effects would become even more serious.

At home too, China faced "prominent problems." These included inflationary pressure, falling profits from grain production and constraints on agricultural production, energy shortages, declining foreign trade (especially export) growth and rising unemployment.

As increasing problems confronted the global economy, so "China's economy will face a major test as to whether it can appropriately deal with external risks and internal pressure."

Such problems notwithstanding, the *People's Daily* article was hopeful about China's ability to overcome future difficulties. It noted that the implementation of preferential policies towards agriculture had made possible five consecutive rises in the summer grain harvests, while industrial profits had also increased. Revenues too were rising and material living standards had continued to improve. Especially noteworthy was the fact that during January–July 2008, China had achieved greater balance in terms of investment, consumption, and

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export growth. Retail sales were at a record high, while investment was shifting away from coastal to central and western regions of the country. In short,

> China is in a period of speeding up urbanization and industrialization. This has provided a lasting force for economic growth. China's labour force and capital supply are adequate on the whole and its deposit rate is high. The domestic market is wide, its development potential is large, and there is much room to manoeuvre. The ability of macroeconomic control and regulation has improved in the course of practice. The practice of China's economic development shows that be it this year or in the future, we absolutely have the conditions and basis to deal with all kinds of challenges. The road ahead is tortuous but the prospect is bright!

In the first half of 2008, Chinese farmers' average per capita cash income increased, year on year, by 19.8 per cent (but by 10.3 per cent in constant price terms) to reach 2,528 yuan. On the basis of the official exchange rate, this converted to US$370.67 – barely a dollar a day. The rate of increase of farm income exceeded that of urban per capita disposable income, which increased by 14.4 per cent (6.3 per cent in real terms) to 8,065 yuan (XHNA, 27 July).

On the same topic, a State Council report noted that rural per capita disposable income had risen by 9.5 per cent to reach 4,140 yuan in 2007, marking the largest annual increase since 1985. The improvement was not, however, accompanied by a narrowing of the urban–rural income gap, which had increased to 9,646 yuan – greater than at any time since 1978 (XHNA, 12 Sept.).

In advance of Wen Jiabao's participation in the UN Millennium Development Goals (MDG) summit in New York (25 September), a senior official in the Ministry of Agriculture claimed that China was the first country to fulfil its poverty reduction goal within the MDG framework. Using Chinese criteria, between 1978 and 2007 the number of people living in poverty had fallen from 250 million to 14.8 million. During the same period, the proportion of the rural population living in poverty had declined from 30.7 per cent to a mere 1.6 per cent. Between 2000 and 2007, the number of those people leading a "subsistence existence" had declined from 62 million to 28 million (XHNA, 19 Sept.).

Against the background that China's total grain production in 2007 was some 15 million tons below its domestic requirements, in July the State Council gave its approval to a plan designed to guarantee 95 per cent national grain self-sufficiency up to 2020. Implicit in this plan was the need to maintain total grain production in excess of 500 million tons up to 2010, thereafter rising to 540 million tons by 2020. The essential problem faced by China during this period was captured in opposing demand and supply forces: on the one hand, industrialization and urbanization would raise demand; on the other hand, land and water shortages, as well as climate change, would "hurt" supply.

If the planned output increases were to materialize, the arable land base should not be allowed to fall below 120 million hectares. Meanwhile, farming infrastructure (including water facilities) would be enhanced, and grain subsidies to farmers would be increased on an annual basis.

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It was also revealed that special assistance would be made available to Jilin Province to enable it to increase grain production by 5 million tons over a five year period. Fulfilment of this goal was described as "a matter of strategic importance to national grain security."

Addressing the meeting, Wen Jiabao stated that China currently held 40–50 million tons of rice reserves, which would help cushion it against global price rises (XHNA, 2 July; see also XHNA, 4 July on pressures on grain prices in China; and Sun Zhengcai, Minister of Agriculture on grain production in *Qiushi* [Seeking Truth], 1 August).

A senior Chinese source predicted that China's total grain production in 2008 would rise for the fifth consecutive year to reach 511.5 million tons (more than 10 million tons above the level of the previous year). Expected total output levels of individual grains were: rice, 185.49 million tons (up 1.01 million tons); wheat, 109.86 million tons (a rise of 2.64 million tons); and maize, 151.83 million tons (up 4.17 million tons). In the wake of recent stabilization measures, no significant fluctuations in grain prices were anticipated (XHNA, 1 September).

The State Council approved a plan designed to improve land use during 2006−2020. It confirmed that measures would be implemented to ensure that China's arable area did not fall below 121 million hectares by 2010, and set a minimum of 120 million hectares by 2020. Such measures were regarded as essential preconditions of guaranteeing grain security and maintaining economic and social stability. Plans also provided for tighter controls on farmland acquisition for housing and factory construction, as well as closer monitoring of land use by local authorities (XHNA, 13 August).

In August the State Electricity Regulatory Commission (SERC) warned that coal shortages might precipitate national electricity blackouts in 2008. During the summer months, it was expected that China would face a daily power shortage of up to 10 million kw. SERC statistics showed that coal reserves at major power plants stood at 43.81 million tons – sufficient for 11 days of normal operations. A decline in the *quality* of coal and distribution grid deficiencies (according to SERC, "the design capacity of some power supply facilities in the country fell short of the actual demand") were also reported to be affecting power plant operations. Meanwhile, rising demand from coal-fired power plants, which provided almost 8 per cent of China's electricity, had exerted sharp upward pressure on coal prices. For example, at the end of July prices in Qinhuangdao's coal market exceeded 1,065 yuan – 115 per cent more than a year earlier (XHNA, 1 August).

Xinhua reported that the previous target whereby nuclear power would account for 4 per cent of China's installed power capacity by 2020 was to be raised to 5 per cent. The higher figure would be fulfilled through the accelerated construction of nuclear power plants in coastal provinces, as well as the formulation of new construction plans for inland regions. China currently operates 11 nuclear generators with a combined installed capacity of 9.08 million kw, providing a mere 1.3 per cent of the national total (XHNA, 1 August; and

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see XHNA, 8 Sept. on plans to begin construction, in March 2009, of the world's first nuclear plant using AP1000 technologies in Zhejiang Province).

In August a Xinhua report quoted the Chairman of the Chinese Academy of Science to the effect that China's dependence on oil imports had risen to 50 per cent in 2007. The Chairman (Lu Yongxiang) warned that China's energy sector had thereby entered the "early warning period" (XHNA, 20 August).

On 18 August Chinese shares fell by over 5 per cent to reach the lowest point for 20 months. The following month, they fell further to reach a 22-month low (11 September). Against the background of these falls, in September a Hong Kong source reported that financial websites on the Mainland had been ordered to filter out "negative and sensitive commentaries, reports and headlines about the hard-hit markets." It added that, according to three online editors.

> The internet censorship is another sign that mainland regulators have lost their grip on the plunging market and are desperate to avoid provoking public ire about the government's inertia (Hong Kong, SCMP, 11 Sept.).

Following the global financial turmoil (including the collapse of Lehman Bros. and the Bank of America's takeover of Merrill Lynch), on 16 September Chinese shares declined by a further 4.47 per cent, with the Shanghai Composite Index falling to below the 2,000-point mark.

Two days later, the Central Huijin Investment Co., Ltd., described by Xinhua as "an investment arm of the Chinese government" – announced its intention to purchase the shares of three major Chinese lenders (the Industrial and Commercial Bank of China, the Bank of China and the China Construction Bank) on the secondary market in order to boost their share prices. With domestic stock prices continuing to fall, it was also announced that the government would cease levying stamp tax on stock purchases in an attempt to boost the equities market. The impact of the stamp tax initiative was positive and swift: by close of dealing on 19 September, the Shanghai index had risen to 2,075.08 points (up 9.45 per cent).

In a speech on 21 September, Su Ning (Deputy-Governor of the People's Bank of China) expressed confidence in China's ability to maintain financial stability in the midst of the global financial turmoil, and insisted that the domestic banking system possessed "relatively abundant liquidity." Noting the increasing contribution of domestic consumption to growth, he commented

> The turbulence on the international market aggravated risks faced by China's financial sector, but a vast domestic market and internal economic vitality would empower the country to tackle various challenges (XHNA, 21 Sept.; see also *ZXS*, 18 Sept.).

On 6 August Xinhua released the full text of the 'PRC Foreign Exchange Control Regulations' (Parts 1 and 2). China's Foreign Exchange Control Regulations were first promulgated in January 1996. Based on subsequent revisions announced by the State Council in July 1997, the most recent revisions were ratified by the State Council on 1 August 2008.

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e *China's Space Programme*

The eight-hour countdown for China's third manned space mission got under way at 1:10 pm on 25 September (Beijing Time). Later the same day, the Shenzhou-7 spacecraft blasted off from the northwestern Jiuquan Satellite Launch Centre, with three astronauts - Zhai Zhigang, Liu Boming and Jing Haipeng – on board. On 27 September Zhai Zhigang left the orbital module to undertake China's first-ever extravehicular activity (EVA) in outer space − an event described by Xinhua as an ''historical leap in China's space dreams'' (XHNA, 27 Sept.).

Following their 68-hour flight, the three astronauts returned to earth, their spacecraft landing in the Siziwang Banner in Inner Mongolia Autonomous Region at 5:37 p.m. on 28 September. They were subsequently taken to a hospital in the Inner Mongolian capital (Hohhot) for medical examinations, after which they were flown to Beijing to undergo a two-week quarantine (XHNA, 28 Sept.).

f *The Earthquake in Sichuan*

The State Council Information Office revealed that as of Friday noon on 4 July, the death toll from the earthquake in southwestern Sichuan and neighbouring areas had reached 69,196 (raised to 69,200 on 27 July and as of 4 September predicted by Xinhua to eventually exceed 87,000). The number of injuries was put at 374,176, with a further 18,385 people reported missing. Of the injured, 96,402 had been hospitalized, of whom 86,947 had recovered and left hospital.

The government disaster relief fund had reached 54.88 billion yuan (c. US$ 7.95 billion), of which 49.75 billion was provided through the central budget. The value of domestic and foreign donations was estimated to be 55.89 billion yuan (in both cash and goods), of which 20.08 billion yuan had already been sent to quake-affected regions.

As of 3 July, 408,300 temporary houses had been built by relief workers, with a further 21,100 under construction. As of 4 July, 6,894 water plants out of 8,426 that had been damaged in the earthquake had been repaired, as had 52,388 out of 53,295 km of damaged roads.

At the beginning of September, Wen Jiabao made a four-day visit to southwestern Sichuan in order to inspect the progress of repair work and reconstruction since the 12 May earthquake.

On 30 August, an earthquake measuring 6.1 on the Richter Scale hit a border region of Sichuan and Yunnan. As of 3 September, Xinhua reported that 38 people had been killed in the disaster, with a further 982 injured. 72 villages and towns in six Sichuan counties, and 20 villages and towns in three Yunnan Province counties were said to have suffered damage, and the capital of Yunnan, Kunming, was also reported to have been hit. Almost 400,000 houses collapsed or were damaged in the quake, and the direct economic loss was estimated at 3.36 billion yuan.

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g *Beijing Olympics*

In response to a question about some countries' efforts to link attendance at the Olympic Games with political issues, speaking in early July, a Chinese Foreign Ministry spokesman was insistent that China would not allow the Games to be politicized.

The Vice-Minister of Public Security (Meng Hongwei) revealed on 3 July that China's "Olympic security team" had already begun its operations. While he expressed full confidence in China's ability to guarantee security during the Games, he said that all relevant departments would remain on high alert in the knowledge that Olympic Games were always targets for terrorist attacks. Meng acknowledged that security threats against the Beijing Olympics came from three sources: first, attacks on specific countries and individuals from international terrorist organizations and terrorists; second threats against China posed by "terrorist forces represented by 'East Turkestan'"; and third, threats to security posed by "serious criminal offences." In the face of such dangers, Chinese law enforcement and security departments had put in place a range of measures and policies – including the training of 50,000 civilian police – to deal with all forms of security threat (XHNA, 3 July and *RMRB*, 4 July).

Xinhua reported that in the first half of 2008 Chinese police had "cracked" five terrorist groups in the Xinjiang Uyghur Autonomous Region. 82 suspects had been detained on suspicion of having plotted sabotage against the Beijing Olympics (XHNA, 10 July).

A spokesman for the Beijing Olympic Games described accusations from overseas that China had placed a number of dissidents under arrest as part of its efforts to maintain security during the August Games as "groundless." He added,

> In order to ensure the hosting of a successful Olympic Games, and to ensure the safety of foreign athletes and visitors, China has indeed taken a series of necessary, legitimate and reasonable security measures. This falls in line with routines of previous Olympic Games and major international sports events (XHNA, 14 July).

It was announced in advance of the Games that banners with messages motivated by commerce, politics, religion, human rights, and environmental and animal protection would not be permitted at Olympic Games venues. Even banners staying "Go China" would be banned on the grounds that they violated principles of fairness. Other items which would be forbidden in venues included soft drink containers, musical instruments (including whistles), long umbrellas, cigarette lighters, cameras and radios.

In July, Beijing public security authorities instituted three "defence lines" – each comprising hundreds of checkposts – designed to facilitate checks on people or vehicles entering the city. The first line targeted expressways, national highways and town or village roads linking the capital with other provinces and cities; the second focused on major suburban roads leading to downtown Beijing; and the third covered all major routes in downtown districts of the city.

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In August, the Director of the Military Bureau of the Olympic Security Command Centre (Col. Tian Yixiang) revealed that 34,000 troops of the People's Liberation Army (PLA) had been put in place in Beijing and other cities in which Olympic Games events were taking place. In addition, "74 military planes, 48 helicopters and 33 navy vessels, as well as 'many' surface-to-air missiles, radar, bio-warfare devices and other equipment" had been deployed. He added that

> Olympics security forces have been on highest alert … We have strong intelligence agencies and are working closely with international organizations in this regard. We are well informed of the movement of terrorists.

The principal task of PLA personnel was to assist police and armed police forces anticipate and offer protection against terrorist attacks and "other sabotage attempts."

Meanwhile, the Chief of the Beijing Public Security Bureau (Ma Zhenchuan) noted that in the face of "mounting security threats" – especially from Uyghur and Tibetan pro-independence advocates and *falun gong* adherents – some 110,000 policemen, armed police officers and security guards would be on duty in the Chinese capital during the Olympic Games. A further 1.4 million volunteers would be mobilized to support Beijing's Olympics security efforts. Around 300,000 spy cameras had also been installed in Beijing. In Ma's words,

> It is an underlying rule that terrorist groups both at home and abroad will take advantage of the Olympics to advance their own agendas. But China has conducted anti-terrorist drills many times, and we are confident and fully capable of safeguarding the Games (Hong Kong, *SCMP*, 2 August).

Speaking to members of the press on 25 July, the Deputy Director of the Beijing Municipal Environmental Protection Bureau (Du Shaozhong) said that major air pollutants, including carbon monoxide, carbon dioxide and particulate matter from vehicles, had fallen by 20 per cent in Beijing year-on-year, thanks to vehicle restrictions imposed in the run-up to and during the Olympics. He also insisted that the municipal authorities were fully capable of maintaining clean air during the Olympic Games.

Du revealed that 300,000 high-emission cars had been removed from the roads of the capital during July. Since 20 July, private and official cars had been banned on alternate days, depending on whether their licence plates had an odd or even number. As a result of such measures, traffic on major roads in Beijing had fallen by a quarter during 20–24 July, compared with the beginning of the month (XHNA, 25 July).

On 27 July the Olympic Village for the Beijing Games was officially opened. Situated some 20 minutes' walk from the two main venues of the Games - the Bird's Nest stadium and aquatic venue Water Cube – the 66-hectare compound was designed to house around 16,000 athletes. The Chinese delegation was the first to check into the village. The first overseas delegation to arrive was that of Poland.

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Following condemnation of Chinese efforts to block a number of internet websites – something that was contrary to previous undertakings to allow unconditional media freedom during the Olympic Games - members of the International Olympic Committee persuaded China to relax its strict censorship regulations covering the internet. As a result, websites that had earlier been blocked – for example, Amnesty International, the BBC Chinese-language service and the Hong Kong newspaper *Apple Daily* – were temporarily made freely accessible. Even so, it was noted that sites relating to a number of sensitive issues (including *falun gong*, Tibet, Uyghur dissent, etc.) remained off-limit (*SCMP*, 1 August; see also XHNA, 1 August).

On 6 August four British citizens were detained by Beijing police, following a protest in which they climbed up two electricity poles near the "Bird's Nest" Olympic Stadium and unfurled two banners, reading "One World, One Dream, Free Tibet" and "Tibet will be free." Later, the four were released and deported back to the UK.

The same day, Kyodo reported that an "anonymous group" had used two hotel rooms in Beijing in which to stage a protest against human rights abuses in China. A Kyodo reporter who visited one of the rooms, following his receipt of an anonymous e-mail, to discover slogans painted on the walls and a dummy figure, "apparently symbolizing a political prisoner," placed in a seat with a bag on its head.

Among heads of state and senior government who travelled to Beijing to witness the opening ceremony of the Olympic Games was Lien Chan (Honorary Chairman of the Kuomintang), who arrived in the Chinese capital on 5 August.

On the eve of the opening of the Beijing Olympics, President Hu Jintao held separate meetings with the leaders of 11 foreign countries (viz., the Presidents of Algeria, Belarus, Brazil, Kazakhstan, Laos, Montenegro, North Korea, Serbia, Sri Lanka, Timore-Leste and Vietnam), all of whom were in Beijing to attend the opening ceremony of the Games. In each of the meetings, Hu exchanged views with his counterparts on bilateral relations and international issues of common concern. On the day of the opening ceremony itself, Hu held further discussions with the leaders of Afghanistan, Australia, Burma, Croatia, Djibouti, France, Israel, Japan, Romania, Russia and Thailand. He also met Lien Chan and the Chairman of Taiwan's People First Party (James Soong) (XHNA, 7–8 August). Two foreign leaders who were absent from the opening ceremony were the German Chancellor (Angela Merkel) and the British Prime Minister (Gordon Brown), although the latter had already announced his intention to travel to Beijing for the closing of the Games (for details of Brown's meetings with Hu Jintao and Wen Jiabao, see XHNA, 22 August). During the Games itself, the leaders of many other countries travelled to Beijing to observe the Games and to hold talks with Hu and other senior government officials.

Starting shortly before noon local time, Beijing CCTV-1 provided live coverage of the opening ceremony of the Beijing Olympic Games. Chinese leaders in attendance included Hu Jintao, Jiang Zemin, Wu Bangguo, Wen Jiabao, Jia Qinglin, Li Changchun, Xi Jinping, Li Keqiang, He Guoqiang, Zhou

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Yongkang, Wang Gang, Wang Zhaoguo, Wang Qishan, Hui Liangyu, Liu Qi, Liu Yunshan, Liu Yandong, Li Yuanchao, Wang Yang, Zhang Gaoli, Zhang Dejiang, Yu Zhengsheng, Xu Caihou, Guo Boxiong, Bo Xilai, Li Ruihuan, Wei Jianxing, Li Lanqing, Wu Guanzheng, Luo Gan, He Yong, Ling Jihua, and Wang Huning.

Following the display of the Olympic Rings, the entry and raising of China's national flag and the playing of the national anthem, a spectacular programme of events unfolded, involving thousands of performing artists.

The procession of athletes began shortly after 1.00 pm with the entry of the Greek team. A little later, the delegation from Taiwan paraded into the stadium under the name "Zhonghua Taibei" ("Chinese Taipei"). At this point, the TV programme showed Hu Jintao applauding before panning to Lien Chan and his wife, James Soong and Wo Poh-hsiung (Chairman of the KMT). Following the entry of the United States team, President and Mrs. Bush were shown waving small American flags as they greeted the athletes from their seats.

Following the parade of athletes, Liu Qi (President of Beijing's Organizing Committee of the Olympic Games (BOCOG)) and Jacques Rogge (President of the International Olympic Committee (IOC)) addressed the ceremony. Liu spoke on behalf of BOCOG in welcoming the athletes and guests, and expressed its gratitude to all those organizations and people that had been supportive of the Beijing Olympics. He hoped that the Games would be instrumental in facilitating international cultural exchange.

Rogge congratulated Beijing for hosting the Olympic Games. He referred to the "great courage" and "solidarity" of the Chinese people in dealing with the consequences of the recent Sichuan earthquake. Having urged all participating athletes to compete in the "spirit of the Olympic values, excellence, friendship, and respect," he then invited President Hu Jintao to open the "Games of the XXIX Olympiad of the modern era."

At this point, Hu proclaimed the Games open, and there followed a spectacular fireworks display. The final part of the opening ceremony comprised the swearing of oaths by two representatives of athletes and referees, the release of pigeons, the arrival of the Olympic Torch and its relay in the stadium, and the lighting of the cauldron (China Central TV-1, 8 August).

What happily turned out to be an isolated incident occurred the day after the opening ceremony, when a Chinese man attacked two American tourists (one of who was killed) and a Chinese tourist guide in Beijing. The assailant subsequently killed himself by jumping from the second story of the Drum Tower, a popular tourist destination in the Chinese capital.

It is a well established tradition that the host country of the Olympic Games should permit public protests to take place during the Games. The Beijing Public Security Bureau was said to have received 77 such applications, although it was reported that all of these had been rejected. The explanation given by the Bureau was that the majority had been "withdrawn," since the underlying disputes were capable of being resolved "through consultations with government departments or other bodies."

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Even so, one incident captured widespread international attention. It concerned the case of two women (both in their 70s) who had applied to protest publicly during the Beijing Olympics against eviction from their homes in Beijing. The municipal government subsequently found the women guilty of having "[disturbed] public order" and ordered that each of them undergo a one-year term of re-education through labour (Kyodo, 20 August).

At a banquet for foreign leaders and international dignitaries in Beijing to attend the closing ceremony of the Beijing Olympics, Hu expressed his gratitude to the IOC and the "Olympic Family" for their organizational help and support. The Games had, he said,

> … promoted the Olympic spirit of solidarity, friendship and peace. It has become a grand event of international sports competition and cultural exchanges witnessed and joined by people of the whole world.

He added that Beijing now looked forward to the Paralympic Games and, beyond that, to the Olympic Games in London in 2012 (XHNA, 24 August; see also a Xinhua commentary on the Beijing Olympics, 24 August; for a retrospective on the Games, see also Editorial in *RMRB*, 25 August).

h *Obituary*

A Hong Kong source quoted a "reliable source" to the effect that the former Chairman of the CCP Central Committee, Hua Guofeng, was seriously ill and being treated in a hospital in Beijing (*Ming Pao* [Mingbao], 14 August).

Later the same month, Kyodo reported that Hua had died in Beijing at the age of 87. No cause of death was given.

Following Mao's death in September 1976, Hua – at that time Premier and Vice-Chairman of the CCP – succeeded Mao as CCP Chairman. In October of that year, he was instrumental in arresting the group of radicals – the 'Gang of Four' – that had been a driving force behind the Cultural Revolution. However, following the ascendancy of Deng Xiaoping, in 1981 Hua was replaced by Deng as Party Chairman. Thereafter, he remained a member of the CCP Central Committee until 2002 (Tokyo, Kyodo, 20 August).

Also on 20 August, XHNA reported Hua's death in a terse statement, as follows:

> Comrade Hua Guofeng, an outstanding member of the Chinese Communist Party and long-tested and staunch communist fighter and proletarian revolutionary who used to hold important leading posts in the party and the government, died of illness at the age of 87 at 12:50 local time on 20 August 2008 after failing to respond to treatment.

Following Hua's death, his mourning hall was opened to the public for three days. An unconfirmed report suggested that on the day of death, Hu Jintao, Wen Jiabao, Wu Bangguo and other officials went to the Beijing Hospital to offer their condolences to Hua's family. Others who came to the hall were said to have included the sons of Deng Xiaoping, Hu Yaobang, Bo Yibo and Liu Shaoqi, the wives of Xi Zhongxun and Qin Jiwei, and relatives of Ye Jiangying and Yang Shangkun (Hong Kong, *Wen Wei Po* [Wenhui bao], 23 August).

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On 31 August Xinhua published an obituary of Hua Guofeng, whom it described as "an outstanding member of the CCP, a long-tested loyal fighter for communism and a proletarian revolutionary who had held important leading posts of the party and the state."

Hu was born in Shanxi Province in 1921. He became a member of the CCP in October 1938, a few months after joining a local anti-Japanese guerrilla force. Following the defeat of Japan, he held various Party posts in Shanxi, but in 1949 he was transferred to Hunan, eventually becoming Vice-Governor of the Province in July 1958 and being put in charge of rural work ("[h]e participated in the leadership over the rural work and the capital construction on farmland of the whole province, emphasized bringing one's drive into full play and the scientific spirit, and made remarkable achievements").

With the outbreak of the Cultural Revolution, Hua "was under the impact and was criticized and denounced." However, he continued to advance his political career, becoming a member of the CCP Central Committee (1969) and First Secretary of the Hunan Provincial Military District CCP (1970). In 1971, he was transferred to the State Council, where he held various senior positions, culminating in his appointment, in January 1975, as Vice-Premier and concurrently Minister of Public Security. Within a few months of the death of Zhou Enlai (1976) Hua was appointed as First Vice-Chairman of the CCP Central Committee and Premier of the State Council.

After the death of Mao Zedong (September 1976), Hua Guofeng was instrumental in bringing to an end the deep political factionalism that had characterized the years of the Cultural Revolution. Thus,

> Comrade Hua Guofeng carried out a resolute struggle against the conspiracy of the 'gang of four' to usurp party and state power … In October [1976], he, together with Comrade Ye Jianying and other comrades representing the Political Bureau of the Central Committee, implemented the wish of the party and the people, took resolute measures to smash the 'gang of four' at one fell swoop, saved the party and saved the cause of socialism, thus turning over a new leaf of the development of the cause of the party and the country. Comrade Hua Guofeng played a decisive role in smashing the 'gang of four,' a struggle that had a bearing on the destiny of the party and the country. The party and the people will not forget the important contribution made by him.

By the end of 1976, Hua Guofeng's political ascendancy appeared to be confirmed in his concurrent appointments as Chairman of the CCP Central Committee, Chairman of the Central Military Commission and Premier of the State Council. But by September 1980, he was no longer Prime Minister, and in June 1981, he resigned as Chairman of both the CCP Central Committee and Central Military Commission (XHNA, 31 August).

i *Tibet*

On 25 September Xinhua published the full text of a White Paper on Tibet ("Protection and Development of Tibetan Culture"), issued by the State Council's Information Office. The Paper was in six parts, as follows:

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Foreword
I. Learning, Use and Development of the Spoken and Written Tibetan Languages
II. Inheritance, Protection and Promotion of the Tibetan Cultural Heritage
III. Religious Beliefs and Native Customs Respected
IV. All-round Development of Modern Science, Education and the Media
Conclusion

A XHNA comment (25 Sept.) noted that "facts" contained in the White Paper exposed "the lie about the 'cultural genocide' in Tibet fabricated by the 14th Dalai Lama and his cohorts," and revealed "the deceptive nature of the 'cultural autonomy of Tibet' [which they advocated]." It defended the Chinese government's record, especially since 1978, in seeking to protect and help develop Tibetan culture. Thus,

> With great enthusiasm and a highly responsible attitude... the Chinese government has dedicated a large amount of manpower, materials and funds to the protection and promotion of fine traditional Tibetan culture, and vigorously developed modern scientific, educational and cultural undertakings in Tibet, bringing about unprecedented protection and development of Tibetan culture.

This approach contrasted with the activities of opposition forces:

> Dalai Lama and his clique and the anti-China forces in the West conspire to force the Tibetan ethnic group and its culture to stagnate and remain in a state similar to the Middle Ages, in effect to become living fossils, while they themselves enjoy the fruits of modern civilization and culture.

j *Hong Kong Special Administrative Region (HKSAR)*

In accordance with the HKSAR Basic Law and following a proposal made by the Chief Executive (Donald Tsang), on 12 July China's State Council appointed Rita Lau Ng Wai-lan as HKSAR's Secretary for Commerce and Economic Development in place of Frederick Ma Si-hang. Ms. Lau was previously Permanent Secretary for Commerce and Economic Development in Hong Kong.

In July HKSAR police sources spoke of the unprecedented challenge of providing adequate security during the Olympic equestrian events (to be held in Hong Kong). It was revealed that up to 4,000 police officers would be deployed to enforce security, and ensure proper traffic and crowd control.

On 29 July the Chinese and HKSAR governments signed Supplement V to the "Mainland and Hong Kong Closer Economic Partnership Arrangement" (CEPA), scheduled to take effect on 1 January 2009. It was expected to facilitate easier and greater access to the mainland market by Hong Kong firms. The two signatories were HKSAR's Financial Secretary (John Tsang) and China's Vice-Minister of Commerce (Jiang Zengwei).

In a comment on the new protocol, the HKSAR Chief Executive, Donald Tsang, said that its effect would be to increase the number of service sector activities covered by CEPA from 38 to 40. He also revealed that Hong Kong and

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Guangdong had agreed to implement pilot measures, designed to test broader provisions allowing for tariff exemption for all products of Hong Kong origin and the extension of preferential treatment to Hong Kong service suppliers. Tsang's enthusiasm was clear in his remark to the effect that

> The current CEPA package and the Guangdong pilot measures will offer new business opportunities in the mainland for Hong Kong businesses and service suppliers, making Hong Kong even more attractive to overseas investors (XHNA, 29 July).

On 7 September voting took place to elect 30 members to the fourth term HKSAR Legislative Council. These 30 would comprise half of the total membership of the Legislative Council, the other half being returned by functional constituencies (for a full list of members of the new Council, see HKSAR Government website, 8 Sept.).

The 2008 "Economic Freedom of the World" report by the Canadian Fraser Institute once more ranked Hong Kong top in terms of economic freedom, with a score of 8.94 out of 10. Hong Kong had consistently been first in the global rankings since the index was first published in 1970. China ranked 93rd out of 141 listed countries.

2. Foreign Relations

a *Countries, Territories and Regions*

Africa (Republic of South Africa, Nigeria)

During their visit to Japan to attend the G8 Summit outreach session, Hu Jintao and his South African counterpart (Thabo Mbeki) held talks in Sapporo on 8 July. Hu spoke with satisfaction of the continuing development of ties between China and South Africa, exemplified by the further growth in trade and investment, and initiatives in several other areas (for example, culture, education, and science and technology). He hoped that 2008 – the tenth anniversary of the establishment of formal diplomatic relations – would see the two countries' bilateral strategic partnership raised to a new level.

Hu expressed concern about the situation in Zimbabwe and hoped that the relevant parties would resolve their differences through dialogue in the interests of restoring national stability (XHNA, 8 July).

During a visit to Beijing to attend the closing ceremony of the 2008 Paralympic Games, on 16 September the Prime Minister of Nigeria (Seyni Oumarou) held talks with Wen Jiabao. The Chinese Premier spoke with satisfaction of the development of relations between China and Nigeria, and the two men agreed to accelerate that process. Following their meeting, they attended a signing ceremony for a bilateral agreement on economic and technological co-operation (XHNA, 16 Sept.).

Commonwealth of Independent States (Russia, Georgia, Tajikistan, Turkmenistan)

On 21 July, Wen Jiabao met the Russian Foreign Minister, Sergei Lavrov, in Beijing. The Chinese Premier noted that bilateral relations had reached "new

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heights in political mutual trust, pragmatic co-operation and strategic co-operation'' and he hoped that the strengthening of bilateral ties would continue. He expressed the hope that both sides would not only fulfil the terms of all the agreements they had already reached, but also find new forms of economic and trade co-operation. Lavrov echoed Wen's remarks and drew particular attention to Russian efforts to reach a consensus with China on the ''2009–2012 plan for implementing the Russia-China Good-Neighbourly Treaty of Friendship and Cooperation'' (XHNA, 21 July).

Following talks between Lavrov and Yang Jiechi, the two foreign ministers signed an additional protocol on the eastern part of the Sino-Russian border, thereby bringing to completion the 4,300-km-long border survey and its determination.

On 9 August Hu Jintao held talks in Beijing with the Russian Prime Minister (Vladimir Putin), who had travelled to China to attend the opening ceremony of the Olympics Games. Hu called for joint efforts to strengthen strategic co-operation in their own interests and those of the wider international community. Putin reiterated the Russian government's friendly policy towards China. He noted that with the completion of the process of border demarcation and in the wake of closer co-operation between the governments of the two countries, bilateral relations were firmly on a ''smooth track of development'' (XHNA, 9 August).

On the same day, a Chinese Foreign Ministry spokesman expressed concern about the military situation in South Ossetia. Towards the end of the same month, the same source reiterated concern, following Russia's recognition of the independence of South Ossetia and Abkhazia in the face of opposition from Georgia and other countries. The spokesman (Qin Gang) commented:

> We have a knowledge of the complicated history and reality of the South Ossetia and Abkhazia issues. In accordance with China's consistent and principled stance on issues of this kind, we hope the relevant parties can resolve the issue through dialogue and consultation (XHNA, 27 August; see also Xinhua, 4 Sept.).

Meanwhile, in a meeting in Dushanbe (Tajikistan), where both men were attending a Shanghai Cooperation Organization summit, the Russian President (Dmitriy Medvedev) explained the situation in South Ossetia and Abkhazia to his Chinese counterpart, Hu Jintao (Moscow, ITAR-TASS, 27 August).

On 26 August Hu Jintao arrived in Dushanbe, capital of Tajikistan, for talks with President Emomali Rakhmon and senior government officials. During his visit, he also attended the summit meeting of the Shanghai Cooperation Organization (SCO) (on which, for further details, see below under (c)).

Hu's discussions with Rakhmon focused on bilateral relations, but touched on regional and international issues too. With the Tajik Prime Minister (Akil Akilov), Hu discussed a similar agenda. He spoke with satisfaction of the development of trade and economic co-operation between China and Tajikistan, and hoped that these relations could be raised to a new level. To this end, he urged the two sides to enhance co-operation in minerals and agriculture, and to improve the investment environment in order to facilitate a further expansion of

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trade and investment. Akilov drew attention to the scope for co-operation in road and rail transport, and other infrastructural projects (XHNA, 27 August, which also carries the full text of the two sides' joint Statement).

Following the conclusion of Hu's talks with Tajikistani leaders, the two sides signed 13 co-operation documents.

During his stay in Dushanbe, Hu also held talks with the President of Kyrgyzstan, Kurmanbek Bakiyev, who also took part in the SCO summit meeting (XHNA, 28 August).

Following his visit to Tajikistan, Hu Jintao travelled to Ashgabat, where he held talks with the President of Turkmenistan, Gurbanguly Berdymukhamedov. He noted that during the 16 years since the two countries established diplomatic relations, the two countries had undertaken mutually beneficial trade, economic and other forms of co-operation. Both he and Berdymukhamedov agreed on efforts to further strengthen co-operation and promote closer bilateral ties. To facilitate fulfillment of these goals, they also agreed to set up a deputy-prime-ministerial level "China-Turkmenistan cooperative committee." Hu drew attention too to the desirability of enhancing bilateral *security* co-operation (XHNA, 29 August).

Latin America (Mexico, Venezuela)

In July the Mexican President, Felipe Calderon Hinojosa, made a four-day state visit to China, where he met senior Chinese government and Party officials. During his visit, the two sides signed a number of economic and legal agreements, including two on extradition and investment.

On 23 September the Venezuelan President, Hugo Rafael Chavez Frias, arrived in Beijing at the beginning of a state visit to China. A Chinese Foreign Ministry spokesperson spoke of China's wish to promote closer ties with Latin American countries, including Venezuela, but was at pains to emphasize that

> Sino-Venezuelan relations do not carry any shade of ideology, are not targeted at any third party, and do not affect the relations between other countries and Venezuela (XHNA, 23 Sept.).

In talks with Chavez, Hu Jintao noted that both sides were agreed on the desirability of achieving closer "substantive co-operation." He added that China wished, in particular, to strengthen "all-phase and integrated" oil co-operation with Venezuela, as well as encouraging greater corporate investment in Venezuela and seeking to establish a trade zone. He said that China sought also to extend its involvement in infrastructural construction in Venezuela (for example, in telecommunications, hydropower, railway and housing construction).

Chavez spoke with satisfaction of recent development in bilateral trade relations. He drew special attention to the "remarkable" progress that the two sides had achieved in oil, agriculture, science and infrastructure. From Venezuela's perspective, he hoped that the two sides would co-operate more closely in the development of energy, finance, agriculture and machinery.

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The two sides later signed 12 new co-operation agreements, embracing trade, oil, finance, education, justice, telecommunications, infrastructure, sports and culture (XHNA, 24 Sept.).

Middle East (Iran)

During a visit to Beijing in September to attend the opening ceremony of the Beijing Paralympic Games, the Iranian President (Mahmud Ahmadinezhad) held talks with Hu Jintao. Hu observed that the previous two years had witnessed the establishment of closer ties between China and Iran, including stronger economic co-operation and trade links. He suggested that, given the two countries' economic complementarity, the scope for even closer co-operation was considerable. Hence, his hope that

> … the two countries could enhance political exchanges, deepen mutually-beneficial co-operation, explore new areas of bilateral co-operation, strengthen international co-operation and work together to maintain regional and global peace and stability.

On the Iran nuclear issue, Hu reiterated the Chinese government's position that respected Iran's right to promote the peaceful use of nuclear energy. He added that China continued to support the international non-proliferation regime and urged a peaceful and negotiated settlement of the Iran nuclear issue. Thus,

> At present, the Iran nuclear issue is faced with a rare opportunity for the resumption of talks, and we hope all parties concerned could seize the opportunity and show flexibility, to push for a peaceful settlement of the issue (XHNA, 6 Sept.).

On 17 September King Abdullah II Bin Al-Hussein of Jordan, who was in Beijing to attend the closing ceremony of the Beijing 2008 Paralympics, held talks with Hu Jintao. The two men discussed bilateral relations and agreed to strengthen exchanges and co-operation, especially in trade, resources (including human resources) development, infrastructural construction, and science and technology. Following their talks, they attended a signing ceremony for a number of co-operation documents.

Northeast Asia (South Korea [Republic of Korea])

On 13 August Yang Jiechi had a meeting in Seoul with the South Korean President, Lee Myung-bak, during which the two men discussed the forthcoming state visit to South Korea by President Hu Jintao.

In advance of Hu Jintao's state visit to South Korea, an article in *People's Daily* noted the rapid development in relations between China and South Korea since the two countries established formal diplomatic relations in 1992. Not least important had been the rapid growth of bilateral economic relations, with trade having risen, on average, by 25 per cent p.a., to reach US$159.9 billion in 2007 (and $75.8 billion during January–May 2008). China had been South Korea's largest trading partner for many years, accounting for 20 per cent of its total trade. Meanwhile, the ROK had become China's third largest trade partner and its fourth largest source of foreign direct investment (FDI). If the recent rate of

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trade growth were maintained, it was expected that the target of increasing the value of two-way trade to $200 billion in 2012 would be met ahead of time.

The closeness of relations between the two countries was captured in the fact that flights between 40 cities in China and South Korea numbered 830 per week. Some 700,000 South Korean citizens now lived, worked and studied in China, while the reverse flow of Chinese numbered more than 530,000 (cited by XHNA, 24 August).

During their talks in Seoul, Lee and Hu spoke with satisfaction of the development of bilateral relations since 1992. They agreed that the further development of such relations would serve the interests not only of the two countries themselves, but also of the entire region and world. Their view of the importance of the relationship was captured in their decision to "enhance cooperation, and intensify coordination on regional and international issues so as to achieve long-term common development while contributing to world peace and prosperity" (XHNA, 25 August).

In separate talks with the South Korean Prime Minister, Han Seung-so, Hu Jintao urged the two sides to focus on four areas in order to promote the further development of relations between China and South Korea:

- strengthening political communication in order to increase mutual understanding and trust;
- strengthening trade and economic ties in order to achieve "mutually beneficial and win-win results";
- strengthening "humanistic exchanges" in the interests of closer friendship between the two countries;
- strengthening co-ordination in regional and international affairs.

Han endorsed Hu's proposals and reiterated the importance which his government attached to the further development of relations with China. He drew particular attention to the importance of achieving closer ties in the current unfavourable global economic environment (XHNA, 26 August; for the full text of the two sides Joint Communiqué, see ibid.).

South Asia and Indian Ocean (India, Sri Lanka, Nepal)

During a visit to Japan to attend the outreach session of the G8 Summit, on 8 July Hu Jintao held talks with the Indian Prime Minister, Manmohan Singh. The two men discussed bilateral relations and a number of global issues, including climate change, energy and food security.

Hu suggested that relations between China and India had reached a point at which the prospects for their accelerated development were highly favourable. He spoke of his government's willingness to work with India in order to strengthen co-operation and "advance the stable, sound and long-term development of bilateral relations." He also referred to the great responsibility which the two countries carried in seeking to fulfil common tasks, such as economic development, improvements in living standards for their peoples and

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the safeguarding of world peace. He called on both sides to work together to resolve major regional and international issues (XHNA, 8 July).

A report by the Press Trust of India (PTI) noted the arrival in Kolkata [Calcutta] (7 September) of the Chinese Foreign Minister, Yang Jiechi. It suggested that during Yang's visit, Indian government officials would indicate their disappointment over Beijing's stand at the meeting of Nuclear Suppliers Group (NSG) in Vienna, granting waiver to New Delhi's nuclear trade (PTI, 7 Sept.).

On 8 September Yang Jiechi met the Indian Prime Minister, Manmohan Singh, in New Delhi. Singh reaffirmed the Indian government's commitment to developing a "strategic co-operative partnership" with China. He drew particular attention to the need for the two sides to strengthen dialogue and co-ordination on those issues on which they shared a common concern – namely, climate change, lessening disasters, safeguarding international financial stability, and improving the multilateral trade system. He also highlighted the importance to India of maintaining the momentum of progress in on-going border talks.

Yang described China and India as two "newly emerging developing large countries [which]… stand for democratization of international relations." He echoed Singh in endorsing the importance of the two countries' strategic co-operative partnership, which, he said, "not only corresponds with the two countries' interests, but also benefits world peace, stability, and development." He said that the Chinese government would continue to prioritize the development of economic and political relations with India (XHNA, 8 Sept.).

Also on 8 September, Yang Jiechi held talks with his Indian counterpart, Pranab Mukherjee. They agreed on measures to enhance bilateral relations, and discussed a number of regional and international issues of shared concern.

In a speech to a meeting in New Delhi jointly organized by the Indian Council of World Affairs and the Institute of Chinese Studies, Yang Jiechi suggested that relations between China and India were at "a new starting point." He urged the two sides to promote the further development of their relations from "a strategic and long-term perspective" to the two countries' mutual benefit, as well as in the interests of Asia and the rest of the world. He noted that there was "no conflict of fundamental interests" to divide China and India. Rather,

> What we have are broad common interests. We are partners, not rivals. There is a lot that we can do together to further our friendship and co-operation. We should view and approach our relations from a strategic and long-term perspective and keep moving forward our partnership in the new century to the benefit of our two countries and peoples (XHNA, 9 Sept.).

Yang travelled from India to Sri Lanka, where he held talks with the Sri Lankan Foreign Minister (Rohitha Bogollagama) and met the country's President Mahinda Rajapaksa) and Prime Minister (Ratnasiri Wickramanayake).

The "evolving political situation" in Nepal, including a delay in the formation of a new government, resulted in the cancellation of a visit to China, originally

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scheduled for 6–10 August, by the Nepalese President, Dr Ram Baran Yadav (Kathmandu, *Nepalnews.com website*, 3 August).

The 12th meeting of border talks between China and India took place in Beijing on 18 and 19 September, but concluded without reaching any agreement. Xinhua described the discussions as "pragmatic, candid and friendly" (XHNA, 19 Sept.).

South-east Asia (Thailand, Singapore)

On 1 July, Hu Jintao met the visiting Thai Prime Minister, Samak Sundaravej. Hu spoke of the two countries' long tradition of friendly ties and expressed his appreciation of King Phumiphon's support in helping promote closer bilateral relations (XHNA, 1 July).

The following month, President S.R. Nathan of Singapore travelled to Beijing to participate in Olympic Games. During his visit, he held talks with Hu Jintao. The Chinese President noted the favourable development of ties between China and Singapore in recent years, and drew particular attention to the "remarkable results" that had emerged out of the two countries' "mutually-beneficial co-operation." He hoped that the development of bilateral would be raised to a new level. Nathan echoed Hu's remarks (XHNA, 15 August).

Taiwan [Republic of China]

At 0631 on 4 July, the first cross-Strait weekend chartered flight from the mainland to Taiwan took off from Guangzhou, the provincial capital city of Guangdong Province, for Taipei's Taoyuan Airport. Some 258 passengers joined the Airbus A330 of China Southern Airlines, including more than 100 tourists – the first group to make such a visit to Taiwan.

Over the same weekend, other charter flights flew to Taiwan from Beijing, Shanghai, Nanjing and Xiamen. Meanwhile, airlines in Taiwan also organized reciprocal flights to the mainland from Taipei, Taichung, Kaohsiung, Hualien and Penghu.

The Executive Vice-Chairman of the Association for Relations Across the Taiwan Strait (ARATS) suggested that the flights from the mainland represented a watershed in cross-Strait cultural and economic exchanges. However, a cautionary note was sounded by the Director of the East China Bureau of Civil Aviation Administration of China (CAAC), who pointed out that true direct flights to Taiwan had not yet been realized, since all the charter flights were still obliged to fly to Taipei via Hong Kong airspace (XHNA, 4 July).

In September Wang Yi (Director of State Council Taiwan Affairs Office) announced that residents of 13 Chinese provinces and municipalities – Beijing, Tianjin, Shanghai, Liaoning, Jiangsu, Zhejiang, Fujian, Shandong, Hubei, Guangdong, Chongqing, Yunnan and Shaanxi – who had been given permission to travel to Taiwan would be allowed to do so via the islands of Jinmen, Mazu and Penghu. He added that consideration would be given to whether the list of provinces in which the new rules applied could be extended.

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Among other new policies announced by Wang was one which from 20 October would add Beijing, Nanjing, Chongqing, Hangzhou, Guilin and Shenzhen to the list of cities where travel permits could be issued to Taiwanese citizens (XHNA, 7 Sept.; for the positive response of KMT officials to the new measures, see CNA, 8 Sept.).

United States of America

At the end of the previous quarter (too late to be included in the previous "Quarterly Chronicle"), the US Secretary of State, Condoleezza Rice, travelled to Beijing, where she held talks with Chinese leaders.

She told the Chinese Foreign Minister, Yang Jiechi, that during her recent visit to the earthquake zone in Sichuan she had been greatly impressed by the Chinese government's efforts to provide disaster relief. She spoke of her own government's willingness to continue to provide assistance to help overcome the consequences of the disaster.

Yang Jiechi spoke positively of the development of bilateral relations in recent years. Closer bilateral ties promised, he said, to serve not only the interests of China and the United States, but also those of the region and entire world. But he also recognized that formidable challenges would have to be addressed if bilateral relations were to continue to expand. Rice echoed Yang's remarks and said that the US government was ready to strengthen its dialogue and co-operation with China.

Yang Jiechi outlined China's policy towards Taiwan question, and urged the US to follow the one-China policy and "oppose 'Taiwan independence,' properly handle the Taiwan question, and support the peaceful development of cross-Strait relations." Rice reaffirmed US opposition to "Taiwan independence," but expressed the hope that cross-Strait relations would continue to improve (XHNA, 29 June).

On 30 June, in a meeting with the US Secretary of State, Hu Jintao noted that relations between China and the United States had reached a "crucial stage." He was unequivocal in stating that "[w]hatever changes take place in the United States and the international situation," China's efforts to promote a "constructive, co-operative" bilateral relationship would remain unchanged (XHNA, 30 June).

On 9 July in Toyako, Japan (where he was participating in the outreach session of the G8 Summit), Hu Jintao held informal talks with US President George W. Bush. The foci of their discussions were bilateral relations and other issues of shared concern.

Hu spoke of the strong momentum of development of relations between China and the US, and noted the "positive results" of the most recent (Fourth) China-US Strategic Economic Dialogue. He drew particular attention to the two sides' co-operation in trade and commerce, the implementation of anti-terrorism measures, and energy and environmental protection. He also highlighted their coordinated approach to major issues, including nuclear developments affecting the Korean Peninsula and Iran. On the Doha Round of trade talks, Hu insisted

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that through its active participation in the talks and its efforts to open its market, China had fulfilled its obligations under the terms of the World Trade Organization (XHNA, 9 July).

During a visit to Washington, on 28 July Yang Jiechi held further talks with Condoleezza Rice. Both Yang and Rice gave a commitment on behalf of their respective governments to promote even closer bilateral ties. Yang Jiechi spoke positively of the state of the bilateral relationship, and suggested that the recent meeting between Presidents Bush and Hu Jintao in Hokkaido would assist in taking the development of China-US relations to a new level. In a reference to the forthcoming US Presidential Election, Yang noted that the two countries' relations were at a "crucial transitional" point. But he gave an undertaking that the Chinese government would

> … work with the US side to earnestly implement the important consensus reached between the heads of state of the two countries, always approach the relationship from a strategic and long-term perspective, maintain high-level contacts, strengthen dialogues and communications, and particularly make continuous efforts to successfully conduct the Sino-US strategic economic dialogue [SED] and the Sino-US strategic dialogue to enhance mutual understanding and trust, expand interchanges and co-operation, and properly handle differences and sensitive issues so as to move forward the constructive and co-operative relationship between the two countries in a sustained, healthy, and steady manner.

Rice also referred to the favourable outcome of the recent meeting of the two countries' presidents in Hokkaido. She reaffirmed the determination of the US government to join China in seeking to strengthen bilateral relations (XHNA, 29 July).

During his visit, Yang Jiechi also met President George W. Bush.

A Chinese Foreign Ministry spokesman condemned a US House of Representatives resolution, which referred to the "Olympic traditions of freedom and openness," but went on to criticize China's human rights record and its support of the governments of Sudan and Myanmar. He said that the attempt to link criticism of China with the Olympic Games smacked of "odious conduct" by "a handful of anti-China lawmakers" and revealed the "malicious intention to politicize the Olympic Games, and interrupt and sabotage the Beijing Olympic Games" (XHNA, 31 July).

In a meeting with President George W. Bush during the latter's visit to Beijing to attend the opening ceremony of the Olympic Games, Hu Jintao was unequivocal in insisting that the Chinese government would never diverge from its opposition to "Taiwan independence". He hoped that the US administration would "properly handle" the Taiwan issue in order to help promote the peaceful development of cross-Strait relations. Thus,

> No matter what kind of changes take place in the cross-Strait relations, our stance of adhering to the one-China principle and opposing 'Taiwan independence' secessionist activities will never change, and cannot be changed (XHNA, 10 August).

Vice-President Xi Jinping and Wen Jiabao also held meetings with Bush.

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A spokesman for China's Central Bank (the People's Bank of China) responded positively to the US government's plan to take over two mortgage companies – Fannie Mae and Freddie Mac – in order to stabilize the financial market. He expected that the action would help promote financial market stability ("[w]e think these measures will have a positive impact on helping stabilize the financial market and lift up investor confidence"). However, a more cautious view was forthcoming from a member of the Chinese Academy of Social Sciences, who suggested

> The US sub prime mortgage crisis has not ended. The rescue just indicates the seriousness of the problem, while we have to wait to see its effect (XHNA, 8 Sept.).

An article made available on *People's Daily* website commented on the financial crisis unravelling in the United States and the immediate impact on Chinese financial institutions. It noted that a number of Chinese banks had been "drawn into the 'Lehman black hole'" to the tune of more than US$ 330 million. Specifically,

> … the Industrial and Commercial Bank has a total balance of $151.8 million in Lehman Brothers corporate bonds and credit-linked notes linked to Lehman Brothers; the Merchants Bank's total exposure to bonds issued by the US Lehman Brothers Inc. is $70 million; and the Bank of China presently holds a total of $75.62 million worth of bonds issued by the Lehman Brothers Holdings Inc. and its subsidiaries.

Such exposure was not, however, regarded to be of real significance. By contrast, the amounts of Fannie Mae and Freddie Mac bonds held by Chinese-funded financial institutions was the source of more "widespread concern." The greatest exposure was that of the Bank of China, which at the end of June held bonds related to Fannie Mae and Freddie Mac then valued at $17.286 billion. In addition, the book values of the Fannie Mae and Freddie Mac-related bonds held by the Construction Bank, the Industrial and Commercial Bank, and the Merchants Bank were, respectively, $3.25 billion, $2.716 billion and $255 million. CITIC Bank held home mortgage-collateralized bonds guaranteed by, and agency bonds issued by, Fannie Mae and Freddie Mac to the value of some 10.86 billion yuan.

In the wake of unfolding events, all the major Chinese banks sought to reduce their holdings of Fannie Mae and Freddie Mac bonds. Accordingly, the Bank of China reduced its holdings by more than $4 billion between late June and late August, while the Industrial and Commercial Bank cumulatively had cut its holdings by more than $8 billion in 2008. Further, "[t]he Construction Bank, Bank of Communications, and Merchants Bank not only did not suffer losses but made profits in the process of cutting their holdings" (*RMRB*, 19 Sept.).

In September the 19th meeting of China–US Joint Commission on Commerce and Trade (JCCT) was held in Los Angeles and generated a number of agreements on promoting bilateral trade. the two sides also agreed to strengthen co-operation in intellectual property rights and information industry within the JCCT framework.

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In September, during a visit to New York to attend the United Nations General Assembly and other UN meetings, Wen Jiabao addressed a lunch meeting organized by the National Committee on US–China Relations. He insisted that China and the United States were not rivals, but rather "partners in co-operation" (not least with each having become the other's second-largest trading partner). As such, he urged both sides to co-operate in seeking to strengthen their bilateral relationship.

Whilst expressing confidence that relations between China and the United States would continue to develop, the Chinese Premier acknowledged that "due to differences in social system development level, history and culture, China and the United States may not see eye to eye on certain issues." But such differences need not, he said, obstruct the attainment of close relations "as long as the two sides engage in dialogue and consultation on the basis of equality and mutual respect" (the full text of Wen's speech was published by XHNA on 23 Sept.).

c *International Organizations and International Meetings: (United Nations [UN]; Group of Eight [G8]; Shanghai Co-operation Organization [SCO])*

On 1 July, the UN Secretary-General (Ban Ki-moon) arrived in Beijing at the start of a three-day official visit to China. During his visit, he met the Chinese President, the Prime Minister and the Foreign Minister.

Later the same month, Hu Jintao flew to Japan in order to attend the Outreach Session of the G8 Summit. The Summit was scheduled to take place in Toyako on Hokkaido between 7 and 9 July.

Addressing the leaders of India, Brazil, South Africa and Mexico on the eve of the outreach session, Hu called on the five "major developing countries" to strengthen co-operation in order to help promote their common development. Given that these five countries contained 42 per cent of the world's population and accounted for 12 per cent of global GDP, such co-operation not only promised to serve their own interests, but also to "enhance South-South co-operation, promote North-South dialogue and advance the noble cause of peace and development of mankind" (XHNA, 8 July).

In a speech to the outreach session of the G8 (9 July), Hu put forward a four-point proposal on facilitating the balanced, co-ordinated and sustainable development of the global economy. He noted that the combined population of G8 plus China, India, Brazil, South Africa, Mexico, South Korea, Indonesia and Australia accounted for 60 per cent of the world's total population, while their "collective economic power" constituted three-quarters of the global total. Such statistics highlighted the obligation of these countries to co-operate in an effort to "address the challenges and promote a steady growth of the world economy" (XHNA, 9 July).

In pursuit of this objective, Hu's proposal embraced four tasks:

- to create a "sustainable world economic system";
- to establish an "inclusive and orderly international financial system";

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- to put in place a "fair and equitable international trade regime";
- to build a "fair and effective global development system."

Hu Jintao also addressed the Leaders Meeting of Major Economies in Toyako. The focus of his remarks was energy security and climate change.

He noted that in the wake of rapid industrialization in many parts of the world, issues of global energy, environment and climate change had come to the fore in recent years. Out of the shared concern expressed by G8 member states and developing countries during their 2007 meeting, the "Bali Roadmap" had emerged as a watershed response to climate change by the international community. The current meeting offered an opportunity to take further action in an attempt to address the problems associated with climate change.

Hu insisted that climate change was an issue of development. As such, it needed to be addressed within a framework of sustainable development and in such a way that the needs of economic growth, social development, and environmental protection were all accommodated. Accordingly,

> International cooperation on climate change should … take safeguarding economic development as the core; take strengthening the capacity for sustainable development as the objective; take conserving energy, optimizing the energy mix, and strengthening ecological protection as priorities; and take scientific and technological advances as the support, so as to continuously elevate the capacity of the international community for mitigating and adapting to climate change.

Hu added that in seeking to fulfil such goals, the differing levels of development of relevant countries also needed to be taken into account. This would be best achieved by adhering to the principle of those countries' "common but differentiated responsibilities."

The Chinese President highlighted three priorities in seeking to address the challenges of climate change, as follows:

- Every effort must be made to implement the "UN Framework Convention on Climate Change" and the associated "Kyoto Protocol." In particular, said Hu, "[d]eveloped countries should rigorously fulfil the emissions reduction targets defined in the "Kyoto Protocol" and … honour their commitments to funding and technology transfer to developing countries. Developing countries should, within the framework of sustainable development, actively adopt policy measures for mitigating and adapting to climate change and make such contributions to climate change response *as their capacity would allow*" [emphasis added].
- International negotiations should be intensified in order to accelerate fulfillment of the "Bali Roadmap." These should be driven by adherence to the principle of "common but differentiated responsibilities", whereby developed countries would take the lead in emissions reduction.
- The international response to climate change must be premised on "pragmatic cooperation" grounded in the provision of finance and technology as the "key links" in such cooperation. Hu drew particular attention to the current "huge" shortfall in funding and called for the

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> strengthening of existing funding mechanisms. In order to enhance the role of science and technology in addressing the problems of climate change, attention should also be given to setting up "effective technology transfer and dissemination mechanisms and … technology sharing [in order] to ensure that climate and environment-friendly technologies are affordable for and available to the numerous developing countries."

Hu acknowledged that negative consequences of climate change had affected China "rather seriously." He was, however, at pains to stress China's status as a industrializing, modernizing and developing country, in which low standards prevailed among a large part of the population. He pointed out too that both cumulative and per capita greenhouse gas emissions in China were low, and "a large part of the total emissions is survival emissions required to support people's essential livelihood." A further problem arose from international transferred emissions associated with the "the international division of labour and the migration of manufacturing" (XHNA, 9 July).

In advance of a summit meeting of the Shanghai Cooperation Organization (SCO) in Dushanbe, Tajikistan, a Xinhua commentary noted that the surface area of SCO member exceeded 30 million square kilometers (some three-fifths of Eurasia) and contained a population of 1.455 billion (about 25 per cent of the world's total).

In his speech to the SCO Summit, Hu Jintao put forward proposals for joint efforts among SCO member states to help bring about peace, prosperity and harmony in the region. He called for closer strategic consultation and an enhancement of mutual political trust in order to deal more expeditiously with security and development issues. He also urged closer *security* co-operation as a means of maintaining peace in the region. In this context, even greater efforts were needed in order to combat the "three evil forces" of terrorism, separatism and extremism, as well as to deal with other kinds of cross-border criminal activities, such as drug trafficking.

As for economic co-operation, Hu drew attention to the ability of SCO members (comprising "major economies, big food and energy producers as well as huge markets") to defend themselves against the effects of "world economic turbulences." Realization of such potential benefits required that member states should maintain their efforts to "facilitate easy flow of trade and investment, continue to select and implement new model projects in transportation, energy and communication, and to enhance financial and agricultural cooperation" (full text of speech in XHNA, 28 August; see also comments in Hong Kong, *Wen Wei Po* [*Wenhui Bao*], 30 August)

Leaders attending the SCO Summit subsequently issued a Joint Declaration on security, energy and other issues.

On 23 September, Wen Jiabao arrived in New York, where he was to attend a UN meeting for the Millennium Development Goals (MDGs) and participate in the general debate of the 63rd UN General Assembly (UNGA).

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The following day, Wen addressed the general debate at the 63rd UNGA. The title of the speech was "Persist in Reforms and Opening Up to the Outside World, Persist in Peaceful Development" (see XHNA, 24 Sept. for details).

He described 2008 as "not a normal year" for China – a reference to the tragedy of the earthquake in Sichuan and to China's subsequent hosting of the Beijing Olympic Games. Holding the Games in Beijing was a symbol of how far China had moved along the road of modernization. At the same time, Wen warned that the developmental challenges facing China were considerable and that fulfillment of comprehensive modernization remained a long-term task. Thus,

> … China has 1.3 billion people. Although China's economic aggregates have moved to the front rank of the world, yet per capital income still ranks behind 100 of the world. Urban and rural development and regional development are very uneven. The countryside, especially the countryside in the western region, is very backward. China still has tens of millions of people whose problem of food and clothing has not been solved. China is still a developing country. The state of underdeveloped productive forces has not changed fundamentally. Further development is restricted by resources, energy, the environment, and other bottlenecks. China's socialist market economic system is not perfect; its democratic legal system is not sound; and some social issues are comparatively outstanding.

The Chinese Premier unequivocally attributed China's development success during the previous three decades to its consistent adherence to economic reform and the process of opening up to the outside world – forces which had

> … fundamentally transformed China's state of remaining closed, backward, depressed, and ossified for a long period of time; smashed the fetters binding people's thinking; aroused the enthusiasm of millions of people; massively emancipated productive forces; forcefully promoted economic and social development; and brought about vigour and vitality to the vast land of China.

He was no less unequivocal in his insistence that continued progress was dependent on maintaining and strengthening the momentum of "economic … political and structural" reforms.

The Chinese government regarded successful development as complementing the search for a peaceful international environment ("there will be development only if we have peace"). Hence it has a commitment to an "independent foreign policy of peace and is willing to strengthen co-operation with all countries" in pursuit of the two goals of peace and development. However, success in fulfilling both objectives was conditional on mutual respect for countries' sovereignty and adherence to the principle of mutual non-interference in each other's internal affairs. China's history provided an object lesson in both these regards:

> The modern history of humiliation has taught the Chinese people that once a country loses its sovereignty, its people will have no dignity and status. China will resolutely defend its hard-won sovereignty and territorial integrity and will absolutely not permit any foreign involvement. At the same time, China persists in equal treatment, respects the sovereignty and territorial integrity of other countries, and respects the social systems and development paths selected independently by the peoples of various countries.

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Wen Jiabao noted that the peaceful resolution of international differences was both a basic goal of the United Nations and a basic principle of international law. The Chinese government subscribed to the use of dialogue and negotiation as the basis for resolving "the issues and practical differences with other countries left over by history." Wen reaffirmed his government's determination to play a "positive and constructive role" in peacefully resolving such issues and new regional and international conflicts

In his speech to the UN High-level Meeting on the MDGs, the Chinese Premier called on the international community – developed countries in particular – to strengthen their efforts to fulfil the MDGs. To this end, he announced that China intended to implement a series of measures, including the provision of farm technology support and increased food aid, in order to assist less developed countries (LDCs) in reaching such goals. He said that China would also cancel all outstanding interest-free loans extended to LDCs that were due to mature before the end of 2008 (XHNA, 25 Sept.).

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