# Quarterly chronicle and documentation

**(April–June 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, only available electronically, do not have reference numbers and are only identifiable by date of publication of material. The inclusion of each of these dates would unnecessarily clutter the text and such dates have therefore been omitted, except, at many points, for the original sources from which the BBC reports themselves are taken.

## Abbreviations

| | |
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| 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* |

## 1. Internal developments

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## 2. Foreign Relations

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## 3. Documentation

Full text of the "China–Japan Joint Statement on All-Round Promotion of Strategic and Mutually Beneficial Relations," signed by Hu Jintao and Premier Yasuo Fukuda (Tokyo, 7 May), as published by Xinhua News Agency on 8 May.

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## 1. Internal Developments

**a** *The Second and Third Sessions of the 11th NPCSC*

The Second meeting of the 11th NPCSC, which closed in Beijing on 24 April, endorsed the revised version of the Law on the Protection of the Handicapped and ratified three treaties (two extradition agreements – with Australia and France, respectively – and an agreement on civil and commercial judicial assistance between China and Kuwait). Delegates also approved a number of administrative appointments (details in XHNA, 24 April).

In a speech to the closing session, Chairman Wu Bangguo spoke of the importance of protecting and caring for the handicapped. He noted that to this end, the revised Law sought to strengthen prevention of discrimination against the handicapped and to enhance their rights in terms of education, work and employment, social security, etc.

Wu also referred to the severe snow and ice storms that had occurred in southern China during January and February which he described as "rarely seen in [the country's] history." He praised the efforts of relevant authorities in overcoming the effects of the storms and addressing post-disaster reconstruction. At the same time, he urged those authorities to improve "the systems and mechanisms for coping with emergencies" in order more effectively to deal with future disasters.

Wu put forward a "five-point requirement," designed to improve the work of the NPC. This embraced the need to:

- adhere to the "correct political direction";
- properly handle relations between the NPC and the government, the Supreme People's Court, and the Supreme People's Procuratorate;
- take actions that would improve the material well-being of the people in accordance with its wishes;
- facilitate and strengthen legislative work in strict accordance with China's "socialist legal system with Chinese characteristics";
- intensify the work of reviewing and assessing existing laws.

On 24 June, Vice-Premier Hui Liangyu unveiled to delegates at the Third NPCSC meeting an eight-year plan for reconstruction and development in areas devastated by the earthquake of 12 May. He noted that the disaster had caused massive losses, making reconstruction both an urgent and long-term task. The framework of the eight-year plan provided for three initial years of "preliminary reconstruction," to be followed by five years of further development. The State Council had already tabled plans to adjust the central budget. These provided for the establishment of a reconstruction fund, from which some 40 billion yuan would be used in order to subsidize the rebuilding and repair of farmers' homes. It was reported to NPCSC delegates that central and local governments had already allocated 54.31 billion yuan for relief and reconstruction work. The most recent figures showed that the earthquake had caused the collapse of more than

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7.78 million homes and damage to a further 24.5 million. The death toll so far was 69,181, but was expected to reach 80,000. Some 374,171 people had suffered injuries as a result of the quake, and 18,498 were still missing. Hui Liangyu commented that

> [t]he quake in Sichuan was the most destructive one ever to occurr in China which affected almost all parts of the country and presented the greatest difficulty in disaster rescue and relief (XHNA, 24 June).

Since the earthquake, 84,017 survivors had been rescued, more than 2.04 million injured had been hospitalized and 15.1 million people had been relocated to safe areas.

The NPCSC considered a second hearing of draft amendment to China's Fire Control Law, which, if passed, would require "public venues with potential fire risks that could cause major casualties" to take out fire insurance.

**b** *Party, Political and Ideological Affairs*

It was reported that following his conviction by the Tianjin No 2 Intermediate People's Court of having taken bribes and abused his power, on 11 April the former Secretary of the Shanghai Party Municipal Committee (Chen Liangyu) was sentenced to 18 years in prison. The court also confiscated 300,000 yuan of Chen's personal assets. The court ruling stated that between 1988 and 2006, Chen had taken advantage of his senior status – as head of Huangpu district government, Vice-Mayor and Mayor of Shanghai Municipal Government, Deputy-Secretary and Secretary of Shanghai CCP Municipal Committee – to "seek profits for Shanghai New Huangpu Group Company and Shanghai Shenhua Football Club in obtaining fiscal subsidies or compensation for building demolishment." He was also convicted of having been engaged in illegal real-estate dealings. It was also revealed that Chen Liangyu had extorted or accepted bribes of more than 2.39 million yuan from institutions and individuals (XHNA, 11 April).

**c** *The Aftermath of Violence in Tibet*

In the aftermath of riots in Tibet (see "Quarterly Chronicle," *The China Quarterly*, No. 194 (June 2008), pp. 485–87), on 1 April Chinese authorities arrested two suspects for their involvement in arson attacks in Lhasa. A spokesman of the Ministry of Public Security stated that the two men had "confessed to their crimes" (XHNA, 1 April). Meanwhile, the same source claimed that evidence had been obtained to show that the violence perpetrated in the Tibetan capital on 14 March was part of the "'Tibetan People's Uprising Movement' plotted by the Dalai Lama clique… [designed] to create a crisis in China by staging co-ordinated sabotage activities in Tibet." It added that recent arrests had uncovered the existence of a "domestic network of an official from the 'security ministry' of the Dalai Lama clique" (*ibid.*).

Officials at the Chinese Embassy in Washington claimed that on 1 April, around 500 "Tibetan separatists" had attacked the embassy. According to a

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Xinhua report, what had begun as slogan chanting and flag waving had subsequently turned into a violent demonstration, resulting in the breaking of a number of embassy windows. The Chinese news agency acknowledged that since 10 March, violent attacks by "'Tibet Independence' separatists and those with international 'Tibet support' organizations" had taken place against 18 overseas diplomatic missions of China (XHNA, 2 April).

According to a report from Kathmandu, the Chinese Ambassador to Nepal had requested the Government of Nepal government to take stricter measures against the political activities of organizations in Nepal campaigning for a "Free Tibet." He called on the government to take full responsibility for the damage to the Chinese Embassy in Nepal recently caused by Tibetan protesters (*Nepalnews.com*, 2 April).

It was reported that Tibet would be re-opened to tourists on 1 May 2008.

Xinhua reported that a riot had broken out in the Tibetan Autonomous Prefecture of Sichuan Province on 4 April. The rioters were said to have attacked the seat of the Donggu township government, forcing the local authorities to call in police who had fired warning shots before quelling the violence. An official undertaking an inspection tour in the region was said to have been seriously wounded (*Ming Pao* [*Mingbao*], 4 April).

In response to a resolution, proposed by the Speaker of the US House of Representatives (Nancy Pelosi), in which she called on the Chinese government to halt "repression" in Tibet and take part in talks with the Dalai Lama, a Chinese Ministry spokeswoman accused her of "confounding white and black, and acting with ulterior motives." Thus,

> [i]n introducing the relevant resolution, the extremely small number of congressmen in the US House of Representatives who, far from condemning the rioters who engaged in the beating, smashing, looting, and burning in Lhasa and the Dalai clique who, hiding behind the scenes, had planned and organized the violent criminal incidents, instead turned their spearhead towards the Chinese Government and the Chinese people (XHNA, 7 April; for further comment on Pelosi, see XHNA, 9 April).

Meanwhile, the NPC Foreign Affairs Committee issued its own condemnation of a resolution on Tibet passed by the European Parliament (EP). It described the EP's "unfounded … groundless accusation" against China for having perpetrated a "cruel crackdown on Tibetan demonstrators" as "an arrogant interference in China's domestic affairs," and warned of the damage it could do to relations between China and Europe (XHNA, 12 April).

In the wake of adverse reaction to the violence in Tibet, including disruption of the passage of the Olympic Torch in several countries (see **g** below), on 25 April it was reported by Xinhua that the Chinese government was willing to hold consultations with the private representative of the Dalai Lama:

> In light of the Dalai's repeated requests to resume discussions, a relevant department of the Central Government is ready to make contacts and hold consultations with the Dalai's private representative within the next few days.

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The Central Government's policy towards the Dalai is consistent and its door for dialogues is always open. The Central Government hopes that through contacts and consultations, the Dalai will stop activities to split the motherland with concrete actions, stop plotting and instigating violent activities, and stop activities to interrupt and sabotage the Beijing Olympic Games so as to create conditions for the next consultation (XHNA, 25 April).

Xinhua reported that on 4 May Chinese central government officials – Zhu Weiqun and Sitar (*sic*) – held talks with private representatives of the 14th Dalai Lama (Lodi Gyari and Kelsang Gyaltsen) in Shenzhen. Zhu and Sitar claimed that the recent riots in Lhasa had placed new obstacles in the way of consultations with the Dalai Lama and his supporters. The Chinese government's hope was that in order to improve the climate for such consultations, "the Dalai side would take credible moves to stop activities aimed at splitting China, stop plotting and inciting violence and stop disrupting and sabotaging the Beijing Olympic Games." Both sides agreed that they should hold a further meeting "at an appropriate time" (XHNA, 4 May).

**d** *Social and Legal Affairs*

On 3 April, the prominent Chinese activist, Hu Jia, was given a prison sentence of three and a half years, having been found guilty of "subverting the state" (viz., "spreading malicious rumours and committing libel to subvert the nation by speaking to overseas journalists and circulating online articles on China's politics"). His trial lasted for just one day. Subsequently, a Hong Kong source reported that Chinese authorities had prevented Hu's lawyer (Li Fangping) from meeting him, as a result of which the opportunity to lodge an appeal against the sentence had been lost (*SCMP*, 18 April). According to the *SCMP* report, on arrival at the Beijing Number One Municipal Detention Centre on 14 May, Li was informed that Hu had been taken for a medical check – "a step normally taken before a convict is transferred to jail." When he returned to the Detention Centre the following day, Li was informed that the ten-day deadline for lodging an appeal had expired. The sentence on Hu was condemned by the US Secretary of State, Condoleezza Rice, and the European Union also called for Hu's release.

**e** *Economic Affairs*

The Vice-Governor of the People's Bank of China (PBOC), Su Ning, argued that despite global inflation, China was unlikely to suffer serious inflationary pressures. He admitted that rising prices were nevertheless a continuing preoccupation for PBOC and central government officials: since March 2007, the rise in the consumer price index had increased from around 3 per cent to more than 6 per cent (August 2007) and further to 8.5 per cent (April 2008). The rising trend was attributable, said Su, to "robust" domestic economic conditions, rising food prices and even more rapidly rising international energy prices. But Su insisted that a favourable fiscal situation and improvements in

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enterprises' profitability would prevent "galloping inflation" from emerging. He added that formulation of fiscal and monetary policies would continue to be guided by the imperative of keeping inflationary pressures under control. Su also referred to the recent increase in commercial banks' reserve requirement ratio to 16.5 per cent – the fourth such rise to take place in 2008, which was designed to "[strengthen] liquidity management in the banking system and [steer] reasonable growth in bank credit" (XHNA, 15 May; for news of two more rises in the reserve ratio during June, see XHNA, 7 June).

In May, the rate of increase in the CPI fell back to 7.7 per cent, although this figure remained substantially above the Chinese government's target figure of 4.8 per cent. An economist at the State Council's Development Research Centre predicted that CPI rises would continue to slow in the coming months.

Data released by the Ministry of Human Resources and Social Security (28 April) revealed that at the end of March registered urban unemployment had reached 8.25 million (4.0 per cent).

It was announced that as of 20 June, China would increase the prices of oil, diesel oil, aviation kerosene and electricity, while holding the prices of natural gas and liquefied petroleum gas unchanged. Gasoline and diesel oil prices would rise by 1,000 yuan per tonne, while the price of aviation kerosene would increase by 1,500 yuan. From 1 July, the average electricity tariff would also be raised by 2.5 cents per kWh, with exemptions for urban and rural residents and "sectors of farming and fertilizer production" (XHNA, 19 June).

Xinhua reported that construction of the first road tunnel across the Yangtze River, which had begun in November 2004, had been completed in Wuhan. The four-lane road tunnel connected the two main urban sub-sectors of Wuhan – Wuchang (the location of local government offices and universities) and Hankou, the business centre. Some 52,000 vehicles were expected to use the tunnel daily for the seven-minute journey.

In May it was announced that China, South Korea, Japan and the Association of Southeast Asian Nations (ASEAN) had agreed to establish an Asia Monetary Fund (AMF) worth US$80 billion. The funds would be used to help ASEAN member states deal with any liquidity crisis that might occur. In the face of US concerns, South Korean Deputy Finance Minister, Shin Je-yoon, was at pains to insist that the AMF was complementary to, not independent of, the IMF. ASEAN would contribute US$16 billion to the new Fund; China, South Korea and Japan had yet to decide how they would distribute the burden of their collective contribution of a further US$64 billion (Yonhap, 4 May).

**f** *The Earthquake in Sichuan*

A major earthquake, measuring 7.8 on the Richter scale, occurred in Wenchuan County (population: around 112,000) in south-western Sichuan at 2.28 pm on 12 May. In the immediate wake of the disaster, China Eastern Airlines (CEA) cancelled flights to Chengdu, capital of Sichuan. Chengdu Airport was closed and all incoming flights were diverted to Chongqing Airport. Some 180

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trains – 31 passenger and 149 cargo trains – were left stranded, because of landslides and collapses along railway lines near Chengdu. Power supplies and telecommunications were also badly affected by the earthquake.

Later that day, an earthquake emergency relief team left Beijing for Nanyuan Airport in order to travel to Wenchuan. The 184-member team comprised 12 officials of the State Seismological Bureau, 22 staff members of the Armed Police General Hospital, and 150 personnel of the Beijing Military Area Command. Their remit was to undertake search, rescue and medical treatment of victims.

Local authorities initially placed the death toll from the disaster at more than 8,500, although the number was expected to rise. Some 80 per cent of buildings in Beichuan County, close to Wenchuan, were said to have been destroyed by the quake, with deaths in excess of 3,000 – including 1,000 students dead or missing, following the collapse of a school. The Deputy Secretary of Sichuan Provincial Party Committee (Li Chongxi) was stranded with a rescue team and unable to proceed to Wenchuan. He said that "[w]e are doing everything we can, but the roads are blanketed with rocks and boulders" (XHNA, 12 May).

It was reported that the State Council had set up an emergency disaster relief headquarters, involving eight departments responsible for helping with rescue work, medical care, security, information and other tasks. The HQ was headed by Wen Jiabao.

On the same afternoon, Wen flew to Chengdu, from where he was taken to Dujiangyan – a city northwest of the provincial capital and less than 100 kilometres from the earthquake's epicentre at Wenchuan County – in order to direct rescue work. En route to the disaster area, Wen called for public calm and revealed that central leaders had ordered party officials at all levels to organize disaster relief. In the face of blocked roads caused by rock and mud slides, Wen asked military personnel waiting in Dujiangyan to make their way to Wenchuan, even if they were forced to do so on foot.

The Ministry of Civil Affairs and Ministry of Finance were reported to have allocated 200 million yuan (c. US$28.6 million) in disaster relief. From New York, UN Secretary-General Ban Ki-moon also pledged support to assist China in its rescue and reconstruction work. The Ministry of Health also dispatched ten emergency medical teams to the region. Within 24 hours of the disaster, emergency relief aid was forthcoming from Hong Kong SAR, Japan, Russia and South Korea; Taiwan also offered its assistance and shortly afterwards, freight relief materials were airlifted to Sichuan by China. Messages of condolence were received from throughout the world.

Initial estimates, published on 12 May, put the death toll from the earthquake at 8,533. Subsequently, however, the number rose swiftly – to 11,921 (13 May), to 14,866 (14 May), and to 19,500 (15 May). The State Council's Emergency Response Office reported on 16 May that the death toll had increased to 22,069 nationwide, with 168,669 people injured. The scale of destruction became even more apparent in a Xinhua report, which stated that the earthquake had "killed

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28,881 persons and injured 198,347 persons in Sichuan, Gansu, Shaanxi, Chongqing, Hubei, Henan, Guizhou and Shanxi provinces (municipality)" (XHNA, 17 May). By 19 May, the estimated death toll had risen further to 34,073, and thereafter to 40,075 (20 May), 41,353 (21 May), 51,151 (22 May), 55,740 (23 May). On 24 May, Wen Jiabao was quoted as saying that the death toll was likely to exceed 80,000 (Kyodo, 24 May). This prediction seemed to be confirmed in a statement revealing that as of 24 May, the number of deaths had risen to 60,560, with a further 26,221 still missing. By the end of the month, the death tolls had reached 68,977. As of 22 June, numbers had been revised as follows: deaths, 69,181; injured, 374,171; people missing, 18,522.

The Defence Ministry revealed that by 13 May, almost 20,000 soldiers and armed police had arrived in areas of Sichuan hit by the earthquake. Another 30,000 soldiers were said to be on their way to the area by air, rail and road, as well as on foot. The Chengdu Military Command meanwhile sent 30 helicopters, 8,600 officers and soldiers, and 5,000 armed police to the disaster areas to assist with rescue work. Finally, 22 air force aircraft and nine transport aircraft from the China's Civil Aviation Administration, with 11,000 soldiers on board, were also said to be on their way to the disaster region to join 1,400 paratroopers already there. On 13 May helicopters flew 28 sorties, which dropped 12 tons of goods and materials in stricken areas. By 15 May, some 130,000 Chinese troops were said to be engaged in rescue operations in the disaster zone.

Reports from the first persons to arrive in Yingxiu Town (Wenchuan County) indicated that conditions were even worse than had been expected: traffic was cut off and children were still buried in debris. Only 2,300 out of the town's population of over 10,000 were said to have survived the earthquake, with more than 1,000 of the survivors badly injured. Officials said that medical help, food and water were urgently required. Meanwhile, in response to cries for help from beneath the debris of a local school, people were trying to remove the rubble with their hands, since blocked roads were still preventing rescue teams and machinery from reaching Yingqiu. Urgent help was also needed in nearby towns, also badly hit by the disaster.

In Mianyang on 14 May, Wen Jiabao presided over a meeting of the State Council Anti-Quake and Disaster Relief Headquarters (AQDRH) (see XHNA, 14 May). He urged that road transport – that above all – and telecommunications, power and water supplies be restored as quickly as possible. His main message was, however, directed to caring for victims:

> … [T]he people-centred principle is the nucleus of relief work. We must seize the opportunity and lose no time in rescuing people. This is the most important part of the work of combating the earthquake and providing relief to victims. At the present stage, in carrying out our work, we must give priority to saving lives. In this especially serious earthquake, we must reduce casualties to the minimum. … While satisfying quake victims' needs for material life, we must strengthen grassroots ideological-political work. Cadres must go among the masses and among the quake victims to really show concern for them.…

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Wen also called on health departments throughout the country to send 3,000 medical workers to Sichuan in order to help treat and care for quake victims. He explained why rescue workers had not been able to reach Wenchuan and other disaster regions:

> …this especially serious earthquake [has] caused many landslides in some areas, thus cutting off road communications in many areas. The repairing of roads has been very difficult because mountains have shifted positions and become closer together. Although various sectors have put in a large amount of manpower, material power, and machinery, repair work could not be carried out in an all-round due to the narrow work site.

Following an inspection of the site, it was authoritatively reported that the Zipingba dam, located close to the epicentre of the earthquake, was "structurally stable and safe." In the immediate wake of the quake and reports that the water control project, which began operations in 2006, had suffered "a range of damage," all related power generating units were forced to close down. Subsequently, spillways were opened to allow the discharge of water in order, in turn, to preserve safe conditions in nearby Dujiangyan city. But later still, a Xinhua report admitted that water conservancy facilities in Sichuan had been seriously damaged by the earthquake, with estimated losses of 5.2 billion yuan. It quoted provincial authorities to the effect that 88,615 water source facilities had been destroyed, affecting 3.62 million people in Sichuan. The quake was reported also to have destroyed 7,635 kilometres of irritation canals and to have affected crops on some 224,000 hectares of farmland. In addition, 1,978 kilometres of rural power transmission lines had been destroyed, affecting 1.16 million people.

As of 15 May, 18 strong aftershocks, measuring more than five on the Richter scale, were reported to have been felt in Yingxiu Town (Wenchuan County), causing the collapse of a number of houses that had suffered disrepair in the original earthquake. The strongest aftershock measured 6.1 on the Richter scale. The following day, "moderate" aftershocks were also reported from Lixian County. As of 22 May, it was reported that 167 aftershocks, measuring over four on the Richter scale, had been felt in Sichuan.

Meanwhile, a video posed on a "YouTube-like [Chinese] site" and entitled "Dear Premier Wen, you moved China," offered a compilation of scenes of Wen's visit to south-western Sichuan Province. It included a scene, in which the Chinese Premier was seen in tears as he watched the attempted rescue of two children from the remains of a primary school in Dujiangyan. He was reported to have called to the children, "I am grandpa Wen Jiabao. You will certainly pull through and be rescued." In another scene, Wen was shown walking through mud and debris at a local hospital and middle school, where patients and students were trapped under building that had collapsed. On this occasion, Wen was quoted as saying, "If only there is the slightest hope, we will spare no effort; if only there is one survivor in the debris, we will not give up." He also bowed before the bodies of victims who had been temporarily placed in the school playground (XHNA, 15 May).

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Suggestions that poor construction might have been responsible for the collapse of some buildings were given credence in a report that China's Ministry of Housing and Urban-Rural Development (MOHURD) had ordered local authorities to investigate the reasons for the collapse of school buildings during the earthquake. In an interview, Han Jin (Head of the Ministry of Education's Development and Planning Department) stated that

> [i]f quality problems do exist in the school buildings, we will deal with the persons responsible strictly with no toleration and give the public a satisfying answer (XHNA, 16 May).

On 16 May, Hu Jintao flew to Mianyang in Sichuan Province. He referred to the "forceful, orderly and effective" rescue operations that were under way, but added that "[t]he challenge is still severe, the task is still arduous and the time is pressing." Later the same day, Hu travelled to Beichuan County to observe rescue operations (for the full text of Hu's speech at an earthquake relief meeting in Sichuan, see XHNA, 17 May).

On 18 May, Wen Jiabao once more told a AQDRH meeting no "dead angle" or "blind spot" should be ignored in the search for victims of the earthquake. He called for efforts to be extended down to village levels, with "professional rescuers" being provided to every rescue team, along with detection equipment and sniffer dogs. It was revealed that the State Council had authorized the daily distribution of 0.5 kilogram of food and a 10-yuan subsidy to anyone facing financial difficulties in quake-hit areas for a three-month period. Meanwhile, arrangements were being made to send more fast food and bottled water to affected areas. Mobile homes, temporary classrooms, clinics and other forms of accommodation would also be provided for people affected by the recent disaster. Strict measures must be taken to combat hoarding and speculation, and shops and stores should be opened as quickly as possible. Appropriate arrangements would also be made for the care of orphans, the elderly and handicapped bereaved people.

On 18 May it was announced that three days of mourning would be observed for the victims of the earthquake, starting on 19 May.

Also on 18 May, it was reported that the damming of rivers and lakes in several counties of Sichuan Province, caused by major post-quake landslides, were threatening downstream areas of Beichuan, Anxian and Qingchuan counties. In one case – just over three kilometres from Beichuan county seat – there was a build-up of between 30 and 40 million cubic metres of water. Some people had already been evacuated from the area (see also Hong Kong, *SCMP*, 21 May). The Deputy Head of Sichuan's water resources authority later admitted that 33 "quake lakes" had formed in the province – the biggest of them in Anxian, Qingchuan and Beichuan counties (see also XHNA, 27 May). At the end of the month, it was reported that some 197,477 people had been evacuated to safe ground in anticipation of a quake-lake bursting and releasing one third of its water. It was also revealed that up to 1.3 million people in southwest China's

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Sichuan Province had been ordered to move to higher ground for fear of a major quake lake burst as a result of flooding and strong aftershocks'' (XHNA, 1 May).

A circular issued by the Ministry of Housing and Urban-Rural Development called on local authorities in the disaster region to build one million temporary homes by 10 August in order to accommodate victims of the earthquake. Each house – to be built of recyclable steel, or steel and plywood – would provide minimum living space and be capable of withstanding further earthquakes. In addition, one clinic and one retail shop should be constructed for every 1,000 temporary homes, and a middle school for every 2,000 homes (XHNA, 222 May).

On 24 May the UN Secretary-General (Ban Ki-moon) met Wen Jiabao in Yingxiu. Ban Ki-moon praised Chinese leaders for the ''outstanding leadership'' they had shown in dealing with the aftermath of the Sichuan earthquake and reaffirmed the United Nations' commitment to support relief and reconstruction work.

Speaking in Chengdu on 24 May, Wen Jiabao said that efforts to find survivors from the earthquake were continuing, but indicated that the focus of work would gradually shift towards resettling residents in the region and beginning reconstruction. Meanwhile, the Vice-Governor of Sichuan (Li Chengyun) stated that three years would be required for the completion of China's post-earthquake reconstruction work.

At 4.03 pm on 27 May, a major aftershock, measuring 5.4 on the Richter scale, hit Qingchuan, while a second (measuring 5.7) shook neighbouring Ningqiang in Shaanxi Province. Although only a small number of people were reported to have been injured, over 420,000 houses in Qingquan collapsed. Almost 4,000 homes were destroyed or damaged in Ningqiang County.

At the beginning of 5 June, the Ministry of Industry and Information Technology claimed that just over half of enterprises affected by the earthquake would have resumed production within a month. A further quarter of all enterprises would have been added to this list within a three-month period. It was estimated that losses suffered by more than 20,000 enterprises in Sichuan totalled over 200 billion yuan; a further 1.63 billion yuan were reported to have been lost by mining and industrial enterprises in Shaanxi, and some two billion yuan by enterprises in Gansu (XHNA, 5 June). A speedier resumption of enterprise operations was being impeded by shortages of coal, gas and oil, as well as of working capital. On 29 June the US Secretary of State, Condoleezza Rice, arrived in Chengdu. She extended her condolences to the families of those killed and injured in the earthquake and visited a settlement, where 8,000 refugees from the disaster were living.

**g** *Beijing Olympics*

A harbinger of future controversy was the decision by the captain of the Indian football team (Bhaichung Bhutia) to withdraw his participation in the Beijing

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Olympics torch relay, scheduled to take place in New Delhi on 17 April. Bhutia said that his decision was intended to show his solidarity with Tibetan opponents to Chinese rule (New Delhi, Press Trust of India, 1 April).

Following the delivery by air of the Olympic Torch from Beijing, the first leg of the Olympics torch relay took place in Almaty (Kazakhstan) on 2 April. Almaty was the first of 22 cities on five continents in which the torch was to be carried in an event that would last for 130 days. The relay ceremony was opened by the Kazakh President, Nursultan Nazarbayev.

Later the same month, the Olympic Flame arrived in London, where large crowds were expected to watch 80 bearers, including Paralympics, Olympic athletes and celebrities, carrying the torch on a 31-mile route through 10 boroughs of the city. The event was, however, seriously disrupted by "pro-Tibet independence" activists who tried to seize the torch during its passage through London. Subsequently, a spokesman on behalf of the Beijing Olympic Organizing Committee described the disruption was a "serious violation of the Olympic spirit." Following clashes with the police and – controversially – with Chinese security officials, some 25 people were reported to have been arrested for offences against public order (XHNA, 6 April).

Further protests subsequently took place on the next leg of the torch in Paris. A Chinese Foreign Ministry spokeswoman denied that the flame had had to be extinguished, although she did admit that "[t]he modes of the relay in Paris were temporarily changed to safeguard the security and dignity of the Olympic torch under the circumstances there" (XHNA, 7 April and see also XHNA, 13 April).

On 10 April, an official of the Beijing Olympic Organizational Committee issued a statement about the Olympic torch relay in foreign countries. He expressed his gratitude to those countries and cities through which the Olympic torch for their support, merely noting that "despite the fact that 'Tibet independence' elements harassed the relay of the Olympic torch that promotes friendship, peace and progress, people who love the Olympic spirit have condemned the conduct of challenging rule of law, trampling upon human rights, and obstructing peace and progress." Further,

> [t]he Olympic torch is the symbol of the Olympic spirit. It embodies the ideal of "peace, friendship, and progress." The extremely small number of "Tibet independence" elements' despicable acts of harassing and sabotaging the torch relay were a blasphemy against the Olympic spirit, and they were also a brazen provocation against the world people who love the Olympic Games. Dalai [Lama] has repeatedly claimed that he supports the Beijing Olympic Games, but could it be that that he shows his support by violently storming the torch and trying to snatch it from the bearers? The acts of the "Tibet independence" elements will not have the people's support. We do not believe that the small number of radicals who stormed the torch can represent the vast majority of people of their countries. We also do not believe the extremely small number of mobsters can possibly undermine the Beijing Olympic Games and the Olympic spirit (XHNA, 10 April).

HKSAR Permanent Secretary for Home Affairs, Carrie Yau Tsang Ka-lai, insisted that changes to the Olympic torch relay route in Hong Kong were unconnected with anti-China protests which had taken place in other countries.

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The changes were, she said, imposed by time constraints, not fears over security (Hong Kong, *Standard* website, 17 April).

Japanese protestors against Chinese actions in Tibet lined the route of the Olympic torch relay in Nagano (26 April). Although major disruption was avoided, five men were arrested and four injured in the course of the event (Kyodo, 26 April). In Seoul too, there were similar demonstrations, which resulted in clashes between Chinese residents and protestors. The Korean Foreign Ministry later sent a message of regret to the Chinese Ambassador in Seoul (Yonhap, 28 April).

In Hong Kong (2 May), a small number of people also protested against Chinese actions in Tibet during the passage of the Olympic Torch through the SAR. One report stated that eight pro-Tibet protesters had been taken away in police vans (Kyodo, 2 May).

It was reported from Poland that neither President Lech Kaczynski nor any member of the Polish government would attend the opening of the Olympic Games. The decision was said to reflect sentiment in the light of recent events in Tibet (Warsaw, PAP News Agency, 10 April).

The Chinese Ministry of Public Security stated that in the wake of recent riots in Tibet and in the face of possible terrorist attacks, it was about to launch a campaign designed to guarantee stability for the Beijing Olympics. Between April and October, it would oversee measures to protect electronics facilities and oil and gas networks from sabotage. Special measures would also be implemented in order to ensure the security of hotels, leased housing and "public recreational places" (XHNA, 14 April).

It was reported in June that the Beijing authorities had established 40 "crack forces" to combat possible terrorism during the Beijing Olympics. They would be on duty for 24 hours each day from 1 July. Their main tasks would be to deal with "biological attacks, nuclear and other radioactive accidents, bombing, chemical accidents or spreading infections" (*Beijing ribao*, quoted by XHNA, 7 June). The team had the capacity to monitor radioactivity and leaks of inert gas. It also had access to satellite communication equipment, which could transmit live pictures of any accident site to its headquarters from where an assessment of evolving situations could be made. It was also revealed that the Beijing Municipal Health Bureau had formulated contingency plans to cope with public health threats, such as outbreaks of cholera and severe acute respiratory syndrome (SARS).

## 2. Foreign Relations

### **a** *Countries, Territories and Regions*

*Africa (Tanzania, Republic of South Africa, Equatorial Guinea)*

Having taken part in the Boao Forum, on 13 April the President of Tanzania (Jakaya Mrisho Kikwete) held talks in Beijing with Wen Jiabao. Wen reaffirmed the Chinese government's commitment, "within its capacity," to extend economic assistance to Tanzania. In 2007, trade between the two countries was valued at US$794 million – 48.2 per cent more than in 2006.

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The South African Minister of Foreign Affairs (Nkosazana Dlamini-Zuma) arrived in Beijing on 19 April. Following her arrival, she attended a reception to celebrate the tenth anniversary of the establishment of formal diplomatic relations between China and South Africa – a period during which, she said, "an incredible growth in the extent and depth of bilateral relations" had taken place.

On 23 April, China and South Africa held their first "strategic dialogue," co-chaired by Vice-Foreign Minister Zhang Yesui and his South African counterpart, Aziz Pahad. The two sides exchanged views on bilateral ties and international and regional affairs, on which they were said to have reached a broad consensus (XHNA, 23 April).

Following talks in Beijing with senior Chinese government officials, including Vice-President Xi Jinping, Zuma travelled to Shanghai, where she opened the new South African Consulate-General.

A report from Hong Kong suggested that a Chinese ship, loaded with military products and en route for Zimbabwe, might be forced to return to China as a result of the African countries' neighbours' unwillingness to approve the unloading of its cargo (*ZTS*, 23 April). Under alleged US pressure, the governments of South Africa, Mozambique and Angola had already refused to let the vessel dock and unload.

A Chinese Foreign Ministry spokeswoman stated that the cargo constituted "entirely normal trade" between China and Zimbabwe, adding that the Chinese government had consistently followed a "prudent and responsible approach towards the export of military products," as well as upholding the principle of non-interference in internal affairs. She hoped that the shipment to Zimbabwe would not become a politicized issue. She also admitted, however, that consideration was being given to whether the ship should return to China.

In June Yang Jiechi visited Equatorial Guinea. His discussions with senior government officials focused on bilateral relations, as well as regional and international issues.

*Australasia and the Pacific (New Zealand, Australia)*

On 6 April the Prime Minister of New Zealand, Helen Clark, travelled to Beijing on an official visit at the invitation of Wen Jiabao. The following day and in the presence of the prime ministers of the two countries, their respective trade ministers signed a free-trade agreement between China and New Zealand, described as the first of its kind between China and a developed country. Wen said that the agreement would facilitate the further development of bilateral relations to the benefit of the peoples of both countries.

The agreement was the culmination of 15 rounds of negotiations, held between December 2004 and December 2007. By its terms, all exports from China to New Zealand would be free of tariffs, effective as of 1 January 2016; New Zealand would remove tariffs on most of its exports to China from 1 January 2019. As well as commodity trade, the agreement embraced a range of services, including banking, education and entertainment, environment,

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construction and transportation. Under the terms of the FTA, mechanisms for investment promotion, quality inspection and quarantine, and the protection of intellectual property rights were also established.

Between 2004 and 2007, the value of trade between China and New Zealand had risen by 26 per cent per year to reach US$3.7 billion (XHNA, 7 April).

In June China and Australia held their 11th round of talks on the establishment of a free trade zone. The 12th round of discussions would be held in Canberra in September.

*The Caribbean (Barbados)*

In May David Thompson, made his first official visit to China as Prime Minister of Barbados. Wen Jiabao told Thompson of China's support for the Caribbean integration process. He also spoke of his desire to extend co-operation with Barbados.

In a separate meeting, Wu Bangguo thanked Thompson for Barbadian support on the Taiwan issue and also spoke of the Chinese government's desire to increase bilateral exchanges and co-operation.

*Commonwealth of Independent States (Kazakhstan, Russia)*

En route for the Boao Forum for Asia (BFA), the Kazakh Prime Minister (Karim Masimov) broke his journey in Beijing, where (9 April) he held talks with Wen Jiabao. Both men agreed that since the establishment of the strategic partnership between their two countries in 2005, their relations had entered a new stage of development. Wen put forward a proposal to strengthen co-ordination in order to facilitate the construction of the China–Kazakhstan crude oil pipeline and China–Kazakhstan natural gas pipeline projects. He hoped too for intensified co-operation in other areas, especially within the framework of the Shanghai Co-operation Organization (SCO). Masimov expressed broad agreement with Wen's suggestions. Following their talks, Wen and Masimov attended a signing ceremony for co-operation agreements in finance, agriculture, electricity and hydropower. Xinhua later published the complete text of the Sino-Kazakh Joint Communiqué, issued at the end of Masimov's visit (see XHNA, 16 April).

On 19 April, Hu Jintao has sent a congratulatory message to Russia's outgoing President Vladimir Putin, following his election as chairman of the ruling United Russia party (the majority party in the State Duma).

On 23 May, Dmitriy Medvedev arrived in Beijing at the beginning of a state visit – his first since becoming Russian President. Medvedev's talks with Hu Jintao focused on bilateral relations. Both men spoke enthusiastically of the development of the Sino-Russian "strategic partnership of co-ordination" and said that they would intensify their efforts to advance their relationship (for full text of the two presidents' joint communiqué, see XHNA, 24 May). In a meeting with Vice-President Xi Jinping, Medvedev promised further Russian assistance to facilitate Chinese post-earthquake relief work in Sichuan. Xi said that

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Medvedev's visit was proof that the development of bilateral relations had entered a new phase. He reaffirmed the Chinese government's willingness to implement agreements reached during Medvedev's trip and to strengthen co-operation between China and Russia (XHNA, 24 May).

A joint statement issued by the two sides contained a strong statement of condemnation of all forms of terrorism, and called on the international community to take action against terrorism in accordance with principles enshrined in the UN Charter and the UN Global Counter-Terrorism Strategy. The two sides also undertook to strengthen co-operation within the framework of multilateral frameworks – for example, the Shanghai Co-operation Organization, ASEAN Regional Forum and APEC – in order to combat terrorism, drug trafficking and crimes (XHNA, 23 May).

*Japan*

Following his arrival in Tokyo on an official visit, on 17 April the Chinese Foreign Minister (Yang Jiechi) held talks with his Japanese counterpart, Masahiko Komura. Both men agreed that preparations for Hu Jintao's forthcoming state visit to Japan, scheduled for 6–10 May, were well in hand and they expressed their determination to do everything in their power to ensure that the visit was a complete success. Yang noted that 2008 marked the 30th anniversary of the signing of the China–Japan Peace and Friendship Treaty, and said that bilateral relations were at "a new historic departure point." He spoke of the Chinese government's willingness to raise those relations to a new level. Hu's forthcoming visit promised, he said, to make an important contribution to this process:

> Through this historic visit, we hope to jointly plan the future together with Japan from a strategic height and a long-term angle, blaze a new trail for the future, achieve a consensus on increasing strategic mutual trust, deepening mutually beneficial co-operation, and strengthening communication and co-ordination in international and regional issues, and incorporate the two countries' relations onto the track of long-term, healthy, and stable development.

Yang's optimism was echoed in the remarks of Komura, who expressed the hope that the two sides would intensify their co-operative efforts in the fields of environmental protection, energy conservation and the protection of intellectual property rights (XHNA, 17 April).

The following day, Yang met the Japanese Prime Minister, Yasuo Fukuda, to whom he delivered a personal letter from President Hu Jintao. Like Komura, Fukuda saw Hu's forthcoming visit to Japan as a major event – one that promised to "consolidate and strengthen Japan–China relations and co-operation." The Japanese Prime Minister also wished the Beijing Olympic Games complete success (XHNA, 18 April).

Hu Jintao arrived in Tokyo on 6 May (for comment prior to the visit, see *RMRB*, 4 May). The following day, in his talks with Prime Minister Yasuo

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Fukuda, he called on both sides to seek a new framework in which to further develop bilateral relations. Thus,

> [t]he two countries should abide by the principles set forth in the three political documents to guide bilateral ties, and properly handle important and sensitive issues such as history and the Taiwan issue in line with the principle of taking history as a mirror and looking forward to the future.

It was important too, said Hu, to strengthen "strategic mutual-trust" by "[treating] each other as a long-term co-operative partner, [supporting] the other's peaceful development, [caring for] the other's major concerns and properly [addressing] any disagreement through dialogue and consultation." Co-operation between the two countries should take advantage of their economic complementarities, while also opening up new fields for economic co-operation and trade. In the interests of better mutual understanding, he also stressed the importance of "personnel and cultural exchanges" (XHNA, 7 May).

Kyodo (7 May) listed the documents signed or agreed to by China and Japan during Hu's visit as follows:

- Joint statement on comprehensively promoting "strategic, mutually beneficial relations"
- Joint statement on climate change
- Agreement on mutually establishing cultural centres
- Memorandum on implementing co-operation for model projects for wastewater disposal in rural areas in China
- Memorandum on co-operation for safe supply of water in villages in China
- Co-operative funding to support human resources development
- Memorandum on research into legal systems related to trade and investment
- Memorandum on co-operation to facilitate overseas operations of small and medium-sized businesses
- Memorandum on promotion and facilitation of technology trade
- Document on comprehensive co-operation to promote building mutually beneficial relations conducive to sustainable economic development
- Memorandum on promotion of co-operation in the area of small and medium-sized businesses
- Memorandum on enhancing co-operation in energy and environment conservation
- Joint press statement on reinforcing exchanges and co-operation between the Japanese and Chinese governments
- Japan–China consular agreement
- Memorandum on co-operation in energy and environment conservation between the Japanese city of Kitakyushu and the Chinese city of Tianjin
- Document on co-operation between the Japanese city of Kobe and the Chinese city of Tianjin in energy and environment conservation

On 14 June Yasuo Fukuda met Saturday with Yang Jiechi, who was in Tokyo to attend the second trilateral meeting of foreign ministers from China, Japan

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and South Korea. Fukuda spoke positively of Hu Jintao's recent visit to Japan and pledged his government's efforts to "work together with China to bring all the fruits of the visit to fulfilment." Yang spoke of Hu's visit as having opened up a new phase in bilateral "strategic and mutually beneficial" relations and looked forward to the further strengthening of those relations (XHNA, 14 June).

*Latin America (Chile)*

The President of Chile, Michelle Bachelet, continued her first state visit to China, having attended the annual meeting of the Boao Forum for Asia in Hainan. Following her arrival in Beijing, on 13 April she met Wen Jiabao. The Chinese Premier noted the strong momentum of development of bilateral relations, but in the light of the recent bilateral free trade agreement called on China and Chile to make even greater efforts to strengthen their co-operation in areas such as agriculture and mining. (See XHNA, 14 April for full text of the two sides' joint communiqué.)

The Vice-President of China's International Trade Promotion Committee (Wang Jinzhen) revealed that 25 per cent of China's overseas investment – in 2006 US$90.63 billion – had been directed to Latin America. Between 1978 and 2000, Chinese investment in Latin American countries had risen from US$200 million to US$10 billion. Wang also noted that Chinese enterprises were currently engaged in 30,000 investment projects in the region, to which 14 million Chinese nationals travelled in 2007 (XHNA, 16 April).

*North-east Asia (North Korea [Democratic People's Republic of Korea {DPRK}], South Korea [Republic of Korea])*

On 26 April, the Foreign Minister of North Korea (Pak Ui Chun) arrived in Beijing on an official visit to China. He was expected to meet the Chinese Vice-President (Xi Jinping), State Councillor Dai Bingguo, and the Foreign Minister (Yang Jiechi).

In June Vice-President Xi Jinping made an official goodwill visit to North Korea. His meetings with senior Korean officials focused on bilateral relations and issues of common concern (including denuclearization of the Korean Peninsula).

On 27 May, the South Korean President, Lee Myung-bak [Ri Myo'ng-pak], arrived in Beijing at the start of a four-day state visit to China. Following his talks with Hu Jintao, it was announced that the two sides had agreed to upgrade the status of bilateral relations from that of a "comprehensive and co-operative partnership" to a "strategic co-operative partnership." It was also revealed that Hu would visit South Korea at an appropriate time later in 2008 (XHNA, 27 May).

Lee also held talks with Wen Jiabao, who expressed his thanks to the South Korean govern and people for their relief efforts following the Sichuan earthquake. He welcomed the decision to upgrade the status of bilateral

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relations, which he claimed would not only serve the interests of China and South Korea, but would also help promote stability and prosperity throughout Northeast Asia. He hoped that accelerated progress would be made towards the establishment of a free trade zone between the two countries (XHNA, 28 May; for the full text of the two sides' joint statement, see XHNA, 28 May).

*South Asia and Indian Ocean (Pakistan, India)*

Following his participation in the Boao Forum in Hainan, the President of Pakistan (Pervez Musharraf) travelled to Beijing, where he held talks with Wen Jiabao. The two men spoke of significant progress having been made towards a Transit Trade Agreement, as well as towards expanding the scope of their 2006 Free Trade Agreement. The two sides had also identified new areas for future co-operation. Wen noted that with bilateral trade having reached US$7 billion, it was likely that the goal of raising trade to US$15 billion would be fulfilled ahead of schedule. There was also discussion of Musharraf's proposal to build a railway link along the Karakoram Highway in order to link Gwadar port with China (Dubai, Geo TV, 13 April).

At the conclusion of Musharraf's visit, the two sides signed a joint communiqué, in which they agreed to further strengthen their strategic co-operation in defence and signed ten "memorandums of reconciliation" (full text in XHNA, 15 April; and Geo TV, 16 April). President Musharraf returned to Pakistan via Urumqi (the capital of Xinjiang Uighur Autonomous Region), where he met the regional Party Secretary, Wang Lequan.

Later the same month, Yang Jiechi travelled to Islamabad, where he held talks with his Pakistani counterpart, Makhdoom Shah Mahmood Qureshi, during which the two men discussed how co-operation between China and Pakistan might be extended. On behalf of the Chinese government, Yang pledged 70 million yuan in technical and economic assistance to Pakistan.

In separate talks with the Prime Minister of Pakistan (Syed Yusuf Raza Gillani), Yang reiterated China's desire to expand its co-operation with Pakistan. Gillani noted difficult challenges facing Pakistan in terms of food and energy, and security, and hoped that the Chinese government would help address such problems. He also revealed that initiatives were under way to encourage Chinese investment in Pakistan (Associated Press of Pakistan, 26 April).

On 5 June, the Indian Foreign Minister (Pranab Mukherjee) held talks in Beijing with his Chinese counterpart, Yang Jiechi. Yang spoke of significant "strategic development opportunities" facing China and India. He expressed the Chinese government's willingness to strengthen its co-operation with India. Mukherjee's remarks echoed those of Yang. He reaffirmed India's position on Tibet and its determination to prevent anyone from "[conducting] anti-China political activities" using Indian territory (XHNA, 5 June). The two men also discussed regional and international issues of shared concern.

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*South-east Asia (Vietnam)*

In April Yang Jiechi travelled to Hanoi, where he held talks with the General Secretary of the Communist Party of Vietnam, Nong Duc Manh. Manh praised the achievements of China's reforms. He hoped that the two sides would strengthen their already friendly ties and extend their "comprehensive co-operation with China under the agreed guidelines." Manh's remarks were echoed in those of yang (Hanoi, VNA News Agency, 24 April).

On 30 May, the General Secretary of the Central Committee of the Communist Party of Vietnam (Nong Duc Manh) arrived in Beijing on a four-day official goodwill visit to China.

In the course of their talks, Manh and Hu Jintao reaffirmed their determination that the deadline of completing the erection of markers along their 1,350-kilometre land border by the end of 2008 should be met. Hu meanwhile called for co-operation in agriculture, science and technology and education to be strengthened. Manh also called on Chinese companies to increase their investment in "big projects" in Vietnam. Following their talks, the two leaders witness the signing of a number of bilateral agreements (see XHNA, 1 June, for the full text of the two sides' joint statement). Manh also held talks in Beijing with Wen Jiabao and Wu Bangguo. A report from Vietnam spoke of Chinese leaders' pleasure that the two sides had agreed to establish a "comprehensive and strategic co-operative partnership" (VNA, 2 June).

*Taiwan [Republic of China]*

Following the meeting between Hu Jintao and Vice-President Vincent Siew at the Boao Forum (see under **c** below), on 28 April the Honorary Chairman of the Kuomintang (KMT), Lien Chan, left Taipei to travel to Beijing, where he was to meet President Hu.

When the two men met, Hu spoke of the "positive changes" that had taken place in Taiwan, and of the opportunities which this provided for promoting the "sound development" of cross-Strait relations, As he put it,

> The two sides … should work together to build mutual trust, shelve disputes, and seek common ground while putting aside differences to bring about a win-win situation, to earnestly work for the well-being of compatriots on both sides of the Strait and for peace in the Taiwan Strait region, and to create a new phase in the peaceful development of cross-Strait relations (XHNA, 29 April).

He noted that his talks with Lien Chan some three years previously had marked the first formal contact between CCP and KMT leaders for 60 years. He reaffirmed the significance of the document signed then by the two sides – the "Common Aspirations for Peaceful Development Across the Strait" – as the basis for bilateral co-operation. That document, said Hu, built on the earlier "1992 Consensus." Taken together, they offered a basis on which the two sides should seek, at the earliest opportunity, to resume cross-Strait consultation and negotiation in order to "practically resolve all the problems and sincerely work

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for the well-being of our compatriots on both sides and for peace in the Taiwan Strait.''

Lien Chan also spoke of the importance of the 2005 ''Common Aspirations'' document and their potential role in shaping future cross-Strait relations:

> These guidelines are of epoch-making importance. The well-being of the people across the Strait must be built on the basis of peaceful development of cross-Strait relations. The two sides should seize the opportunity to strengthen exchange and co-operation in the economic, cultural, education, social, and security aspects to create a favourable conditions and environment in order to march together along the broad road of peaceful development of cross-Strait relations'' (*ibid.*).

The following month, the Director of the CCP Central Committee's Taiwan Work Office (Chen Yunlin) said that China intended to take advantage of ''major positive changes in the situation in Taiwan'' and strengthen its exchanges with ''various parties, groups and personages in Taiwan'' in order to facilitate the development of cross-Strait relations. A particular focus of China's efforts would be the establishment of direct trade, postal and transport links (full text of Chen's remarks in XHNA, 22 May).

On 26 May the KMT Chairman, Wu Poh-hsiung, travelled to China for a six-day tour, which took him to Nanjing, Beijing and Shanghai. Following a visit to the Sun Yat-sen Mausoleum in Nanjing, he gave a speech in which, in a reference to Taiwan's response to the recent earthquake in Sichuan, he noted that ''both sides of the Strait belong to the Chinese nation, are linked by flesh and blood, and no one can deny it'' (XHNA, 27 May).

Following his arrival in the Chinese capital, on 28 May Wu held talks with Hu Jintao. The Chinese President described the visit of the KMT delegation as an event of major significance in the development of inter-party and cross-Strait relations.

After his talks with Hu, Wu told reporters that China's Association for Relations Across the Taiwan Strait (ARATS) and the Taiwan-based Strait Exchange Foundation (SEF) would resume their dialogue at the earliest possible opportunity (see XHNA, 3 June, for details of Chen Yunlin's election to head ARATS). He admitted that in the past, cross-Strait relations had been ''tense'' and had ''even stepped backwards.'' In the new atmosphere that had emerged since the KMT's return to power, he called on both sides to make fresh progress (XHNA, 28 May; see also Hong Kong, *Wen Wei Po* [*Wenhui Bao*], 29 May).

A Taiwan source quoted SEF Chairman Chiang Pin-kung to the effect that ARATS officials had agreed that cross-Strait talks on direct charter flights between China and Taiwan and opening Taiwan to Chinese tourists should be held in Beijing on 12–14 June (*Taipei Times*, 30 May). The talks would be the first official negotiations to have taken place since 1999. Frank Hsieh (former Chairman of the Democratic Progressive Party [DPP]) gave a cautious response to the news (''[t]here is no hurry to come to a conclusion and there is no need to make unnecessary compromises'').

On 12 June ARATS and SEF representatives began their talks in Beijing. Chen Yunlin (Chairman of ARATS) commented that ''[m]any problems in

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economic, cultural and social fields need to be addressed after a long time had been idled away'' and hoped that the two sides would quickly reach agreement. Chiang Pin-kun (Chairman of SEF) noted that in the wake of ''recent benign contacts,'' the two bodies had already achieved mutual trust. He was confident that [n]ormalized and institutionalized exchanges of the ARATS and SEF are bound to achieve the goal of benefits for people on both sides'' (XHNA, 12 June; for full text of 'ARATS-SEF Agreement on Mainland Residents Touring Taiwan,' see XHNA, 14 June).

From Taipei, CNA reported that the two sides had agreed to establish reciprocal offices under ARATS and SEF to deal with visa applications. Hitherto, such applications had been handled by Chinese and Taiwanese representatives in Hong Kong. The same source stated that agreement on weekend charter flights between China and Taiwan, starting in July, had also been reached in the ARATS–SEF talks (CNA, 12 June and XHNA, 13 June).

In a comment on the talks, Sun Yafu (Executive Vice-Chairman of ARATS) described the agreements reached by the two sides as ''important results … signifying the continuous writing of a new historical page in cross-Strait consultations and talks'' (XHNA, 13 June). He added that

> … such results were obtained under a situation in the current cross-Strait relations that is experiencing new changes and facing hard-to-come-by historical opportunities. Such a situation is the result of the common efforts of the compatriots on both sides of the Strait, including the hard work done by many people from various social circles on both sides of the Strait. … [O]pening up cross-Strait weekend charter flights and realizing the mainland citizens' travelling to Taiwan as tourists were two major and good things greatly cared about and expected by the compatriots on both sides of the Strait. The signing of the relevant minutes and agreements and the resolution of the two issues are of great significance to promote the exchanges between the compatriots on both sides of the Strait, push for the direct cross-Strait direct flight process, and increase the welfare of the compatriots on both sides of the Strait.

A source at the Ministry of Commerce stated that 3,299 Taiwan investment projects had been approved on the Chinese mainland in 2007 – 12.1 per cent fewer than in the previous year. During the same period, utilized foreign direct investment (FDI) from Taiwan fell by 20.4 per cent to US$1.77 billion. Such declines notwithstanding, Taiwan remained China's seventh-largest trading partner, ninth-largest export market and fifth-largest import market (XHNA, 9 April).

*United States of America*

As part of the preparations for the fourth round of the China–US Strategic Economic Dialogue (SED) (scheduled to take place in Annapolis in June 2008), on 2 April the American Treasury Secretary and Special Representative of President George W. Bush (Henry M. Paulson) arrived in Beijing on Wednesday at the start of a two-day visit to China. The same day, Paulson held talks with Vice-Premier Wang Qishan – described by Xinhua as Hu Jintao's ''special representative.'' The two men discussed bilateral economic relations, as well as

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ways of advancing the process of the SED. Wang noted that the two sides had reached many agreements since the inauguration of the SED, which had contributed greatly to the development of mutual trust and the steady growth of bilateral ties (XHNA, 2 April).

In June Wang Qishan arrived in Washington in advance of attending the fourth round of China–US SED (scheduled to take place on 17–18 June at the US Naval Academy in Annapolis, Maryland). The two sides' discussions embraced five areas: financial and macro economic management; the development and protection of human capital; the benefits of trade and open markets; investment enhancement; and the search for areas of co-operation in energy and environmental affairs. They also exchanged views on difficulties in the US sub-prime mortgage market, international financial turbulence and intellectual property rights. The most concrete outcome of the meeting was the signing of a 10-year bilateral co-operation agreement on energy and environmental issues. The SED talks also resulted in an agreement to begin negotiations on a bilateral investment protection accord.

Following the formal talks, Wang Qishan returned to Washington, where he met President George W. Bush. Bush hailed the energy and environmental co-operation agreement as evidence of the two sides' common interests in such issues. He also looked forward to swift progress towards agreement on bilateral investment protection. In Washington, Wang also met Dominique Strauss-Kahn (Managing Director of the IMF).

On 24–28 May in Beijing, Chinese and American representatives took part in the 14th Sino-US human rights dialogue. The meeting was the first of its kind to be held since 2002. The meeting was chaired by Wu Hailong (Director-General of the Chinese Foreign Ministry's Department for International Organizations and Conferences) and David Kramer (US Assistant Secretary of State for Democracy, Human Rights and Labour). The two sides delivered reports on progress in human rights development and exchanged "extensive and in-depth views on … freedom of speech, religious freedom, anti-racial discrimination, and United Nations human rights co-operation" (XHNA, 28 May).

*Western Europe (Sweden, France, Greece; European Union [EU])*

On 13 April, the Swedish Prime Minister (Fredrik Reinfeldt) arrived in Beijing from Hainan, where he had attended the Boao Forum annual meeting, to continue his visit to China. In the Chinese capital, he held talks with Wen Jiabao and Wu Bangguo (Chairman of the NPC Standing Committee).

On 12 June, Yang Jiechi held talks with the French President, Nicolas Sarkozy, in Paris. Sarkozy reaffirmed his determination to facilitate the development of a strategic partnership between China and the European Union. Against the background of some recent difficulties in relations between China and France, Yang spoke of his government's desire to "remove obstacles of various kinds and bring bilateral ties back on the track of healthy and stable development" (XHNA, 12 June).

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In the last week of June, the President of Greece (Karolos Papoulias) undertook a state visit to China. His talks with senior government and Party officials focused on bilateral relations, as well as regional and international issues.

In April, Hu Jintao held talks in Beijing with the president of the EU Commission, Jose Manuel Barroso. Hu hoped for a strengthening of the dialogue between China and the EU in order to facilitate the further development of the two sides' "all-round strategic partnership." Barroso also recognized the importance of maintaining "robust" EU–China ties in the two sides' mutual interests, as well as those of the rest of the world. He drew particular attention to the need for both China and EU member states to "safeguard international energy, finance, food safety and stability and solve global issues of climate change, sustainable development and terrorism" (XHNA, 25 April).

**c** *International Organizations and International Meetings (Boao Forum for Asia [BFA])*

The 2008 annual meeting of the Boao Forum for Asia (BFA) took place in Hainan – its permanent venue – during 11–13 April. Heads of state and leaders of 11 countries, as well as more than 2,000 guests from China and overseas, attended the conference, the focus of which was "Green Asia: Moving Towards Win-Win Through Change."

Among the foreign leaders attending the meeting was the Vice President-elect of Taiwan, Vincent Siew, who travelled to Hainan in his capacity as Chairman of the Cross-Straits Common Market Foundation. Siew was accompanied by a delegation, which included Morris Chang (Chairman of Taiwan Semiconductor Manufacturing Co.), Chiao You-lun (Walsin Lihwa Corp.) and Leslie Koo (Taiwan Cement Corp.).

On 11 April, Siew held a 35-minute meeting with Hu Jintao. The Chinese President called on both sides to intensify their efforts to strengthen economic co-operation and exchanges across the Taiwan Straits. Siew observed that since 1987, economic relations between China and Taiwan had grown closer (CNA, 12 April; for further comments, see Hong Kong, *Wen Weipo* [*Wenhui Bao*], 14 April, and a spokesman of the State Council's Taiwan Affairs Office, XHNA, 16 April).

Hu Jintao addressed the opening ceremony of the Boao Forum (the full text of Hu's speech is in XHNA, 12 April). He praised the work of the Forum, which, he said, had made a significant contribution to strengthening relations between the countries and business communities of Asia. He drew special attention to the role of Asia's development not just to the region itself, but to the entire world. In particular, he urged Asian countries to intensify their efforts to build a "peaceful and open Asia of development and co-operation." To this end, he called for a strengthening of intra-Asian co-operation through the following means:

- enhancement of political mutual trust, based on recognition of "mutual respect and equality";

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- closer economic co-operation through the establishment of regional free-trade arrangements and investment facilitation mechanisms, and other means;
- adoption of a common stance in the face of existing challenges posed by terrorism, international crime, illegal immigration and drug trafficking, disaster prevention, etc.;
- increased cultural and people-to-people exchanges;
- adherence to the "policy of openness."

## 3. Documentation

*The following is the full text of the "China–Japan Joint Statement on All-Round Promotion of Strategic and Mutually Beneficial Relations," signed by President Hu Jintao and Prime Minister Yasuo Fukuda (Tokyo, 7 May), as published by Xinhua News Agency on 8 May.*

At the invitation of the Japanese Government, State President of the People's Republic of China Hu Jintao is paying a state visit to Japan from 6 to 10 May 2008. During his visit, President Hu Jintao met with Japanese Emperor Akihito. He also held talks with Prime Minister Yasuo Fukuda and reached extensive consensus on the all-round promotion of strategic and mutually beneficial relations. The joint statement issued by the two sides is as follows:

I. Both sides unanimously held that China–Japan relations are one of the most important bilateral relations to both countries. The two countries produce an important impact on, and shoulder solemn responsibility for, peace, stability and development of the Asia-Pacific Region and the world. Long-term peace, friendship and co-operation are the only choice of both sides. Both sides are determined to promote in an all-round way the strategic and mutually beneficial relations between China and Japan and to realize the lofty goal of peaceful coexistence, friendship from generation to generation, mutually beneficial co-operation and common development between China and Japan.

II. Both sides reiterated that the "China–Japan Joint Statement" issued on 29 September 1972, the "China–Japan Treaty of Peace and Friendship" signed on 12 August 1978 and the "China–Japan Joint Declaration" issued on 26 November 1998 constitute the political basis for the steady development and for creating the future of the relations between China and Japan and confirmed that they will continue to scrupulously abide by various principles set forth in these three documents. Both sides confirmed that they will continue to adhere to and implement in an all-round way various consensuses stated in the "China–Japan Joint Press Communiqué" issued on 8 October 2006 and 11 April 2007.

III. Both sides were determined to face history squarely, be geared to the future and constantly open up a new horizon of China–Japan strategic and mutually beneficial relations. Both sides will constantly enhance mutual understanding and mutual trust, expand mutually beneficial co-operation, enable the direction

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of the development of China–Japan relations to be in keeping with the trends of world development, and jointly create a beautiful future of the Asia-Pacific Region and the world.

IV. Both sides confirmed that the two countries are co-operative partners to each other and they do not constitute a threat to each other.

Both sides reiterated that they will support the peaceful development of the other side. Both sides firmly believed that adhering to peaceful development, China and Japan pan will bring tremendous opportunities and interests to Asia and the world. The development made by China since the beginning of its reform and opening up has brought tremendous opportunities to the international community, including Japan, and the Japanese side spoke positively of this. China is ready to make contribution to building a world with lasting peace and common prosperity and the Japanese sides expressed support to this.

In the past 60 years and more since the end of the war, Japan has persistently taken the road as a peaceful country and has made contribution to world peace and stability by peaceful means and the Chinese side spoke positively of this. Both sides agreed to strengthen dialogue and communication on the reform of the United Nations and to strive to increase consensus. The Chinese side said it has attached importance to Japan's position and role in the United Nations and is willing to see a greater constructive role to be played by Japan international affairs.

Both sides insisted on resolving issues between the two countries through consultation and talks.

V. The Japanese side reiterated that it will continue to adhere to the stand on the Taiwan issue stated in the "Japan–China Joint Statement."

VI. Both sides decided to build a dialogue and co-operation framework for carrying out co-operation in the following five major areas.

1. *Enhance political mutual trust*

Both sides confirmed that enhancing political security and mutual trust is of great significance to building China–Japan strategic mutually beneficial relations. Both sided decided:

- Establish a mechanism for the regular exchange of visits between the leaders of the two countries and, in principle, to exchange such visits once every two years; and to frequently hold meetings on multilateral occasions. Strengthen the mechanism for exchanges and strategic dialogue between governments, parliaments and political parties, strengthen communication on bilateral relations, respective internal and external policies, and international relations, and strive to increase policy transparency.
- Strengthen the exchange of high-level visits in the security area, promote multilevel dialogue and exchanges, and further deepen mutual understanding and trust.

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- Carry out close co-operation in gaining a further understanding of, and seeking, basic and universal values generally acknowledged by the international community, and constantly deepen the understanding of the culture jointly nurtured and jointly possessed in the process of exchanges over a long time.

2. *Promote humanities exchanges and enhance friendly feelings between nationals*
Both sides confirmed that constantly enhancing mutual understanding and friendly feelings between the people of the two countries, especially between teenagers, is conducive to consolidating the basis for friendship and co-operation from generation to generation between China and Japan. To achieve this, both sides decided:
- Extensively carry out exchanges between the media, friendship cities, sports organizations and nongovernmental organizations and carry out rich and colourful cultural exchanges and exchanges between the intellectual circles between the two countries.
- Assiduously and perseveringly carry out exchanges between teenagers.

3. *Strengthen mutually beneficial co-operation*
Both sides confirmed that being countries that produce a great impact on the world economy, China and Japan will make contribution to the sustainable growth of the world economy and decided to carry out co-operation with key points in the following areas:
- To carry out energy and environment co-operation is our obligation to our future generations and the international community. Because of this, it is especially necessary to strengthen co-operation in this area.
- Carry out mutually beneficial co-operation to expand common interests in trade, investment, information and telecommunication technology, finance, food as well as product safety, intellectual property rights protection, commercial environment, farming, forestry and aquatic production, transportation, tourism, water resources, medicine and other areas.
- Effectively make use of China–Japan high-level economic dialogue from a strategic perspective.
- Make joint efforts to turn the East China Sea into a sea of peace, co-operation and friendship.

4. *Make joint efforts to develop the Asia-Pacific Region*
Both sides confirmed that being important countries in the Asia-Pacific Region, China and Japan will maintain close communication on affairs of the region and strengthen co-ordination and co-operation. Both sides decided to focus efforts on carrying out co-operation in the following aspects:
- Work together to maintain peace and stability in Northeast Asia. Jointly promote the progress of the six-party talks. Both sides unanimously held that the normalization of Japan–DPRK relations is of great significance to peace and stability of Northeast Asia. The Chinese side welcomes and supports Japan and

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the DPRK in resolving relevant issues and realizing the normalization of relations.
- Promote co-operation in East Asia and jointly push forward the building of a peaceful, prosperous, stable and opening up Asia according to the principles of opening up, transparency and inclusiveness.

5. *Jointly respond to global issues*
Both sides confirmed that China and Japan shoulder greater responsibility for world peace and development in the 21st century, are ready to strengthen co-ordination on important international issues, and jointly promote the building of a world with lasting peace and common prosperity. Both sides decided to carry out co-operation in the following aspects:
- Both sides will actively participate in building an effective international framework for responding to climate change after 2012 within the framework of the "United Nations Framework Convention on Climate Change," the principle of "undertaking common, but differentiated responsibility," and the Bali Roadmap.
- Both sides confirmed that energy security, environmental protection, poverty, contagious diseases and other global issues are common challenges to both sides. Both sides will carry out effective co-operation from the strategic perspective and work together to make contribution to promoting solutions to the issues mentioned above.

President of the People's Republic of China
Hu Jintao (signature)

Prime Minister of Japan
Yasuo Fukuda (signature)

Tokyo, 7 May 2008

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