Quarterly chronicle and documentation

(April–June 2009)

Sources

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

Abbreviations

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

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1. Internal Developments

a *The Eighth Session of the 11th National People's Congress (NPC) Standing Committee*

The Eighth Session of the 11th National People's Congress (NPC) Standing Committee was held in Beijing from 20 to 24 April. It was presided over by the Chairman of the NPC Standing Committee, Wu Bangguo. The meeting approved amendments to the Postal Law and to the rules of procedure for the NPC itself. It heard reports on air pollution, rural social security, and vocational education. It ratified treaties on the transfer of convicted criminals with the Republic of Korea and with Australia, and a treaty on judicial assistance with Venezuela. It accepted the resignation of an NPC deputy from Hunan. In addition it heard explanations of draft laws on mobilization, and a draft law on the People's Armed Police. A second reading was given to the law on arbitration of disputes concerning contracted farmland.

The draft Law on the People's Armed Police was presented by Wu Shuangzhen, Commander of the People's Armed Police, and stipulated the duties and responsibilities of the armed police, "in order to safeguard state security and social stability." The Mobilization Law was introduced by the Minister of Defence, Liang Guanglie, who said it was of great significance in boosting national strength and safeguarding state security. It contained provisions on how and when the military could be mobilized in times of war or emergency. Any mobilization order would be issued by the President based on a decision of the NPC Standing Committee (XHNA, 20 April).

b *The Ninth Session of the 11th NPC Standing Committee*

The Ninth Session of the 11th NPC Standing Committee was held from 22 to 27 June. It was presided over by the Chairman of the NPC Standing Committee, Wu Bangguo. The meeting adopted the Law on the Mediation and Arbitration of Rural Land Contract Disputes, the revised Law on Statistics, and took a decision to abolish eight outdated or redundant laws. It adopted a revision to the Government's 2008 final accounts, an audit report and a decision to lease land in Guangdong to Macau as a new site for the University of Macau. It reviewed the first draft law on diplomatic personnel, a draft revision of the Law on State Secrets, amendments to the Law on State Compensation, and legislation on the protection and conservation of offshore islands. It decided to remove the former party secretary of a coal mine in Shanxi from his post as Deputy to the NPC because of his role in a mine accident that caused 277 deaths in 2008, and to remove the former Mayor of Shijiazhuang from his post as NPC Deputy for his role in the Sanlu milk scandal. It also appointed four senior officials to the Supreme People's Court and the Supreme People's Procuratorate (XHNA, 27 June).

In his report to the Session, the Chief Auditor, Liu Jiayi, said that funds totalling 26.77 billion yuan had been recovered as a result of auditing work in the past year. Nonetheless members of the Standing Committee were reported to have

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complained that the report had failed to name and shame those individuals or agencies who had violated laws and regulations. It was suggested that those who violated the rules would come under more pressure if they knew that their audit information was going to be made public rather than just reported to the State Council (XHNA, 27 June).

On 24 June the implementation of the budget was discussed. The Finance Minister, Xie Xuren, noted that the main problem for the current year was the decline in financial revenue which has led to a huge imbalance and made the fulfilment of the budget very difficult. He explained the fall as resulting from the slowdown in international trade, a decrease in revenue value relative to the consumer price index, structural tax reduction policies, and the slowdown in China's own economic growth. The planned deficit for 2009 is 950 billion yuan. In the period January to May, actual expenditure was 2,249.698 billion yuan (up by 27.8 per cent), while revenue fell to 2,710.867 billion yuan (down 6.7 per cent). This decline was significantly greater than expected and was the first negative growth rate in 15 years. Revenues collected by the central government were down 14 per cent, but local collected revenue had shown a slight increase of 2.0 per cent. Nonetheless, Xie said that the signs were better and that there had been a rebound in May. China was still confident that the planned deficit, though large and unprecedented, would not affect China's financial sustainability. It could be financed through the issue of treasury bonds. If China's GDP growth reached 8 per cent, then the deficit would amount to only 2.93 per cent of GDP. The year 2009 was unusual and unique, and should not be treated as an ordinary one. Even so, compared to many developed countries, especially the US, China's deficit was low. China's national debt at the end of 2008 was 5.3 trillion yuan, which is within the 5.5 trillion limit (XHNA, 24 June, and *Shijie jingji baodao*, 29 June).

c *Party and Political Affairs*

A number of sensitive anniversaries fell during the quarter. It was the 90th anniversary of the student demonstrations of the May 4th Movement. All nine members of the Politburo Standing Committee attended a celebratory event with over 3,000 young people. Politburo Standing Committee member Li Changchun gave a speech in which he called on the youth of China to promote the spirit of May 4th and embrace patriotism, diligence and devotion in the cause of building China and making it strong. A *People's Daily* editorial noted Hu Jintao's visit to the China Agricultural University and the speech he had made there, in which he had called on young Chinese to uphold patriotism, the spiritual backbone of the Chinese nation (XHNA, 2 and 4 May).

It was also the 20th anniversary of the crackdown on the democracy movement in 1989. This was a considerably more sensitive event and the authorities took great care to ensure that that it passed off under control. Hong Kong sources reported that internet chat rooms were closed down (Hong Kong Information

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Centre for Human Rights and Democracy, 26 May 2009). The publication of Zhao Ziyang's memoirs passed unnoticed in the Chinese mainland official media, but *Zhongguo tongxun she* in Hong Kong published a long piece on 26 May critiquing the memoirs and claiming that they were part of a wider attempt to reverse the verdict on the "June 4th Incident" (*ZTS*, 26 May). Foreign news agencies reported that a number of dissidents had been detained or put under house arrest or surveillance in the run up to the 4th June anniversary. These included Ding Zilin of the activist group, Tiananmen Mothers (for example Kyodo News Agency, Japan, 2 June).

China expressed strong dissatisfaction and resolute opposition to US Secretary of State Hillary Clinton's remarks on the 20th anniversary of the events of June 4. In her statement she said, "[a] China that has made enormous progress economically and is emerging to take its rightful place in global leadership should examine openly the darker events of its past and provide a public accounting of those killed, detained or missing, both to learn and to heal." A Foreign Ministry spokesman said that "[a]s to the political turmoil and problems that happened in the late 1980s, the Chinese Communist Party and the Chinese government have already made a clear conclusion." The US remarks disregarded the facts, made random accusations and violated the basic norms governing international relations. He urged the US to put aside its political prejudices and correct its wrongdoings (XHNA, 4 June).

Hu Jintao presided over a meeting of the Politburo on 22 May which adopted a series of new regulations to improve accountability and conduct of officials (XHNA, 22 May). These were the Interim Provisions on Implementing Accountability of Leading Cadres of Party and Government Organizations, (Trial) Regulations on the CCP's Inspection Work, and Several Provisions on State-Owned Enterprise Leaders' Honesty in Performing Duty. The Politburo met on 29 June under the chairmanship of Hu Jintao to discuss reform of the appraisal system for Party officials. The meeting adopted a document on the subject which called for the establishment of a formal appraisal system, entitled "Opinions on the establishment of a mechanism for the assessment and evaluation of party and government leading bodies and leading cadres that promotes scientific development." Emphasis would be put on officials' achievements in "co-ordinating economic and social development, maintaining social stability, and improving the people's livelihood." There would also be more public oversight of officials' performance (XHNA, 29 June).

Xinhua reported on 26 April that the General Office of the Party had issued a document from the Propaganda Department entitled "Views of the Propaganda Department of the CCP Central Committee on carrying out mass activities to conduct in-depth patriotic education around the celebration of the 60th founding anniversary of new China." The document emphasized the need to carry out a sustained campaign of education in patriotism to mark the 60th anniversary, and to underline the message that without the Communist Party there would have been no new China (XHNA, 26 April).

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Hu Jintao delivered a speech at the Politburo meeting on 29 June calling for an improvement in inner-Party democracy, as this would help the Communist Party carry out its duty as ruling party in more scientific and democratic ways. He said that mechanisms to ensure inner party democracy must be improved, including the performance of party congresses at all levels and the system to elect, supervise, evaluate and promote officials. The speech was published on 30 June in advance of the anniversary of the founding of the Communist Party on 1 July (XHNA, 30 June).

It was announced that membership of the Chinese Communist Party had reached 75.93 million, with 2.8 million new members recruited in the past year. Most new recruits were under 35, and there was a noticeable increase in the number of students (XHNA, 30 June).

d *Economic Affairs*

In its mid-year report the World Bank forecast that recovery in China, fuelled by the large stimulus package, is likely to begin in 2009 and take full hold in 2010. Recent statistics on China's loans, imports, industrial value-added, and purchasing management index were all showing positive signs. But China remained heavily reliant on exports to world markets that continued to contract, and a really sustainable recovery still depended on developments in the advanced economies. The Bank suggested that China should focus on improving its economic structure while stimulating short-term GDP growth. The World Bank cut its forecast for China's growth to 6.5 per cent from 7.5 per cent in March (XHNA, 7 April).

Figures released by the National Bureau of Statistics on 9 April suggested signs of improvement in the overall economic situation. A number of key indicators had shown modest rises and the slowdown was less marked in other sectors. The Business Climate Index had shown a further fall from 107 to 105.6 in the first quarter of the year, but this was a significantly slower decline than the previous quarter. The index for the industrial sector rose from 98.5 to 99.8, and industrial output rose in February by 11 per cent year on year after a sharp fall the previous month. The Purchasing Managers' Index of the manufacturing sector rose for the fourth straight month to 52.4 per cent, the first time it had been above 50 per cent since July 2008. Power generation, however, continued to decline, down 0.71 per cent from the previous year in March (XHNA, 9 April).

On 15 April the Ministry of Commerce announced that Foreign Direct Investment had declined 20 per cent year on year in the first quarter. Monthly figures showed that March was the sixth consecutive month in which FDI had fallen, but the rate of decline was slowing considerably and the total FDI in March was the highest absolute figure since October (XHNA, 15 April).

The National Bureau of Statistics announced that China's first-quarter GDP growth had been 6.1 per cent; this was the lowest rate for ten years, and down 0.7 per cent from the previous quarter. But government spokesmen claimed

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that the stimulus package was showing positive results and that the first-quarter results were better than expected. Indices for trade, real estate sales, and fiscal revenue all showed positive signs. Industrial output grew 5.1 per cent in the first quarter, with a strong showing of 8.3 per cent growth in March. Retail sales rose 15 per cent, and the disposable incomes of urban and rural residents rose 10.2 per cent and 8.6 per cent respectively. Sales of automobiles and home appliances were strong. Fixed-asset investment rose 28.8 per cent. Agricultural production was forecast to continue growing with the area of grain crops reaching 1.08 trillion hectares. But other figures were less encouraging. The retail price index fell 1.2 per cent in March, compared to 1.6 per cent in February (which had been the first monthly fall since December 2002), and the producer price index fell 6 per cent in March. Foreign trade fell 24.9 per cent, with exports down 19.7 per cent and imports down 30.9 per cent. Foreign Exchange reserves rose 16 per cent to US$1.9537 trillion. Fiscal revenue fell 8.3 per cent in the first quarter. Bank credit rose rapidly, and reached 4.58 trillion yuan, about 90 per cent of the annual target. The Monetary Policy Committee of the Bank of China said that it would continue with an appropriately easy monetary policy to boost investor confidence. Chinese economists were quoted as saying that there were some positive signs, and that there should be a further pick up in the next quarter, but also warned against over-optimism as the economic outlook was still grave. The main barriers to recovery included falling export demand, lower corporate profits and fiscal revenue, and a grave situation for employment (XHNA, 16 April). The Ministry of Human Resources and Social Security announced that the urban unemployment rate had risen slightly to 4.3 per cent in first quarter, up 0.1 per cent from the 2008 year end figure (XHNA, 23 April).

The National Bureau of Statistics announced results for April on 13 May. These showed that industrial output growth had slowed somewhat in April to 7.3 per cent year on year, after slightly stronger figures in March. Power consumption fell 3.5 per cent year on year in April. Financial figures showed continued strong growth in lending and money supply as a result of the stimulus package. New credit extended in the first quarter stood at a record 4.58 trillion yuan, but new lending cooled in April to 591.8 billion yuan. The broad measure of money supply expanded 25.95 per cent to 54.05 trillion yuan at end-April from a year earlier (XHNA, 13 May). Foreign Direct Investment fell by 21 percent year on year in the first four months. The figure for April was a fall of 22.5 per cent, the seventh straight monthly fall (XHNA, 13 April).

The China Federation of Logistics and Purchasing announced that the Purchasing Managers' Index (PMI) of China's manufacturing sector stood at 53.1 per cent in May. A Chinese economist was quoted as saying that this steady increase showed that the economy was on its way to recovery, especially as investment and consumption had both kept growing (XHNA, 1 June). China released more encouraging figures for May showing increases in industrial production of 8.9 per cent year on year, an increase over the previous month and in excess of

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what had been forecast. Output of major products rose, automobile production was up 29 per cent, and steel and coal output were up 7.4 per cent and 9.6 per cent respectively. Power generation fell again by 2.7 per cent. Retail sales were up 15.2 per cent (XHNA, 12 June). But foreign trade continued to shrink with export and imports both down again in May, by 26.4 per cent and 25.2 per cent respectively (XHNA, 11 June). Other figures were mixed. Bank loans increased sharply in the first part of the year, and by the end of May new yuan-denominated loans had reached 5.84 trillion yuan, exceeding the planned figure for the whole year. A senior Chinese economist with the Asian Development Bank was quoted as saying that the economy was still contracting as the consumer price index and the producer price index both continued to fall by 1.4 per cent and 7.2 per cent respectively (XHNA, 11 June).

At the weekly Executive Meeting of the State Council on 16 April, Wen Jiabao said that the government's stimulus package had been timely, powerful and effective and had begun to produce results. He said that the economy was now in "better than expected" shape. He noted that positive signs included pick ups in investment, consumption and industrial output. There was good liquidity in the banking system and improved market expectations. But he made it clear that China still faced serious problems: "we must also be clear-headed and understand that grounds for the country's economic recovery are not solid enough yet, as circumstances both at home and abroad remain grim." Global financial turmoil was still spreading and exerting a deepening influence on the Chinese economy. He repeated China's target of 8 per cent growth for the year, and outlined the main focus of government policy in the coming months, stressing that there would more risks and difficulties ahead, and a longer time should be anticipated for overcoming the crisis.

The Executive Meeting of the State Council, chaired by Wen Jiabao on 29 April, discussed proposals for further structural reform in the economy in 2009, and approved the Regulations on Family Planning Work for the Floating Population. The meeting set out the main reform tasks for the year:

1. change the economic management functions of the government, continue to reduce and readjust the administrative examination and approval of items, as well as stimulate the vitality of market investments;
2. deepen reform of state-owned enterprises, further improve the ownership structure, as well as promote the development of the non-public ownership system type of economy and of small- and medium-sized enterprises;
3. deepen the comprehensive rural reform, improve the rural land contracted operations, and comprehensively advance reform of the collective forestry rights system;
4. promote pricing reform of resource products and give further play to the fundamental role of the market in allocating resources. Improve energy-efficient and waste-discharge-reducing institutions and mechanisms, and promote resource conservation and environmental protection;

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5. promote the institutional reform of the service industry, relax market access, and raise the proportion and level of the service industry;
6. speed up reform of the employment and income-distribution systems as well as raise the income level and consumption ability of both rural and urban residents. Promote reform in areas affecting people's livelihood such as medicine and health care, education, culture, social insurance and housing in order to improve the people's expenditure expectations and consumption aspirations;
7. advance reform of the science and technology system in order to make science and technology better serve economic development;
8. speed up promotion of the reform of the taxation system and build a taxation system that is favourable to scientific development;
9. deepen reform of the financial system and build a modern financial system that is structurally rational, functionally complete, as well as highly efficient and secure;
10. deepen reform of the outbound economic system and build an open economic system that is mutually beneficial and promotes a win-win situation (XHNA, 29 April).

e *Health and Swine Flu Pandemic*

On 6 April, the Central Committee and the Chinese Communist Party and the State Council issued a joint document "Guidelines on deepening the reform of the health care system." The aim of the new policy is to provide fair and affordable health care for the entire population. By 2020 it is intended that China will have a basic health care system that can provide "safe, effective, convenient and affordable" health services to both urban and rural residents. The State Council had already announced an allocation of 850 billion yuan for the reform, which is aimed at "solving pressing problems that have caused strong complaints from the public" (XHNA, 6 April). The implementation plan for 2009–2011 was released on 7 April. It envisaged setting up one clinic in every village within three years. The Government would support the building of 2,000 hospitals at county level to ensure that each county has a hospital that meets the national standard. In addition, the state would build 3,700 community clinics and 11,000 health centres in urban areas over the next three years, with 2,400 such centres in underdeveloped urban areas (XHNA, 7 April).

China responded quickly to the spread of the H1N1 virus (swine flu) in Mexico and took early measures to prepare for the disease even before any cases were reported in China. Preparations were open and widely reported. On 25 April the General Administration of Quality Supervision, Inspection and Quarantine issued an emergency notice requiring people to report flu-like symptoms at the point of entry to China when coming from swine flu-affected areas. The Ministry of Health announced that it was organizing experts to study prevention

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measures and keeping in close contact with the WHO and the governments of Mexico and the US (XHNA, 25 April).

On 28 April, at the weekly meeting of the State Council, Wen Jiabao heard reports from central government departments on preparatory work. The meeting called for high alert and for effective preventive measures to be taken. The same day, Hu Jintao was reported to have ordered that measures to prevent the disease entering the country should be stepped up to ensure public health and safety (XHNA, 28 April). On 30 April, Hu Jintao convened a high-level meeting of the Standing Committee of the Politburo to discuss how to deal with a possible H1N1 epidemic, after which the Minister of Health, Chen Zhu, said that China was both confident and capable of preventing and containing any infection (XHNA, 30 April).

China instituted checks on travellers from Mexico on 28 April and shortly afterwards did the same for travellers from the United States (XHNA, 30 April). On 1 May, following the discovery of someone carrying the virus on a flight from Mexico, flights between Shanghai and Mexico were suspended (XHNA, 1 May). This was China's first case. The individual in question travelled on to Hong Kong but efforts were made to put all his contacts under quarantine, including the flight crew (XHNA, 2 May). China's draconian measures which involved quarantining all contacts for a week led to complaints from Mexico that its citizens were being unreasonably treated. China did not back down, while emphasizing its historic ties with Mexico. It also pressed ahead after some delay with a chartered flight to Mexico to evacuate Chinese nationals (XHNA, 4 May). Vice-Premier Li Keqiang assumed overall responsibility for co-ordinating work on China's response to the disease (XHNA, 5 May). China revised its 29 April treatment plan on 9 May, to take account of the determination that humans, not pigs, were the principal source of the infection (XHNA, 9 May).

China's first case of H1N1 flu was reported from Sichuan on 10 May; a man who had returned from the US (XHNA, 10 May). An Executive Meeting of the State Council was held on 11 May to discuss further measures in the light of this discovery, and Hu Jintao issued instructions after being informed of developments (XHNA, 11 May). Vice-Premier Li, who was on an inspection tour of Sichuan, visited the patient in hospital and inspected the medical facilities (XHNA, 12 May). China's second case was reported from Shandong province and its third in Beijing on 17 May. Wen Jiabao was reported to have had a "voice and video chat" with her (XHNA, 17 May). China's first internal transmission case was discovered in Guangdong on 27 May. The Centre for Disease Control announced that it was looking at further measures (such as the closure of schools) but stressed there was no need for panic (XHNA, 29 May). Following the World Health Organization's decision to raise the level of the H1N1 influenza outbreak to level 6 pandemic, China said that it understood and supported the decision. The policy of keeping the virus outside the border and preventing its spread in the country had been successful so far. As of

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12 June, China had 126 cases, of whom 60 had recovered (XHNA, 12 June). Li Keqiang addressed a special meeting on handling the epidemic on 12 June and passed on instructions from Hu Jintao and Wen Jiabao, noting that China's measures so far had been effective and the epidemic had been kept under control.

f *Tibet and Xinjiang*

The Dalai Lama told a press conference in India on 31 March that further talks with China on the resolution of the Tibet issue would be "meaningless," as the Chinese government refused to accept that there was a problem to discuss. He called on the Chinese to allow the international media to travel freely to Tibet to "objectively investigate" conditions there (Press Trust of India News Agency, 31 March).

The Chinese authorities announced on 5 April that the ban on tourists visiting Tibet, which had coincided with the anniversary of the disturbances in Lhasa and elsewhere in Tibet last year, had been lifted. Bachug, the Head of Tourism in the Tibet Autonomous Region was quoted as saying that the suspension had been for the sake of travellers' safety, and that "Tibet is harmonious and safe now" (XHNA, 5 April).

Nepal's Foreign Minister, Upendra Yadav, visited Tibet from 4 to 5 April, and met Qiangba Puncog, Chairman of the Autonomous Regional Government. He said that "Nepal has always been supporting the one-China policy, and any kind of anti-China activities is not allowed on Nepalese territory". He noted that Nepal and China had maintained a friendly relationship for a long time and extended his heartfelt congratulations to Tibet for its rapid economic development. The Tibet government promised to give aid (in grain and basic commodities) worth 3 million yuan per year to the northern region of Nepal for five years (XHNA, 4 April). He then went to Beijing where he had meetings with the Foreign Minister and with Vice-President Xi Jinping.

It was announced on 8 April that two people had been sentenced to death in Lhasa for starting fatal fires during the disturbances in Lhasa in March 2008, two others were sentenced to death suspended for two years, and one was given a life sentence. A further case was still being heard (XHNA, 8 April). The results of that case were announced on 21 April: one Tibetan was sentenced to a suspended death sentence for his part in the incident and two others were sentenced to life and ten years imprisonment respectively for arson (XHNA, 21 April).

China protested about the Dalai Lama's visit to Denmark and his meeting with the Danish Prime Minister and Foreign Minister. The Chinese Foreign Ministry spokesman said on 30 May that

> disregarding China's solemn representations, they insisted on meeting with the Dalai Lama, who was campaigning secessionist activities, and that meetings severely harmed China's core interest and China–Denmark relations, and destructed friendly co-operation between China and Denmark.

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He added that "Denmark should take concrete actions to correct its wrongdoings on Tibet-related issues, eliminate the negative impacts and make efforts for the healthy and steady development of China–Denmark relations" (XHNA, 30 May). The Foreign Ministry spokesman responded in similar terms to questions concerning the Dalai Lama's visits to Poland and France where he would be awarded honorary citizenships. He said that China was opposed to any foreign political leaders having contact with him in any form. He added that "[o]ur stance on the issue has been consistent, explicit, and resolute. Any irresponsible acts by any country on the issue constitute a gross interference in China's internal affairs. They will undermine the ties between China and the relevant country. We resolutely oppose such acts" (XHNA, 2 June).

It was announced on 9 April that two people had been executed in Kashgar (Kashi) for their part in an alleged terrorist attack on border police in Kashgar in August 2008 in which 17 people were killed and 15 injured (XHNA, 9 April).

The Foreign Ministry spokeswoman, Jiang Yu, said on 21 April that China would work more closely with the international community to fight terrorism. She made these remarks following the announcement that the US Treasury Department had designated Abdul Haq, the Commander of the East Turkestan Islamic Party, as a terrorist who supports Al Qaeda and that it would freeze his assets. She said that ETIP and other "Eastern Turkestan" forces had carried out terrorist activities in China (XHNA, 21 April).

China objected strongly to the government of Palau deciding to accept 17 Uyghur former inmates of Guantanamo Bay. The Foreign Ministry spokesman said on 11 June: "China demands the US side implement relevant resolutions of the UN Security Council as well as live up to international anti-terrorism obligations, stop the transfer of these suspects to any third country and repatriate them to China." He said that China was opposed to any third country receiving these "suspects," adding that they were all members of the East Turkestan Islamic Movement which had been listed as a terrorist group by the UN (XHNA, 11 June).

g *Human Rights*

On 13 April the Information Office of the State Council published China's National Human Rights Action Plan for 2009 – 10 (full text in XHNA, 14 April). It contained five main sections:

I. Guarantee of economic and social rights
II. Guarantee of civil and political rights
III. Guarantee of rights and interests of ethnic minorities, women, children, elderly people and the disabled
IV. Education in human rights
V. Performing international human rights duties

The document stated that the realization of human rights in the broadest sense has been a long pursued goal of the Chinese government and people. It explained

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that due to the influences and limitations of nature, history, culture, economic and social development level and other factors, China still confronted many challenges and had a long road ahead in its efforts to improve its human rights situation. It made it clear that "in the light of the basic realities of China," the government gave priority to the human rights to subsistence and development. The introduction stated that the plan was firstly aimed at improving the laws and regulations upholding human rights, and secondly intended to encourage the co-ordinated development of economic social and cultural rights as well as civil and political rights, and the balanced development of collective and individual rights.

China announced that the human rights activist, Liu Xiaobo, had been formally arrested for agitation aimed at subverting the government. A statement from the Beijing Public Security Bureau on 24 June said he had been engaged in activities such as spreading rumours and defaming the government, aimed at subverting the state and overthrowing the socialist system. He was said to have confessed to the charge (XHNA, 24 June).

h *Social Affairs*

On 8 April the Minister of Public Security, Meng Jianzhu, was reported to have suggested that 2009 would be a year of "increased social contradictions and security pressures" because of the impact of the international financial crisis. He urged police chiefs to look for new ways to meet the challenges posed by developments such as the increased flows of people, material, money, information and ideology. He said that they should achieve a correct balance between the protection of social harmony and stability, and allowing the stimulation of "social creativity and vitality" (ZTS, 8 April).

The Chinese leadership ordered government officials to take more seriously listening to complaints from the people and dealing with the issues they raised. On 14 April the General offices of the Central Committee and the State Council issued three policy papers on the subject: "Comments on the regular reception of the masses by leading officials," "Comments on the regular organization of officials from central departments to visit localities," and "Comments on the systematization of the efforts to sort out, check and resolve contradictions and disputes." Xinhua noted that in the last few years China had seen a series of sometimes violent protests, most of which originated in local officials' mishandling of people's grievances (XHNA, 14 April).

The Chinese authorities announced that the number of labour disputes brought before official tribunals had almost doubled over the previous year. According to the Vice-Minister of Human Resources, 693,000 labour disputes had been accepted, a 98 per cent increase, involving 1.2 million workers. Workers were seeking to protect their basic rights, including no redundancies and no holding back on back pay. A further 237,000 labour disputes were settled through mediation (XHNA, 8 May).

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Reports of unrest of various types were common through the period. Causes of dissatisfaction were numerous, many centring on poor behaviour by local officials, disputes concerning land use, labour disputes and so on. A number of cases were picked up by the national press because of the widespread concern they had generated. A number of others showed that protests had stopped once the authorities had agreed to listen to the demands of the protestors.

The Hong Kong press reported disturbances in Guangdong involving serious clashes between Han Chinese and Uyghur workers at a toy factory in Shaoguan, which left two Uyghurs dead and 16 people seriously injured. The initial reports were unclear about the immediate cause of the disturbance. After police had broken up the fight, the Uyghur workers were said to have been removed elsewhere for their protection. The incident was brought to the attention of the central authorities who ordered that it be investigated, and the guilty parties punished (*SCMP*, 27 June). Xinhua noted the fact of the disturbances on 28 June saying that two had died and 118 had been injured, of whom 60 were still in hospital. The Uyghurs had been recruited in May and June with the help of the labour authorities in Shufu County, Xinjiang (XHNA, 28 June).

Xinhua reported the next day that a former worker at the factory had been detained for posting a web rumour that started the fight. The posting had allegedly said that "six Xinjiang boys raped two innocent girls at the Xuri toy factory." There had been no rape, the police said, and the worker in question, called Zhu, had made up the story after failing to get re-employed at the factory (XHNA, 29 June).

Xinhua reported that calm had been restored to the city of Shishou in Hubei after three days of rioting on 21 June. It said the unrest had been triggered by the suspicious death of a chef at a hotel. Large crowds had gathered outside the hotel (to watch rather than protest, according to Xinhua). Armed Police arrived on the morning of 21 June and began to disperse the crowd, which took two hours. Initial investigations suggested that the chef had killed himself but this was rejected by the crowd, who had blocked roads and set fire to the hotel. Local people claimed that he had been murdered by gangsters, but government officials declined to comment pending an investigation (XHNA, 21 June). Following an autopsy, the government announced that he had in fact killed himself and claimed that a suicide note had been found (XHNA, 25 June). The Xinhua reports apparently played down the extent of the disturbances; unofficial reports put the numbers of demonstrators at 20,000, far more than Xinhua reported.

There were reports from Hong Kong that there had been a violent clash between students and police in Nanjing because a female student had been beaten up. Officials at the Nanjing University of Aeronautics and Astronautics said that there had been an altercation between local security people and some street vendors. This had drawn a large crowd of onlookers including some students from the University, but there had been no student rioting. There had been some

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violence as "city management personnel" tried to clear the vendors from the street. Xinhua noted that these people were notorious in Nanjing for their high-handed methods and that there had been incidents before. Students were quoted as saying that they were sympathetic with the vendors for the way they were being manhandled, but they had not joined in the violence (XHNA, 21 May).

The case of a waitress, Deng Yujiao, who was accused of murdering a party official and injuring another, gained national notoriety. While she did not deny the assaults, she claimed she was acting in self-defence after being raped by the officials involved. A great deal of public sympathy and interest was generated in the case. Xinhua News Agency picked up the story and followed the process of detention and trial (XHNA, 27 May). A police statement on 31 May claimed that she had used excessive force in stabbing the two men. It was reported that the survivor and another official who had been present in the bathhouse had both been removed from their posts because of the "bad social effect" the incident had caused (XHNA, 31 May). Xinhua reported that Deng had been exempted from criminal punishment by a court in Badong County, Hubei. The report stated that three factors had affected this judgement: she had acted in self-defence (though with excessive force), she had surrendered herself, and she had limited capacity to take legal responsibility. The report went on to say that she had developed a manic depressive reaction which meant that she could not take full legal responsibility. Deng was quoted by Xinhua as saying that she was surprised but very contented by the verdict (XHNA, 16 June).

i *Media and Information*

The General Administration of Press and Publication issued a circular on 16 April to tighten controls and supervision on news media. It ordered news organizations to improve their management and verify the facts of stories in order to ensure the objectivity of their news coverage. Reporters were required to verify sources, conduct personal interviews and never distort facts or write stories based on hearsay (XHNA, 16 April).

An opinion piece in *People's Daily* accused Western media of slandering China over swine flu and mistakenly claiming China as the origin of the disease. This was seen as part of the general attempt by the Western media to denigrate China. It noted the strong tendency in the Western media to produce sensational and negative stories about China which, it implied, was motivated by a concern to keep a "rising China" in its place (*RMRB*, 1 May).

The local authorities in Sichuan denied that a number of non-Chinese reporters had recently been expelled from the earthquake zone, but also responded strongly to the implication that they were treating foreign reporters unfairly. Hou Xiongfei, Director of the Information Office of the Sichuan provincial government, said on 7 May that the areas were fully open to reporters. But he also claimed to have evidence that there indeed was an extremely small number of reporters from "non-mainland media" who had visited the areas not for news

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gathering but for devious purposes and who had been inciting people to get organized and fight the government (XHNA, 7 May).

Xinhua reported on 9 June that the Ministry of Industry and Information Technology had ruled that all new computers in China would need to have pre-installed software, called Green Dam Youth Escort, to protect minors from unhealthy (pornographic and vulgar) content on the Internet. The ruling would apply to all new computers sold from 1 July, including those imported from abroad (XHNA, 9 June). There were widespread concerns that the software could make the computers that carried it more vulnerable, that the restrictions were open to misuse in allowing excessive control of access to the Internet, and that the software posed real problems of system stability and privacy. In response to these concerns from both within China and abroad, the ministry retreated somewhat removing the mandatory requirement for installation of the software, although it remained a requirement that the software should be included or saved on new PCs. The ministry made it clear that it would continue its policy of providing free downloads of the software to schools and to Internet cafe computers. The ministry spokesman dismissed as groundless fears that the software was an invasion of privacy or could be used to control access to the Internet. He insisted that the installation was "an act of public good" and fully compatible with WTO regulations (XHNA, 30 June).

j *Defence*

China announced the dispatch of a second flotilla of naval vessels to the Gulf of Aden on 31 March to replace the original flotilla sent on 26 December. The replacements comprised the destroyer "Shenzhen," the frigate "Huangshan," the supply ship "Weishanhu," two helicopters and some 800 crew, including naval special forces. The first task force had escorted 104 vessels through pirate waters and rescued three foreign merchant ships from pirate attacks (Xinhua News Agency, 31 March).

The Chinese Navy held a grand celebration of its 60th anniversary on 19–23 April, the centre piece of which was an international fleet review in Qingdao. Naval vessels from 14 countries, including the US and Russia, and delegations from 29 countries took part in the events. In a meeting with the foreign delegations, Admiral Wu Shengli, Commander of the PLA Navy, called on the world's navies to work together to combat threats such as terrorism and piracy, and transnational crimes. He said naval forces should work together to ensure safety on the oceans, but any such international military operations should be carried out under the guidance of the United Nations. Governments should respect each other's sovereignty and territorial integrity, and maritime disputes should be resolved through consultations in accordance with the UN Convention on the Law of the Sea, and avoid recourse to military force (XHNA, 21 April). In a preparatory interview Admiral Ding Yiping (Deputy Commander of the PLA Navy) said that the review would help dispel suspicions about the Chinese Navy being a threat to world security, which were based on misapprehensions (XHNA, 20 April).

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President Hu Jintao, concurrently Chairman of the Central Military Commission, reviewed the fleet parade on 23 April, which was led by two nuclear submarines on view for the first time, and included 25 naval vessels and 31 aircraft of the PLA Navy (XHNA, 23 April).

A signed commentary in the *People's Daily* on 23 April argued that it was perfectly justifiable and reasonable for China to have its own aircraft carrier (*RMRB*, 23 April).

On 23 April, China denied categorically that it was engaged in any form of cyber warfare. The Foreign Ministry spokeswoman said that it was irresponsible to allege that cyber attacks originated in China. She was speaking in response to reports that the US Government planned to create a new military command focussing on Pentagon computer networks and offensive capabilities in cyber warfare. She said that China too suffered from attacks by hackers and attached great importance to the security of the computer network (XHNA, 23 April).

China announced that it would hold a series of large scale military exercises in the second half of 2009 codenamed Kuayue - 2009. These would include live firing exercises and would involve units from four different military regions as well as the air force in carrying out co-ordinated exercises. This would be the first time that troops from four different military regions acted together in this way (XHNA, 5 May).

A document designed to improve the standards of conduct and behaviour among senior military officers was released on 17 May with the title "Opinions of the Central Military Commission on further enhancing the work style of high- and medium-ranking cadres in the armed forces." It was emphasized that the document derived from a series of important expositions on work style made by CMC Chairman Hu Jintao. It set out a strict system for investigating and punishing senior officers who failed in their duties, and called for tightening of inspection procedures to ensure that officers followed military disciple and showed loyalty to the Party (XHNA, 17 May).

k *Macau Special Administrative Region*

The election process for a new Chief Executive in the Macau Special Administrative Region was inaugurated on 1 May with the establishment of a 300-member Electoral Committee, consisting of 254 representatives from seven local socio-economic sectors, the SAR's deputies to the National People's Congress, representatives from the Legislative Council and deputies to the Chinese People's Political consultative conference, and six religious representatives (XHNA, 4 May). The election will be held on 26 July.

It was announced that four candidates had put themselves forward for nomination. However, only Chui Sai On, the former Secretary for Cultural and Social Affairs of the SAR, received sufficient nominations from the Election Committee to be put forward for the election process. It was therefore announced that Chui

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Sai On would become the only candidate for election. Chui received 286 nominations from the 300-member Election Committee (XHNA, 23 June).

2. Foreign Relations

a *Diplomatic Tours*

Yang Jiechi's tour of the Middle East

Foreign Minister Yang Jiechi undertook a tour of the Middle East from 21 to 27 April, taking in Egypt, Palestine, Israel, and Syria. Yang had talks with the Egyptian Foreign Minister Ahmed Abdul Gheit on 21 April. He described Egypt as an important partner for China among the developing nations, and the relationship had entered a new phase of strategic co-operation. He said that all parties concerned in the Middle East Peace process should push forward the process under the framework of peace negotiations, and take measures to build mutual trust. China supported the two-state solution, and the international community should focus on the issue and support Palestinian unity and economic development. Abdul Gheit said that the two countries had made substantial achievements in their strategic ties and bilateral co-operation was going smoothly. He restated Egypt's adherence to a one-China policy and its position recognizing Tibet as an inalienable part of Chinese territory. Yang met President Mubarak on 22 April and the two agreed to increase bilateral exchanges (XHNA, 21 April).

Yang travelled on to Israel where he had talks with the Israeli President, Simon Peres, on 23 April. They agreed to continue co-operation to boost their bilateral ties in areas such as agriculture, technology, environment protection and energy. They exchanged views on the global financial crisis and on the Middle East issue. Previously Yang had visited the West Bank city of Ramallah and urged the resumption of talks between Israel and the Palestinians. Yang also had meetings with the Israeli Foreign Minister, Avigbor Leiberman, Prime Minister Benjamin Netanyahu, and Tzipi Livni of the Kadima Party (XHNA, 23 April).

In his talks with Netanyahu, Yang said that the achievements in the talks between Israel and the Arab nations have been hard won and all parties concerned should value them, adhere to the general direction of peace talks, and jointly promote the development of the peace process. China called on all parties involved in the Middle East issue to resume talks and realize peace as soon as possible on the basis of relevant UN resolutions, the principle of "land for peace" and the Middle East peace roadmap plan. China was ready to provide assistance for Israel and the Arab nations to hold talks and enhance mutual trust and to play a constructive role in promoting Israel–Palestine peace talks.

In Syria, Yang met President Bashar Assad and the Foreign Minister, Walid Moallem, on 26 April. In his talks with Assad, Yang said that China attached great importance to its traditional friendship with Syria and was ready to develop their co-operation further. China, as always, supported Syria in its just cause of safeguarding state sovereignty and territorial integrity and

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hoped that Syria would realize territorial reunification in accordance with the relevant UN Resolutions at an early date (XHNA, 26 April).

On 26 April, after concluding the Middle Eastern section of his trip Yang issued a five point proposal for pushing forward the Middle East Peace Process:

1. concerned parties should adhere to the peace talks, and firmly promote the peace process on the basis of relevant UN resolutions, the "land for peace" principle, the "Road Map" plan, and the Arab peace initiative;
2. the parties should take positive measures to restore stability and accumulate mutual trust, so as to create conditions for the development of peace;
3. China believes the two-state solution should be maintained and calls for an early establishment of an independent Palestinian state and for the two countries of Palestine and Israel to live in harmony;
4. the international community should continue to pay due attention to the Middle East issue, and support the peace talks, inner-Palestinian unity and economic growth;
5. peace negotiations between Palestine and Israel, Syria and Israel, Lebanon and Israel should advance in a co-ordinated way in order to achieve comprehensive peace across the Middle East region (XHNA, 26 April).

Hu Jintao's state visit to Russia, Slovakia and Croatia

President Hu paid a state visit to Russia from 17 to 18 June following his attendance at the SCO meetings. He had talks with President Medvedev and Prime Minister Putin to discuss the further development of the Sino-Russian strategic partnership of co-operation, and major international and regional issues. In his talks with Putin, Hu said that the relationship was showing good momentum, and referred to the close co-operation between the two sides. In the face of the international financial crisis, they had undertaken a number of important new projects in oil and realized an important breakthrough in energy co-operation (XHNA, 18 June).

The Chinese Minister of Commerce, Chen Deming, who was accompanying Hu, said that two-way trade had been growing smoothly at a rate of about 30 per cent during the past ten years and had reached US$56.8 billion last year. Great progress had also been made in large scale co-operation projects in oil, gas and nuclear energy. Trade had declined in the first part of the year because of the global downturn, but both sides would make efforts to oppose trade protectionism. China supported Russia's bid to join the WTO (XHNA, 18 June).

President Hu paid a state visit to Slovakia on 18 and 19 June, where he met President Gasparovic for talks. Hu spoke of the long term friendship between the two countries and expressed the hope that they would be able to further develop their exchanges at a political level, in trade, economics, and in personal exchanges (XHNA, 18 June). According to Slovak reports the presidents discussed possible Chinese investments in the Slovak Republic,

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co-operation in the sectors of telecommunications, IT, construction, car manufacturing, civil aviation and engineering. Also, co-operation within construction of highways, tunnels and railways through PPP projects was touched upon, and possible exchange in the fields of science, research and culture. A memorandum on co-operation in the use of solar energy was signed (SITA website, Bratislava, 19 June). President Hu met the Slovak Prime Minister Robert Fico on 19 June and they exchanged views on strengthening bilateral relations. Hu said Slovakia was an important country in Central and Eastern Europe and a trustworthy friend and partner of China in the European Union (XHNA, 19 June).

From Slovakia, Hu went on to Croatia on 19 and 20 June, where he had talks with President Stjepan Mesic and with Prime Minister Ivo Sanader. Hu said that relations had developed steadily and entered a new era since the two countries established an all-round co-operative partnership in 2005 (XHNA, 20 June).

b *Multilateral Meetings*

G20 London Summit

In a preparatory interview, the Chinese Ambassador to the UK, Fu Ying, played down expectations that China might be persuaded to use its foreign currency reserves to support the recapitalization of the IMF. She said that China's foreign currency reserves were the hard-earned money of its people and its companies. If the funds were to be lent out overseas, there would need to be guarantees about the security of, and reasonable returns for, the money. In a similar vein, Vice-Premier Wang Qishan stated in an article in *The Times* that China was ready to play an active part in exploring ways to raise resources and would contribute to this effort within its abilities. China proposed that IMF fundraising should be based on striking a balance between the rights and obligations of the contributing countries and through the "quota-based" system as well as through voluntary contributions. So the first thing to consider was increasing the quota, and if that was difficult in the short term, then contributions should be based on existing quotas. If that was insufficient, the IMF could issue bonds and China would be a buyer of such bonds. Fu Ying said,

> [i]n the midst of the great changes in the international economic and financial order, never before has China had the conditions and opportunities to express its own reasonable demands and present its legitimate concerns as it has today in order to win more representative and speaking rights for newly emerging forces including China so that the restructuring and reform of the order will be consistent with the interests of developing countries like China (ZXS, 31 March).

In an interview with the Chinese press before his departure, Hu Jintao said that the G20 would be an important and effective platform for the international community to deal with the international financial crisis. China would, in a spirit of responsibility, make great efforts to achieve positive and solid results at the summit. He said that the most pressing matters were:

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- to stabilize the international financial market as soon as possible, and give play to the role of finance in promoting in the real economy;
- to adopt economic stimulus measures in line with the natural conditions of various countries, and to step up macroeconomic policy co-ordination among countries;
- to control trade and investment protectionism;
- to push for the necessary reforms of the international financial system in accordance with principles of comprehensiveness, progressiveness, and necessity.

Hu said that the difficulties in China's own economy were increasing, as shown by drops in imports and exports, and a slowdown in industrial production. China had adjusted its macroeconomic policies in a timely manner, and come up with a number of plans to expand domestic demand and promote economic growth. This had already begun to produce initial positive signs (XHNA, 31 March).

A pre-Summit *People's Daily* article highlighted the changes in China's international position over the past 30 years. In the past it had been forced to accept unconditionally the existing international structures and their rules. Now with the world's third largest economy and largest foreign exchange reserves, it was natural that China should have a bigger say on the international stage. The article pointed out that China was beginning to put forward its own ideas on how the international system might work. It referred to the proposal made on 23 March by the Governor of the People's Bank of China, Zhou Xiaochuan, that a super-sovereign reserve currency might be created as part of the reform of the international monetary system, which was widely interpreted as a challenge to the US predominance over the world economy (*RMRB* online, 31 March).

Hu had bilateral talks with a number of leaders including President Obama (see below), Prime Minister Brown of Great Britain, President Medvedyev of Russia, Prime Minister Taro Aso of Japan, Prime Minister Rudd of Australia, President Lula of Brazil, President Lee Myung-bak of South Korea and President Sarkozy of France.

In his speech to the Summit, President Hu outlined China's response to the crisis, which was still spreading and intensifying. The most urgent task was to restore world economic growth and to prevent a fall into a serious recession, to oppose protectionism, safeguard open and free trade, and rebuild and reform the international financial order. He listed five main areas of concentration. Firstly, it was necessary to strengthen confidence. The world economy still had solid material and technical foundations, and had the implements to deal with the international financial crisis. Regulatory controls had been strengthened and made more effective. The international community was ready to co-operate, and shared a common desire to handle the crisis. Second, it was necessary to increase co-operation. The world was increasingly globalized and interdependent. Overall macroeconomic policy should be unanimous and forward looking.

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The G20 was a broad-based organization and an effective platform for dealing with the crisis. Third, it was necessary to push forward reform. It was imperative to step up and improve financial oversight, both within various countries and internationally, including improving cross-border financial oversight institutions, and oversight rating agencies. The international financial institutions should step up their assistance to developing countries. The Financial Stability Forum should play a larger role. The IMF should improve its supervision over various countries' macroeconomic policies, especially those of the major economic entities that issued reserved currencies. The governance of the IMF and World Bank should be improved, relative stability of exchange rates of the major currencies should be maintained, and a diverse and reasonable international currency system promoted. Fourth, it was necessary to oppose protectionism. The world should jointly oppose any form of trade protectionism and fight against the use of various excuses to raise market entrance thresholds or investment protectionist behaviour. The Doha Round had touched on questions of trade liberalization. The consensus reached in July 2008 should be promoted in order to lead to comprehensive and balanced results in the future. Fifth, it was necessary to support developing countries. The international community should seek to minimize the damage done by the crisis to developing countries, and especially underdeveloped countries. The international community and especially developed countries should shoulder their obligations and continue to deliver on their promises of assistance and debt reduction, to help developing countries, especially those in Africa, overcome their difficulties.

President Hu noted that the international financial crisis had brought China unprecedented difficulties and challenges. It had responded with timely adjustments of its macroeconomic policies, following proactive financial policies and moderately relaxed monetary policies, and developed plans to further expand domestic demand and promote economic growth. These measures had shown initial positive results. China would continue with its policy of opening up to the outside would. As a responsible member of the international community, it would continue to participate in measures to cope with the international financial crisis (XHNA, 2 April).

It was announced that China would contribute a further US$40 billion to international financial institutions. The British Prime Minister Gordon Brown was quoted as saying that China had the right to demand more representation on the IMF, and that a timetable to bring this about had been established (XHNA, 2 April).

China was reported to have objected to Hong Kong and Macau being labelled as tax havens in the list proposed at the Summit. The Foreign Ministry press spokesman said on 2 April that while China supported the international community's efforts to crack down on tax evasion, China felt that it was groundless to label Hong Kong or Macau as tax havens (XHNA, 2 April).

Foreign Minister Yang Jiechi outlined China's and President Hu's main achievements at the Summit in a press conference on 3 April. He noted that

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there had been high expectations that China would play an important role in helping boost confidence, stabilizing international financial markets, reforming the world economic system and recovering world economic growth. President Hu had made an important speech and played an active part in the discussions. He had explained the effective measures that China had been taking on its own to deal with the crisis, and laid out China's views on how the international community should respond. He had played an important and constructive role in helping the Summit achieve positive and pragmatic results. Yang said that the G20 served as an important and effective platform in dealing with the challenges to the world economy. The Summit had proposed polices on dealing with the current crisis, and had been a success as it had played a positive role in stabilizing the world economy and overcoming the financial crisis. China was willing to work with the other members of the G20 to implement the results of the London Summit and make a greater contribution to dealing with the financial crisis, stimulating world growth and promoting reform of the international financial system (XHNA, 3 April).

ASEAN Summits

Wen Jiabao, accompanied by Yang Jiechi and other senior officials, led the Chinese delegation to the ASEAN summits on 10–12 April. Xinhua reported a telephone call between Wen and the Thai Prime Minister in which Abhisit told Wen that the Thai government had decided to postpone the meetings because of the domestic situation, and extended profound apologies to China for this. Xinhua played the cancellation in a relatively low-key way, quoting a Thai government spokesman to the effect that the meetings had been postponed because the streets in Pattaya had been blocked by anti-government "red shirt" protestors. Wen said China attached great importance to its relations with ASEAN and would continue to work for friendly and mutually beneficial co-operation with ASEAN. Despite the cancellations, Wen had a number of bilaterals before returning home early (XHNA, 11 April).

He met South Korean President Lee Myung-bak to discuss co-operation in confronting the financial crisis (XHNA, 11 April). The South Korean News Agency Yonhap had a different take on the meeting, concentrating on their exchanges on North Korea. President Lee was quoted as saying that there was close and active co-operation between South Korea and China at the United Nations over the question of the rocket launch (Yonhap, 11 April).

Premier Wen also met the Japanese Prime Minister, Taro Aso. The Xinhua report of the meeting concentrated on their exchanges on bilateral matters. Wen invited Aso to visit China and said that China was willing to handle sensitive bilateral issues "based on the principles in the four bilateral political documents and relevant understandings." Aso was reported to have stated Japan's stance on North Korea, and was told that the issue should be dealt with considering the maintenance of peace and stability in Northeast Asia, bringing forward

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the Six-Party talks and the denuclearization process on the Korean peninsula (XHNA, 11 April).

On his return from the meetings, Foreign Minister Yang Jiechi met ASEAN representatives in Beijing. He said that China firmly backed ASEAN integration and community building, and supported it playing a leading role in regional co-operation. China's policy was unchanged despite the cancellation of the summits. He reiterated China's commitment to signing an investment agreement, which had been planned for the sidelines of the Pattaya meetings, and announced that China intended to set up a China–ASEAN investment co-operation fund totalling US$10 billion for infrastructure projects, energy and resources, and information and communications. He also announced a number of other bilateral loans and aid-assistance packages for individual ASEAN states. He also announced an extra 2,200 government scholarships for the region over the next five years (XHNA, 12 April).

The Boao Forum

China gave considerable publicity to the Boao Forum for Asia and its annual meeting in Hainan on 17–19 April. More than 1,600 political leaders, business people and academic scholars attended, and world leaders included the prime ministers of Myanmar (Thein Sein), Vietnam (Nguyen Tan Dung), Papua New Guinea (Michael Thomas Somare), Albania (Sali Berisha), Mongolia (Sanj Bayar), New Zealand (John Key), the presidents of Kazakhstan (Nursultan Nazarbayev) and Pakistan (Asif Ali Zadari), and the first vice-president of Iran (Parvis Davoodi).

Delegates discussed the effect of the crisis on Asia, steps taken by Asia to weather the challenges effectively, the role of emerging economies in reforming the global financial system, and the balance between financial regulation and innovation.

Wen Jiabao delivered the keynote speech to the forum on 18 April, entitled "Strengthen confidence and deepen co-operation for win-win progress." Wen described the various measures that China had taken domestically to cope with the impact of the crisis and said that these were already beginning to pay off with positive changes in the economy. The stimulus package was showing results and domestic demand had been boosted in a comprehensive way, leading to a more balanced growth pattern for the domestic economy. Even so the recovery would be a long and tortuous process, the basic trend of world economic recession had not yet been reversed, and the worsening of the real economy had been more serious than expected. In the face of the crisis, China would work with Asian countries to tackle challenges actively. Asia remained one of the most dynamic and promising regions in the world. Wen called on Asian countries to strengthen financial co-operation and maintain regional financial stability, and make great efforts to promote free trade and expand intra-regional trade. He noted the establishment of the US$10 billion China–ASEAN fund on investment

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co-operation. He said Asia should enhance its collaboration in international affairs and promote world peace and stability:

> We should advance reform of the international financial system, increase the representation and voice of emerging markets and developing countries, strengthen surveillance of the macroeconomic policies of major reserve currency issuing economies, and develop a more diversified international monetary system (XHNA, 18 April).

Shanghai Co-operation Organization, BRIC summit

The Chinese Defence Minister, Liang Guanglie, visited Russia for a meeting of defence ministers of the Shanghai Co-operation Organization (SCO). In an address to the opening meeting on 29 April, he called for enhanced co-operation to confront regional and global challenges. He said that the Chinese military was willing to work more closely with the forces of other member states to fulfil the Treaty on Long-Term Good-Neighbourliness, Friendship and Co-operation in 2007. He suggested that a long-term mechanism for joint exercises should be set up. The meeting issued a joint communiqué and endorsed a plan of co-operation amongst SCO defence ministries for 2010–11 (XHNA, 29 April).

The Foreign Minister, Yang Jiechi, visited Moscow on 15 May for an SCO foreign ministers' meeting. Yang said that China would take an active part in SCO affairs, and look to the continuous development of the organization. It was playing an increasingly important role in regional affairs (XHNA, 15 May). State Councillor and Minister of Public Security, Meng Jianzhu, visited Moscow on 17 May for a meeting of SCO security and interior ministers (XHNA, 17 May).

Hu Jintao travelled to Yekaterinburg on 14 June for a meeting of the SCO and the first summit meeting of the BRIC countries (Brazil, Russia, India, China). He had bilaterals with the leaders of a number of countries including both full members and dialogue countries. In his address to the SCO meeting on 16 June, Hu called on the members of the organization to deepen their political and economic co-operation. He said that

> SCO members should continue to implement the treaty of long-term neighbourliness, friendship and co-operation, make use of the various levels and channels of meetings and negotiations to promote strategic dialogue, co-ordinate policy, gather consensus, and make efforts for common prosperity, regional peace and stability, and a more just, reasonable international political and economic system.

More specifically Hu said that SCO members needed to work together to deal with the world economic crisis and push for the recovery of the world economy. He proposed closer security co-operation, in particular for an anti-terrorism agreement that would enable members to track down and repatriate criminal suspects. He suggested that the measures on security co-operation should extend to the observer countries, to support the fight against cross border crime, drugs, money laundering, and protect pipelines. China also wanted to strengthen

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co-operation on disaster relief. He announced that China would extend a US$10 billion loan to SCO members to help shore up their economies, and would send trade and investment teams to discuss trade and investment projects (XHNA, 16 June).

Chinese commentary was very positive on the BRIC meeting. A Xinhua commentary in advance of the meeting said that the Brazil, Russia, India and China were the world's four major rising economic entities, and their co-operation in dealing with the financial crisis and facilitating the establishment of a new international financial order represented the interests of a larger number of developing economic entities. They should seek to expand the contents of economic co-operation among them, and provide references and lessons for a larger number of developing economic entities in their mutual co-operation. It noted that the meeting of BRIC leaders was open, transparent and non-exclusive (XHNA, 14 June).

President Hu delivered a speech to the BRIC meeting on 16 June. He called for enhanced political trust, intensified economic co-operation and increased people-to-people exchanges in areas such as culture, health, tourism, education and sports. Lastly, they should learn from each others' experiences, and share that experience with other developing countries on a voluntary basis. He called on BRIC countries to devote themselves to the recovery of the world economy, to push for reform of the international financial systems, and to ensure food, energy resource and public health security (XHNA, 16 June).

Asia-Europe Meeting (ASEM)

Foreign Minister Yang Jiechi travelled to Hanoi on 24 May for the ASEM foreign ministers' meeting on 25 and 26 May (XHNA, 24 May). In his speech to the meeting Yang called on participants to strengthen mutual trust and co-operation, and jointly deal with the financial crisis. Yang made five main points. Firstly, countries should strengthen confidence and strive for economic recovery and growth. They should firmly oppose all forms of protectionism and take concrete steps to help developing countries maintain financial stability. Second, they should take active measures to counter the threat of H1N1 flu and other infectious diseases and minimize the impact of the flu on global trade. Third, countries should think for the future, remain committed to the principle of "common but differentiated responsibilities" and step up co-operation in tackling climate change. Fourth, they should increase input and foster a new energy security concept that calls for win-win co-operation, diverse forms of development and common security through co-ordinated supply. Finally, countries should promote peaceful and negotiated settlement of hotspot issues and regional disputes on the basis of mutual respect, mutual trust and co-operation. The international community should fully respect the sovereignty and territorial integrity of the countries concerned, provide active and constructive help, and avoid willfully applying pressure or sanctions (XHNA, 25 May).

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c *Countries, Territories and Regions*

Africa (Sierra Leone)

President Ernest Bar Koroma of Sierra Leone made a state visit to China in May. He was received by Hu Jintao on 25 May. They agreed to explore co-operation in the areas of infrastructure construction and resource exploitation. Hu spoke of the traditional friendship between the two countries, and President Koroma thanked China for is selfless assistance over the years. The Presidents attended a signing ceremony for three co-operative agreements including one on China providing anti-malaria medication to Sierra Leone. China would help build two new hydropower dams over the next three years, and pledged that its aid would not reduce despite the global slump (XHNA, 25 May).

Australasia (Australia, New Zealand)

The Chinese Ambassador to Australia said that Australian firms should not be worried by Chinese investment in their country. He acknowledged that Australians were concerned that Chinese companies were state-owned and that they might be seeking to control Australia's energy and mineral resources. In fact, he said, Chinese companies were not seeking control; rather they wanted a long-term sound and reliable supply of energy and resources, just as did companies from other countries investing in Australia. Chinese investment would help Australian companies and promote local employment. China encouraged investment from Australia and he said that by the end of 2008 China had approved investment from 8,954 Australian companies in China, with a paid-in value of US$5.82 billion (XHNA, 3 April). Rio Tinto Zinc had decided against entering into a deal with Chinalco over resources development, and instead went for a rights issue and joint venture with BHP Billiton. Concerns had been voiced about the control a deal with Chinalco might have given over Australia's natural resources. The Australian Prime Minister said that Australia still welcomed Chinese investment despite the failure of the Chinalco deal (XHNA, 5 June). The Chinese Foreign Ministry spokesman said on 9 June that the decision had disappointed the Chinese enterprise involved and had also given rise to strong repercussions in Chinese business circles and among the public. China nonetheless remained committed to international co-operation according to market principles and international precedents (XHNA, 9 June). The Chinese Ministry of Commerce stated on 15 June that if the revenue of the new joint venture between Rio Tinto Zinc and BHP Billiton reached a certain level it could trigger China's anti-monopoly law. The Ministry spokesman said that the merger would certainly affect global supply of iron ore and it was reasonable that China should be concerned about it (XHNA, 15 June; see also the brief "Chinalco and Rio Tinto: a long march for China's national champions" within this issue).

The New Zealand Prime Minister, John Key, visited China from 14 to 18 April. In a pre-visit interview with Xinhua he described the relationship as

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very strategic and important, saying that he was convinced that China would lead the growth engine of Asia, and that it would be very attractive to the goods and services produced by New Zealand (XHNA, 10 April). Prime Minister Key met Hu Jintao on 14 April. Hu commented on the smooth development of relations between the two countries and their deepening political trust. He said China was satisfied with its relations with New Zealand and the fruitful bilateral co-operation across many areas (XHNA, 14 April). Prime Minister Key met Wen Jiabao on 15 April. Premier Wen was reported to have said that bilateral relations were the best in history, and that the two countries should work together to real with the international financial crisis. The prime minister attended a signing ceremony for agreement on co-operation in information and tourism (XHNA, 15 April).

Canada

The Canadian Foreign Minister, Lawrence Cannon, visited China from 9 to 11 May. He had talks with his counterpart, Yang Jiechi, on bilateral and international issues. They undertook to increase their co-operation and Cannon said that they would make efforts to promote co-operation in economy, trade, public health and environmental protection (XHNA, 11 May). He also met Vice-President Xi Jinping, and then went on to Shanghai to check on the progress of Canada's pavilion for the 2010 World Expo (XHNA, 12 May).

Yang Jiechi paid a two-day visit to Canada on 21 and 22 June for the 40th anniversary of diplomatic relations. He had a meeting with Cannon on bilateral and global issues. Yang noted the recent co-operation in trade, economy, culture, education, science and technology, health, and environmental protection. He said there was no conflict in the fundamental interests of Canada and China, and as long as both sides follow the principle of mutual respect and benefit, Sino-Canadian relations would enjoy a healthy and stable development (XHNA, 22 June).

Caribbean (Grenada)

The Prime Minister of Grenada, Tillman Joseph Thomas, visited China for a week in June. He had talks with Wen Jiabao on 18 June, and with Wu Bangguo, Chairman of the National People's Congress Standing Committee. Wen said relations were developing smoothly. They signed a number of documents on further co-operation. These included a grant in aid of US$6 million. A number of further measures were agreed, including the removal of visa restrictions for holders of diplomatic and official passports, and assistance with the maintenance of the National Stadium in St Georges (XHNA, 17 June).

Central and Eastern Europe (Albania)

Wen Jiabao met the Albanian Prime Minister, Sali Berisha, on 21 April. Wen proposed four points for further co-operation: increase exchanges at all levels,

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promote substantive co-operation, especially in information technology, energy, infrastructure and mining, expand co-operation in culture, health agriculture and tourism, and strengthen co-ordination in the UN and other multilateral fora. The two sides issued a joint statement on traditional friendship and signed an agreement on co-operation in culture and public health (XHNA, 21 April).

East Asia (Mongolia)

Vice-President Xi Jinping met the visiting Mongolian Prime Minister Sanj Bayar on 15 April. He said that Mongolia is China's friendly neighbour and China has paid great attention to developing relations of friendship and co-operation with Mongolia. In recent years, there had been continuous new developments in relations between the two countries (XHNA, 15 April).

Japan

China expressed grave concern over reports that the Japanese Prime Minister had presented a bouquet at the Yasukuni Shrine on 21 April. The Foreign Ministry spokeswoman said on 23 April:

> [t]he Japanese Government's correct understanding and appropriate handling of historical issues constitute the political foundation for Sino-Japanese relations. The Japanese side should abide by the commitments it has made, match the government's actions with its statements, and take a responsible attitude to safeguard the overall situation of Sino-Japanese relations. The Chinese side has expressed its grave concern and discontent to the Japanese side through diplomatic channels, stressing the high sensitivity of historic issues. Any mistaken move from the Japanese side will have a serious, negative impact on bilateral ties. It is hoped that the Japanese side will be prudent in its words and deeds, and appropriately handle the matter (XHNA, 23 April).

Prime Minister Taro Aso paid a two-day visit to China on 29 and 30 April. He had talks with Wen Jiabao on 29 April to discuss bilateral relations, the global crisis and other issues. Wen said that stable good neighbourly ties between the two met the fundamental interests of the two peoples, and of world stability and peace. He said relations had improved through the joint efforts of both sides and this should continue. Premier Wen said that the friendship between the two countries was an irreversible trend, but it still needed hard work by both governments. The history issue remained very sensitive, and China looked to Japan to honour its commitments on the issue. Prime Minister Aso responded that the stance of the Japanese government on the issue of history was completely reflected in the official statements of the Japanese prime ministers in 1995 and 2005. The main spirit of the stance is to look squarely at history and face the future. There is no change whatsoever in this stance of Japan (XHNA, 29 April). Aso met Hu Jintao on 30 April. Hu noted that the two sides had made every effort to act on the decisions made during his visit to Japan in May 2008, and had made progress in developing their strategic relationship (XHNA, 30 April).

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The second China–Japan high-level economic dialogue was held in Tokyo on 7 July. The Chinese team was led by Vice-Premier Wang Qishan and the Japanese by the Foreign Minister, Hirofumi Nakasone. The dialogue was intended to include discussion of energy conservation, environmental protection, finance, agriculture, trade and investment, intellectual property, information and communication, as well as disaster prevention and relief (XHNA, 7 July). The two sides signed eight documents, including memoranda of understanding (MOU) for "International property protection exchanges and co-operation," "Meeting minutes on agriculture co-operation between China and Japan," and "Strengthening science and technology co-operation in the field of seismology" (XHNA, 8 July).

North Korea

North Korea announced the successful launch of a missile said to be bearing an experimental communications satellite on 5 April (KCNA, 5 April). This was widely condemned by the international community. The initial Chinese reaction was that China had taken notice of the "launching activity" by the DPRK and had also noted responses from relevant parties. The Foreign Ministry spokeswoman, Jiang Yu, said "[w]e hope relevant parties keep calm and restraint, properly handle this issue, and work together to safeguard peace and stability in the region." She added that "China will continue to play a constructive role for this purpose" (XHNA, 5 April).

The Chinese Foreign Minister, Yang Jiechi, was reported to have spoken with his counterparts in the US, Russia, Japan and South Korea about the launch. Yang had stated China's position, that questions should be resolved through dialogue and consultations and that it did not accept any actions that might make the situation more complicated and strained. He said that China has consistently maintained that it will continue to press the progress of the Six-Party talks and push for the realization of the denuclearization of the Korean peninsula. It was the common interest of all involved and of the international community that peace and stability were maintained on the Korea peninsula. China would take a constructive and responsible attitude to cope with the current situation. China was willing to keep contact with "relevant fronts" on this issue (XHNA, 5 April).

The Chinese permanent representative on the UN Security Council, Zhang Yesui, said that China believed the response of the Council should be "cautious but appropriate," and that China would take part in UNSC discussions of the issue with an "earnest, constructive and responsible attitude" (XHNA, 5 April). China remained concerned that the UN Security Council should not take too strong action against North Korea. On 9 April the Foreign Ministry spokeswoman, Jiang Yu, said that pressure and sanctions would be unhelpful in resolving the issues triggered by the North Korean missile launch, and called again for restraint and prudence (XHNA, 9 April).

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The UN presidential statement was issued on 13 April. Commenting on it the following day, the Ministry of Foreign Affairs spokeswoman said that following the statement which had condemned the 5 April missile launch as being "in contravention of Security Council Resolution 1718," China hoped the relevant parties would view the overall situation and long-term development, keep calm and show restraint, jointly safeguard peace and stability in the region and promote the process of the Six-Party talks. She said China was opposed to the adoption of a new resolution on the matter and opposed any new sanctions on North Korea (XHNA, 14 April).

China stated that it was resolutely opposed to the nuclear test that North Korea announced had taken place on 25 May (XHNA, 25 May; for full text of the statement see Foreign Ministry Press conference, XHNA, 26 May). On 26 May, the Foreign Ministry spokesman said in relation to discussions on Korea in the UN Security Council that China "called on all parties concerned to seek calm and proper response, and to pursue peaceful resolution of the issue through consultation and dialogue." He said that China's view was that "the relevant actions of the Security Council should be conducive to achieving the non-nuclearization of the Korean Peninsula." He reiterated China's firm opposition to the test: "China strongly demands that the DPRK live up to its commitment to non-nuclearization of the Korean Peninsula, stop any activity that might worsen the situation and return to the track of the Six-Party talks" (XHNA, 26 May).

China voted for Resolution 1874 condemning the North Korean nuclear test on 12 June. The Chinese Ambassador described the resolution as an appropriate and balanced reaction to the test which had violated the relevant resolutions of the Security Council, damaged the effectiveness of the international non-proliferations system, and affected regional peace and security. He said the resolution showed the firm opposition of the international community to the test, and also sent a positive message to North Korea, showing the determination of the Security Council to resolve the issue peacefully and through negotiations. It was in this context that China had voted for the resolution. He called on the parties concerned to keep calm, exercise restraint and refrain from actions that might aggravate the situation. The Chinese Foreign Ministry made a formal statement in similar terms (XHNA, 12 June). China remained cautious over the application of sanctions. The Chinese Foreign Ministry spokesman said on 23 June that any inspection of the cargo on North Korean vessels should be in accordance with the UN Security Council Resolution as well as relevant domestic and international law (ZXS, 23 June).

Latin America (Brazil, Venezuela)

President Lula of Brazil visited China for his second state visit on 18 to 20 May. He met Wen Jiabao on 19 May and they agreed to facilitate comprehensive co-operation amid the global slump, and work closely together to tackle the major challenges faced by the developing nations such as climate change, energy

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and food security. Premier Wen described Brazil as China's first strategic partner among developing countries, and praised the remarkable co-operation they had shown in technology, energy and finance (XHNA, 19 May). President Lula also met Hu Jintao, Jia Qinglin (Chairman of the Chinese People's Political Consultative conference) and Vice-President Xi Jinping. The two sides signed 13 agreements on co-operation in the fields of oil, financing, loan, science, space, law, port and agricultural products, among others. A joint communiqué to boost the China–Brazil strategic partnership was also issued (XHNA, 20 May).

President Hugo Chávez of Venezuela paid a working visit to China from 7 to 9 April. He met President Hu and the President of the Central Bank, and gave a speech at the Party School. He met Vice-President Xi Jinping on 9 April and they agreed to promote closer co-operation in energy, agriculture, infrastructure and high technology (XHNA, 9 April).

Middle East (Afghanistan, Iran, Kuwait, Turkey)

Afghan Foreign Minister Rangin Dadfar Spanta visited China from 9 to 12 June. He told a seminar on Afghanistan's role in the region that China had been one of Afghanistan's most committed and generous friends since the new era began in 2001. China and Afghanistan shared many interests including combating terrorism and narcotic trafficking. China had pledged aid worth US$170 million, which had been very effective in rebuilding infrastructure (XHNA, 1 June). Dr Spanta met Foreign Minister Yang Jiechi on 10 June. Yang said China and Afghanistan were traditionally friendly neighbours who shared mutual respect and support (XHNA, 11 June).

Wen Jiabao met Parviz Davoodi, the First Vice-President of Iran, in Hainan on 17 April. Wen said that developing friendship and co-operation was in the fundamental interests of both countries and of world peace. He said that "China respects Iran's nuclear programme for peaceful purpose, resolutely safeguards the international non-proliferation system and advocates that the Iranian nuclear issue should be peacefully resolved through negotiation," and called on those involved to make positive efforts to restart negotiations on the nuclear issue as soon as possible (XHNA, 17 April).

China was cautious and restrained in its reaction to the Iranian election and the subsequent protests. Hu Jintao had a meeting with President Ahmadinezhad in Russia though no details were given of their discussions. The Foreign Ministry spokesman said on 16 June that China respected the choice of the Iranian people and called for stability and solidarity in the country (XHNA, 16 June). In the face of continuing protests, China maintained its formal stance. On 23 June the Foreign Ministry spokesman said that China hoped that solidarity and stability in Iran could be maintained, and added that: "[t]he election results should be decided by the Iranian people, and the disputes and problems arising from the election should be decided by the Iran [sic] itself" (XHNA, 23 June).

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The Emir of Kuwait, Shaykh Sabah al-Ahmad al-Jaber al-Sabah, visited China from 10 to 13 May. He had talks with Hu Jintao on 10 May to discuss bilateral ties and other issues of common concern. Hu suggested that they increase their co-operation and develop a long-term strategic partnership in energy. Five agreements were signed on energy, finance, telecommunications, transportation and higher education. Agreement was also reached during the visit on a loan to protect the environment (XHNA, 10 May). The Emir met Wen Jiabao on 11 May and they discussed their reactions to the international financial crisis and how they might work together to deal with it (XHNA, 11 May).

The Turkish President, Abdullah Gul, visited China from 23 June for a week. He had meetings with Hu Jintao, Wen Jiabao and Wu Bangguo, Chairman of the National People's Congress Standing Committee. He then went on a provincial tour, taking in Shaanxi, Guangdong and Xinjiang. President Hu put forward a five-point proposal for taking the friendly and co-operative relationship to a new level, including boosting their co-operation in fighting the "three evils" of terrorism, separatism and extremism. Seven agreements on co-operation in foreign affairs, energy, cultural heritage, mass media and trade finance were signed.

Russia and Central Asia (Russia, Kazakhstan, Kyrgyzstan)

Foreign Minister Yang Jiechi visited Russia on 27 April. He met his opposite number Sergei Lavrov to discuss bilateral relations and major international issues of concern. They agreed to strengthen their strategic partnership of co-operation. Yang said that this year was the 60th anniversary of relations and the relationship had reached a new historic point and was facing significant opportunities for development. They agreed to strengthen co-operation in dealing with the financial crisis, support each other on major issues of common concern and enhance their mutual strategic trust (XHNA, 27 April).

Defence Minister Liang Guanglie visited Russia in late April and met President Medvedev on 29 April. Medvedev said that China and Russia now had close contacts and co-operation across a wide range of fields. They had a fruitful co-operation in defence and security fields, but this did not amount to a military alliance nor was it aimed at a third party. Liang responded that China was ready to develop their strategic co-operative partnership to a new level, and was to enhance military relations to a new level (XHNA, 29 April).

Hu Jintao met President Nazarbayev of Kazakhstan on 16 April, and they agreed to push the China–Kazakhstan strategic partnership to a higher level. Hu proposed that they further strengthen high-level exchanges, deepen co-operation in trade, economy, energy, resources and finance to promote common development, encourage "humanities" co-operation in culture, health and sports, deepen their security co-operation and sternly crack down on the three forces of international terrorism, ethnic separatism, and religious extremism.

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A joint statement was issued and a number of documents on co-operation signed (XHNA, 16 April). On 17 April it was announced that China National Petroleum Corporation would lend US$5 billion to the Kazakh state oil company for the joint purchase of a local company, MangistauMunaiGas, a major oil developer (XHNA, 17 April).

The Foreign Minister of Kyrgyzstan, Kadyrbek Sarbaev, visited China in April. He had talks with his counterpart, Yang Jiechi, on 6 April and they agreed to expand their co-operation. Sarbaev reaffirmed his country's one-China policy and support for China's stance over Tibet and Taiwan (XHNA, 7 April). Foreign Minister Sarbaev also met Vice-President Xi Jinping on 7 April. Xi spoke of the steady and healthy development of relations. Sarbaev responded with a pledge to crack down jointly on "East Turkestan" and the "three evils."

South East Asia (South China Sea, Burma [Myanmar], East Timor, Malaysia, Papua New Guinea, Thailand)

China expressed its opposition to the joint submission of claims to the UN Commission on the Limits of the Continental Shelf by Malaysia and Vietnam to the outer limits of their continental shelf in the South China Sea. The Foreign Ministry spokesman restated China's long-standing claim to sovereignty over Xisha and Nansha Islands and their adjacent waters. He added that claims such as those made by Malaysia and Vietnam should not be accepted by the Commission as there were outstanding disputes in the area which rendered any such submission invalid (XHNA, 8 May).

General Chen Bingde, Chief of the PLA General Staff Department, met Tin Aye, of the Peace and Development Council, on 20 April and said that China was willing to maintain and enhance friendly military co-operation with Burma. As a good neighbour, China sincerely hoped that "Myanmar could achieve social stability, economic development and national reconciliation." Tin Aye thanked China for its support of its economic and social progress (XHNA, 20 April).

Maung Aye, Vice-Chairman of the Peace and Development Council of Burma, visited China from 15 to 20 June and met Vice-President Xi Jinping and Premier Wen Jiabao. Xi said that China valued good neighbourly relations with Burma, and that as Burma's good neighbour it hoped that Burma would overcome difficulties to achieve stability and prosperity (XHNA, 16 June). Wen said that China and Burma shared a traditional friendship and extensive common interests. China was willing to develop neighbourly friendly relations and increase mutually beneficial co-operation. China hoped that Burma would steadily advance the process of democracy in the country, realize national reconciliation, maintain national stability, and promote economic development. It was announced on 19 June that China and Burma had signed a memorandum of understanding on the construction of an oil pipeline from Burma to China with a designed capacity of 22 million tonnes a year. The project would include

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storage transportation and associated facilities at Kyaukryu Island which would be the Burmese end of the line (XHNA, 19 June).

The East Timor Foreign Minister, Zacarias Albano da Costa, visited China at the beginning of June and met the Foreign Minister, Yang Jiechi, and Vice-President Xi Jinping. Xi said the two countries had smooth relations and China would continue to support East Timor's development (XHNA, 5 June).

At the beginning of June the Malaysian Prime Minister Najib Tun Razak visited China and met Wen Jiabao on 3 June. Wen proposed further developing the relationship, saying the two countries should actively implement the "Strategic co-operation joint action plan." On the South China Sea, he said that the code of conduct should be earnestly observed, and that China and Malaysia should strengthen their dialogue on the subject and handle relevant issues properly. Prime Minister Najib was visiting to mark the 35th anniversary of diplomatic relations. He said China was his first visit outside ASEAN since he assumed office, and this showed the importance of the relationship. The two sides signed four agreements: an MOU on the "Strategic co-operation joint action plan" covering political, economic, trade and finance, culture and education, science and technology, health, defence and security, agriculture, sanitary and phytosanitary, tourism, human resources, energy, forestry, and regional and international co-operation; a partial easing of the visa regime; an MOU on co-operation in marine science and technology; and a postal agreement (XHNA, 3 June).

The Papua New Guinea Foreign Minister, Samuel Abal, met his counterpart Yang Jiechi on 13 April. Yang said that China cherished its friendly and co-operative relations with Papua New Guinea, and that the two countries worked well together (XHNA, 13 April). Prime Minister Michael Thomas Somare visited China from 14 to 20 April. He met Hu Jintao on 14 April. Hu said that China regarded Papua New Guinea as a good friend and partner; there were broad prospects for co-operation in areas such as trade, agriculture, fisheries, transport, resources and energy, and China encouraged its businessmen to invest in Papua New Guinea. Somare said Papua saw China as a sincere and reliable partner; it respected China's sovereignty and territorial integrity and adhered to the one-China policy (XHNA, 14 April).

The Thai Foreign Minister, Kasit Piromya, visited China on 10 and 11 June. He met Wang Jiarui, head of the Party's international liaison department, to discuss deepening party-to-party exchanges between the CCP and the Thai Democratic party (XHNA, 11 June). He also met Vice-Premier Li Keqiang.

The Thai Prime Minister, Abhisit Vejjajiva, visited China from 24 to 27 June. He had meetings with Hu Jintao and Wen Jiabao. He also visited Tianjin and Guangdong province. Wen told him that "China and Thailand are close as one family," and China hoped that Thailand would maintain social unity and achieve greater successes in national construction. He said that the two sides should fully implement the "Agreement on expanding and deepening bilateral economic co-operation and trade," complete the construction of the Kunming–Bangkok

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highway, and build on existing foundations to deepen their co-operation. China strongly supported the leading role played by ASEAN in East Asian co-operation (XHNA, 24 June).

Taiwan

A delegation from the Association for Relations Across the Taiwan Strait (ARATS), lead by its Vice-Chairman An Min, visited Taiwan from 6 to 12 April. It was the first such delegation from ARATS since dialogue between the non-official intermediary organizations of China and Taiwan was resumed in 2008 (CNA, 6 April).

The third round of SEF/ARATS talks was held in Nanjing on 26 April. The Taiwanese delegation was led by Chiang Pin-kun, Head of SEF, and the Chinese by Chen Yunlin, Head of ARATS. It was a profitable meeting which led to the signing of three agreements and a joint statement. The three agreements were on cross-Strait air traffic supply, cross-Strait financial co-operation, and cross-Strait mutual assistance in cracking down on crimes. The number of charter flights was increased from 108 to 270 and it was agreed that some of these would be regular scheduled flights. They also reached consensus on allowing mainland companies to invest in Taiwan. Following the meeting, Chiang Pin-kun had a separate meeting with Wang Yi, Head of the Taiwan Affairs Office (XHNA, 26 April).

Following behind-the-scenes negotiations between China and Taiwan, the Chinese Ministry of Health confirmed that the WHO had invited Taiwan to attend the next session of the World Health Assembly (WHA) as an observer. Whether or not Taiwan would be able to achieve observership had been widely seen as a touchstone of the state of cross-Strait relations (XHNA, 29 April). Taiwan was invited under the title "Chinese Taipei" and the letter from the WHO addressed the Minister of Health by his official title (CNA, 29 April). In his talks with the KMT Chairman Wu Poh-hsiung, Hu Jintao said that Taiwan's participation in the WHA showed China's sincerity in pushing forward the development of cross-Strait relations, and also showed that Chinese on both sides of the Strait have the ability and wisdom to solve issues concerning Taiwan's participation in the activities of international organizations (XHNA, 26 May).

The Mayor of Kaohsiung, Chen Chu, visited China in May to talk to Beijing and Shanghai officials about the World Games that Kaohsiung would be hosting from 16 to 26 July and to attract Chinese participation. She was the highest-ranking elected official from the opposition Democratic Progressive Party to visit China, and her visit aroused considerable controversy in Taiwan. She insisted that she was not carrying any form of political message and was interested only in promoting the Games. The Taiwan press noted in particular that she had used the terms "our country" and "President Ma Ying-jeou" in her talks with the Mayor of Beijing, underlining Taiwan's status (Taiwan News website, 25 May).

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Wu Poh-hsiung, Chairman of the ruling Kuomintang (KMT), visited China in late May and was received at the very highest level by Chinese leaders. The visit was scheduled to include Beijing, Chongqing, Hangzhou and Nanjing, where he would attend celebrations in memory of Sun Yat-sen, founder of the Kuomintang. Jia Qinglin, Chairman of the Chinese People's Political Consultative Conference, met him on 25 May. Jia said that improved relations had yielded great practical benefits for both sides, and the KMT and Communist Party had shouldered great responsibility in taking forward the cross-Strait relationship (XHNA, 25 May). Wu had a meeting with Hu Jintao in his capacity as General Secretary of the Communist Party. The two agreed to further peaceful development of cross-Strait relations. They would maintain the political foundation of opposition to Taiwan independence and stick to the 1992 consensus. They undertook to avoid internal struggle in foreign affairs and work for the interests of all Chinese. In the near term they would focus on economic co-operation, hoping to start talks on a cross-Strait economic agreement, and jointly tackle the impact of the global downturn. Hu said that negotiations should be conducted on a step-by-step basis, at a proper pace, putting economic and simple issues first and gradually moving on to tackle political and difficult problems. Hu was clear that nevertheless the two sides "should be prepared and create conditions for solving these problems" (XHNA, 26 May).

United States of America

President Hu Jintao and President Obama met for the first time in the margins of the G20 London Summit on 1 April. The two leaders agreed to establish the "China–US Strategic and Economic Dialogue," the first session of which would be held in Washington in the summer. President Obama accepted President Hu's invitation to visit China in the second half of the year. They had an extensive exchange on bilateral relations and global issues of common interest. Hu said that the relationship had got off to a good start since President Obama took office, and that the two sides shared extensive common interests in tackling the financial crisis, striving to recover global economic growth, dealing with international and regional issues, and safeguarding world peace. He said that good relations between China and the US were not only in the interests of the two peoples but also beneficial to peace, stability and prosperity in the Asia-Pacific region and the world at large. Obama said that the relationship was extremely constructive and that economic relations were very strong. On Taiwan, President Hu said that no matter how the situation across the Taiwan Strait evolved, China would adhere steadfastly to its "one-China" policy and resolutely oppose "Taiwan independence." President Obama affirmed that the US was committed to the one-China policy and the three joint communiqués, and that this stand would not change (XHNA, 1 April).

Nancy Pelosi, Speaker of the House of Representatives, visited China in late May and early June. On 27 May she met Wu Bangguo, Chairman of the

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National People's Congress Standing Committee. He welcomed her visit as boosting links between the legislatures of the two nations, and advised her that the key to the bilateral relationship lay in respecting and taking care of each other's core interests, of which Taiwan and Tibet were the most sensitive ones for China. He explained that: "[i]t is natural for both countries to remain divided on some issues as they enjoy different histories and cultures, practice different social systems and are at different development stages." Wu called for improving bilateral relations and building up exchanges with the US Congress. He touched on climate change – a common challenge that threatened all mankind – and urged the principle of common but differentiated responsibilities on the issue. The same day Pelosi met Wen Jiabao, who told her that China intended to cement its policy of dialogue with the US, taking dealing with climate change as an important area for co-operation. He briefed her on China's policies on the subject. More broadly, he said that the two countries shared common interests and had a firm foundation for co-operation both bilaterally and on the world stage. Representative Pelosi was quoted as saying that she and US legislators would exchange views with China in a candid and open manner. The US appreciated the great achievements China had made in its economic development and the measures it had taken to combat climate change (XHNA, 27 May). She met Hu Jintao on 27 May. Hu said that relations had shown remarkable progress, and China was willing to develop a positive, co-operative and comprehensive bilateral relationship with the US. Any differences should be dealt with through dialogue and consultation (XHNA, 27 May). Pelosi gave a speech on climate change at Tsinghua University (XHNA, 28 May). According to non-Chinese sources, she said that China's human rights record and Tibet were candidly discussed during her meetings with top Chinese leaders in Beijing (Kyodo News Agency, 28 May).

The US Treasury Secretary Tim Geithner visited China from 31 May to 2 June. In advance of his visit *Zhongguo tongxun she* reported that he would have meetings with Hu Jintao, Wen Jiabao and Vice-Premier Wang Qishan. The main focus of the visit would be world economic recovery, international financial reform, and the effects that bilateral co-operation, such as energy co-operation, would have on the world (*ZTS*, 30 May). During their meeting on 2 June, Wen said that the bilateral relationship was at a new historic starting point. At the moment it was important that the two sides improved their co-operation in dealing with the international financial crisis, oppose protectionism, promote reform of the international financial system. They should also work together on energy efficiency and over climate change (XHNA, 2 June). Tim Geithner responded in kind. Geithner met Hu Jintao the same day. Hu was reported to have told him that being nations that wielded important influence in the world, China and the US had extensive common interests and shouldered important responsibilities. The strategic and economic dialogue would be held in July, and he had high hopes of it. Geithner responded that the US was ready to work with China to strengthen co-operation in finance and trade and push forward reform of the international financial system (XHNA, 2 June).

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US Deputy Secretary of State James Steinberg held meetings with senior Chinese diplomatic officials when he visited Beijing to discuss the situation on the Korean peninsula. Few details of those discussions were released by the Chinese, but Foreign Minister Yang Jiechi had very positive words to say about the relationship with the US. He suggested that they should strengthen contact and co-ordination on major international and regional issues, and properly handle those important and sensitive issues so as to push forward the consistent development of relations (XHNA, 5 June).

Todd Stern, the US President's special representative on climate change, visited China in early June. He met Vice-Premier Li Keqiang on 8 June. Li said that China had noted the change of US policy on climate change and the positive measures it had taken. China wanted to strengthen dialogue with the US on climate change (XHNA, 8 June).

On 23 June, the tenth round of the Sino-US Defence consultations were held in Beijing, the most senior military dialogue since the new US administration, and the first such talks since December 2007. The Chinese side was led by Deputy Chief of the PLA General Staff, Ma Xiaotian, and the US side by the Under-Secretary of Defence for Policy, Michele Flournoy. The Chinese described it as an excellent meeting held at a crucial moment. The talks covered bilateral military relations, Taiwan issues, security in the Asia Pacific region, anti-terrorism, North Korea, Iran, and nuclear disarmament. Arms sales to Taiwan had been a special focus and Ma Xiaotian said that this was the biggest factor undermining military ties with the US. China remained resolutely opposed to US planes and ships entering China's exclusive economic zone. But the two sides agreed to hold special consultations in Beijing on the question of military security at sea (XHNA, 23 and 24 June).

Western Europe (EU, Finland, France)

The European Commission announced on 8 April that, following a lengthy investigation, it would impose anti-dumping duties on seamless steel pipe imported from China. The Chinese Ministry of Commerce responded that the basis for the decision was simply accusations that the Chinese product might cause material injury or threat. China was opposed to trade remedy investigations, such as anti-dumping investigations; the imposition of such duties should be based on findings of material injury or threat, and not on mere speculation. China hoped that the EU would maintain an objective and fair stance and make a decision according to World Trade Organization (WTO) rules. China and the EU should enhance co-operation and consultations upon the issue, and create a win-win result (XHNA, 10 April).

Further trade disputes were reported involving the EU and the United States in particular. On 23 June, the US and the EU lodged complaints with the WTO over China's restrictions on exports of some industrial raw materials. The materials at issue include coke, bauxite, fluorspar, magnesium, silicon metal

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and zinc. The US and the EU claim that China's export restrictions create unfair advantages for Chinese industries and distort world competition, thus violating WTO regulations. The Chinese Ministry of Commerce defended China's export policies, saying they are consistent with WTO rules (XHNA, 24 June).

Vice-Premier Wang Qishan visited Brussels on 6 and 7 May for two days of talks with EU officials and leaders. The EU side was led by the trade commissioner, Catherine Ashton, and the talks covered trade, investment, product safety and intellectual property rights. Vice-Premier Wang had an article published in the *Financial Times* just before the meeting in which he called for clear commitments to avoid protectionism (XHNA, 7 May). In his opening speech, Wang said that holding this second high-level economic and trade dialogue was very significant at this time of international financial crisis. He suggested that both sides should take strong measures to help world growth recover. They should promote global economic development and oppose protectionism, and they should take a long-term view of their relationship and explore new areas for co-operation. He expressed the hope that the EU would relax its restrictions on technology exports to China. Finally he said that the two sides should increase their mutual understanding and appropriately defuse contradictions and disagreements (XHNA, 7 May). The Chinese Trade Minister Chen Deming told reporters that

> China and the EU have conducted in-depth discussions, reached a wide range of consensus, and achieved positive results in these seven subjects: trade and investment, small- and medium-sized enterprises' co-operation, customs co-operation, sustainable development, trade and consumers' protection, trade and innovations, communications and transportation (XHNA, 10 May)

Following his discussions with the EU, Vice-Premier Wang flew to Scotland on 8 May where he had a meeting with the First Minister Alex Salmond. They discussed economic issues and ways to develop co-operation in educational, cultural, tourist, financial, and other fields in line with the UK–China strategic partnership (XHNA, 9 May). He then flew on to London to lead the Chinese side for the China–UK Economic and Financial Dialogue with the Chancellor of the Exchequer, Alistair Darling. The theme of the discussion was "China and the UK strengthen co-operation in support of sustainable growth." He had a meeting with Prime Minister Gordon Brown, after which a joint communiqué was issued (for full text see XHNA, 11 May).

Wen Jiabao travelled to Prague on 20 May for the postponed China–EU Summit. Yang Jiechi said that the meeting had highlighted the political trust, pragmatic co-operation and trust that China shared with the European Union. Politically, Wen was quoted as saying that the comprehensive strategic partnership with the EU went very much with the tide of history and would be extremely beneficial. He called for even closer co-operation on the basis of mutual respect equality and mutual benefit. The Chinese reports stated that the EU had undertaken to show an impartial and objective attitude towards China's market economy status and had indicated its political will to lift the arms embargo. The two

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sides agreed to further strengthen their economic co-operation and to work together in contributing to an early recovery of the world economy. They agreed to oppose trade protectionism and China announced it would be sending a big purchasing mission to Europe. Three agreements on co-operation in clean energy, science and technology, and small and medium enterprises were signed. Unusually there was no joint statement issued after the summit; instead a joint communiqué was issued (text in XHNA, 21 May). It noted that discussions focussed on China-EU relations, the global economic and financial crisis, climate change and energy security as well as an exchange of views on regional issues (Korean Peninsula, Myanmar, Iran, Sri Lanka, Afghanistan and Pakistan).

Wen Jiabao met the visiting Finnish Prime Minister, Matti Vanhanen, on 21 April. Wen spoke of their traditional friendly relations, and said that they should co-operate closely in the current financial crisis. China was ready to work with Finland to improve conditions for expanding trade and mutual investment. They should look at energy saving, environmental protection, ecological construction and other projects. Vanhanen said that China and Finland were economically complementary, and he welcomed Chinese investment. He said that Finland firmly took the one-China stand on Taiwan and Tibet issues (XHNA, 21 April).

China and France announced on 1 April that they would be resuming high-level contacts and strategic dialogues, following the dispute over President Sarkozy's meeting with the Dalai Lama last year. The French government stated that it

> fully recognizes the importance and sensitivity of the Tibet issue and reaffirms its adherence to the one-China policy and the position that Tibet is an integral part of Chinese territory, in accordance with the decision made by President Charles de Gaulle, which has not changed and will remain unchanged. Based on this spirit and the principle of non-interference in each other's internal affairs, France refuses to support any form of 'Tibetan independence.'

The two sides agreed that they would take the 45th anniversary of the establishment of diplomatic relations as a good opportunity and work with a strategic and long-term perspective, on the basis of respecting each other and taking into account each other's fundamental interests, to strengthen the comprehensive strategic partnership (XHNA, 1 April). This cleared the way for a bilateral between President Hu and President Sarkozy at the London Summit and a general improvement of relations.

d *Climate Change*

The National Development Reform Commission issued a position paper on China's attitude to climate change which it announced it would be sending to the UN in advance of the climate change conference in Copenhagen. The paper ("Implementing the Bali roadmap – China's position on the Copenhagen conference") was published on the Ministry's website at www.sdpc.gov.cn. The Foreign Ministry spokesman was quoted as saying that China would be working for a positive outcome of the Copenhagen conference. He noted that the

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Conference should adhere to the principles of "common but differentiated responsibilities" and sustainable development and take measures to alleviate and adapt to climate change, and take measures to provide technological and financial support to countries in need (XHNA, 21 May). He said that developed nations should cut their emissions by 40 per cent from 1990 levels by 2020.

In an interview on 26 June, the State Development and Reform Commission Vice-Minister, Xie Zhenhua, said that in dealing with climate change, China upholds the six basic principles of dealing with climate change under the framework of sustainable development, sharing common but differentiated responsibilities, paying equal attention to mitigation and adaptation, regarding the convention and the protocol as the main channels for dealing with climate change, relying on scientific and technological innovations and technology transfer, and promoting all-people participation and international co-operation (XHNA, 26 June).

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