

China, Taiwan begin a 1000-mile journey

By F.J. Khergamvala

TOKYO, JAN. 2. The proverbial journey of a thousand miles began with China and Taiwan being forced by domestic business pressures to take the first step to establishing direct communications, postal and transport links, when three Taiwanese vessels sailed from Kinmen and Matsu to the mainland.

The Taiwanese vessels did not fly the island's flag, which in a way symbolises how business interests can drive off political pressures between two Chinese entities insisting on their own unique identity, yet trying to seek accommodation. The voyages by the three vessels from Kinmen (Quemoy) and Matsu, which lie just off the mainland is a win-win move that involves a climb down by both sides, with more to follow.

The ships were to complete the voyage on New Year day but it was ostensibly the weather, perhaps political considerations, that forced a postponement of the first legal cross straits sailing in 50 years. On Tuesday, more than 190 passengers from Kinmen, led by the County Magistrate, Mr. Chen Shui-tsai crossed over on two vessels to the port of Xiamen in mainland China's southern Fujian province. A 4,700 tonne vessel then carried over 500 pilgrims and about 20 local government officials and reporters, led by the Matsu county commissioner from the islet of Matsu to the port of Mawei in Fujian province.

China has deliberately played down what is now called the "mini three links" as too small and too late, but the fact that Beijing permitted the links to be launched without Taiwan officially and publicly accepting the mainland's version of the "one-



Residents in Xiamen holding a banner in Chinese to welcome Taiwanese tourists from Kinmen Island, at the Xiamen harbour in south-east China, on Tuesday. — AP

China" principle suggests a pragmatic switch to gradualism. Beijing is likely to maintain the pressure on the Chen Shui-bian led Taiwanese Government to accept the island's place as part of "one-China," but the overall strategy now seems to be to outflank the anti-unification Democratic Progressive Peoples (DPP) led Government in Taiwan by cultivating all other sections of society.

The absolute primary necessity of embracing Taiwanese business interests closer to Beijing may

have influenced China's decision to accept the "mini three-links."

The new acceptance of permitting limited movement of people and transport, between just Kinmen and Matsu in Taiwan, to Xiamen and Fuzhou decriminalises the reality of the existence of illegal trade that has been going on ever since Taiwan barred trade with the mainland in 1949.

The Matsu islands have a population of some 6,500 people. Kinmen is located about 280 km from Taiwan but is with hailing distance of the mainland.

In an era when the Chinese President, Mr. Jiang Zemin's son has joined Taiwanese plastic magnate, Mr. Wang Yung-ching in a \$1.6 billion microchip fabrication joint venture in Shanghai, it is just a matter of time before Taiwan relaxes its \$50 million investment limit on the mainland. Taiwanese investments on the mainland are up nearly 99 per cent in year 2000 to about \$40 billion.

The mainland too needs to make concessions to viably utilise the annual 10 million passenger

capacity of Xiamen and Fuzhou's six million capacity. Current flow through Xiamen is just three million. The two sides will now grapple with a face-saving way to move towards the larger and full links demanded by China, that of the "three direct" — people, trade and transport — between all of Taiwan and all of the mainland. Taiwan would want to gradualise this too and has linked such measures to Beijing opening unconditional talks. On its part, having helped Mr. Chen to show at home that he too could do business with the mainland, Beijing could at some point draw the line and insist on his acceptance of the "one-China" principle.

Among the mutual interests that drive this flourishing trade and economic relationship is the imminent entry of China and Taiwan into the World Trade Organisation. The U.S. vote in granting the mainland China Permanent Normal Trade Relations (PNTR) set U.S. approval for entry into the WTO, which requires Taiwan to lift such trade barriers. Taiwan can at best plead security considerations.

Taiwan pays a price by making a detour of trade and people through Hong Kong and Macao. Over two millions Taiwanese travel annually to China and according to China's figures, about 104,000 mainlanders go to Taiwan. Almost a whole day is taken up in transit through third airports. Direct flights between Xiamen and Taipei would take 20 minutes. Taiwan could risk a hollowing out if its companies wished to move closer to its mainland customers. Trade in the past year jumped to about 30 billions, with China (including Hong Kong) becoming Taiwan's second largest export market.

THE HINDU

3 JAN 2001

Mini-links with Taiwan not adequate, says Beijing

Beijing, January 3

BEIJING TODAY slammed the first official direct links with its bitter foe Taiwan in 51 years as inadequate and discriminatory, a day after Taipei opened the sea border.

"The so-called 'mini-three links' proposal is an utterly inadequate measure" for boosting economic and trade ties, Xu Shiquan, a leading Chinese policy expert told the English-language China Daily.

Under the scheme, a limited number of Taiwanese ferries will be allowed to sail directly to the southern Chinese ports of Xiamen and Fuzhou from the outlying Taiwanese islands of Matsu and Kinmen. Up to 700 Chinese mainlanders will also be allowed to visit Jinmen and Matsu for up to seven days under the plan, but must travel on the Taiwanese boats.

Xu, director of the Institute of Taiwan Studies at the Chinese Academy of Social Sciences, said such limited transport, trade and postal connections fell short of "real and full" ties. Because the links did not include traffic by mainland vessels to the outlying islands, they were "unilateral" and "discriminatory." "How can you call such one-way traffic a direct two-way link?" Xu demanded, adding the move was a ploy to defuse growing calls in Taiwan and around the world for unrestricted links. The Daily said Xu's comments could be interpreted as being the "official" communist party line.

In Taipei, Chen Chi-Mai of the ruling pro-independence Democratic Progressive Party said Beijing's dissatisfaction reflected China's determination to refuse to allow Taipei "to play the biggest role in cross-Taiwan strait ties." (AFP)

'US playing discreet role towards Kashmir peace'

Washington, January 3

THE UNITED States has "actively but discreetly" encouraged India, Pakistan and the Kashmiris to move towards a peace process, the leading American think-tank Centre for Strategic and International Studies says in its latest Asia Monitor bulletin.

It says "India, Pakistan and the Kashmiris are the key players. Without their support, no settlement can be effective. The past month illustrates some of the ways outsiders can quietly help the process along."

"The United States has actively but discreetly encouraged the parties to move toward a peace process. Without attempting to mediate or broker, it has demonstrated the utility of backstage diplomacy, and can be expected to continue in this vein," says the bulletin prepared by Teresita C Schaffer,

who has been an ambassador in the region.

The monitor says spokesmen for BJP and RSS have suggested that a settlement along the Line of Control might become a basis for talks with Pakistan and this is "a big change from their traditional view."

The monitor says three main political tendencies are represented in the Kashmir valley. "Pro-independence forces are the most numerous. Second to them in numbers but better financed are pro-Pakistan groups. Both are represented within the Hurriyat conference as well as among Kashmir's armed groups. The armed groups also include several composed chiefly of 'guest fighters' from outside the region."

The third constituency, says the monitor, is the supporters of Jammu and Kashmir Chief Minister Dr Farooq Abdullah who favours continued association with India. (PTI)

THE HINDUSTAN TIMES

4 JAN 2001

Hong Kong under pressure to ban Falungong

Beijing, February 1

PRO-BEIJING politicians, businessmen and media in Hong Kong are mounting pressure on the government of the Special Administrative Region (SAR) to ban the Falungong sect, a newspaper report said today.

The deregistration would make the sect an 'unlawful society' under the societies ordinance, they were quoted in the Ta Kung Pao daily as saying.

The Chinese government has already outlawed the Falungong, terming it an 'evil cult', in July 1999.

The sect is a political society having connections with overseas organisations - characteristics which would disqualify its original registration as a non-political entity under the ordinance, it said.

The sect has been registered as the Hong Kong association of Falun Dafa under the law since 1996.

On Tuesday, Beijing warned that any attempt to turn Hong Kong into a Falungong base would not be tolerated.

But human rights activists have termed the warning an attempt by Beijing to pressurise the Hong Kong government to take action against the sect.

Meanwhile, chief secretary for administration, Hong Kong, Anson Chan Fang On-Sang said Falungong could hold activities in the SAR only if it abided by the Hong Kong laws.

Under Hong Kong's law, a society may be banned or deregistered to protect national security, public safety and keep order if the society is a political body. (PTI)

Chinese vessel makes its first legal & direct voyage to Taiwan

REUTERS
QUEMOY, TAIWAN, FEB 6

THE first Chinese ship to make a legal, direct voyage to a Taiwan-held island in more than five decades docked at heavily fortified Quemoy on Tuesday as part of rapprochement efforts.

The landmark trip to Quemoy island from the Chinese city of Xiamen by the China-registered vessel Gulangyu, or Piano Island, marked Taiwan opening its doors wider to mainland tourists and goods. The boat ferried 97 people--80 Quemoy-born.

The voyage was a largely symbolic step in efforts to lift a decades-old ban on direct trade and transport links between Taiwan and China as it merely decriminalises what Taipei considers smuggling--small-scale trade encouraged by Beijing since the early 1990s. Last month, a Taiwan vessel made the first legal direct voy-



Lee Ming-chu (C), born on the Taiwanese-held island of Quemoy and a citizen of mainland China, being greeted by two friends after he arrived on the island for the first time in more than 50 years - Reuters

age to Xiamen from Quemoy in more than five decades. Red banners with slogans to welcome the visitors lined Quemoy's main streets. The visitors will pay respects to their ancestors before returning home on Friday.

Vatican eyes Isidore as its saint on Net

VATICAN CITY: POPE John Paul is considering naming Saint Isidore of Seville the patron saint of Internet users and computer programmers, Vatican sources said on Tuesday.

Saint Isidore was nominated two years ago but the Holy See has yet to make a final decision.

Saint Isidore, who lived in the seventh century, was believed to have written the world's first encyclopaedia, the *Etymologies*, which included entries on medicine, mathematics, history and theology.

The Vatican first went online in 1996 with its website www.vatican.va which it has used to publish thousands of Catholic Church documents and Papal speeches.

INDIAN EXPRESS

- 7 FEB 2001

Beijing shrugs off rights charges

Beijing, February 27

CHINA ON Tuesday dismissed a call by visiting UN human rights chief Mary Robinson to scrap labor camps and called the US hypocritical for saying Beijing's human rights record worsened last year.

In a multi-front counterattack, Beijing was scornful of Robinson's call for the abolition of labor camps to which drug users, prostitutes, dissidents and members of the Falun Gong spiritual group can be sent without trial for up to three years.

It was scathing on the State Department annual human rights report and shot back with a long report on social ills in the United States.

"This is a typical action showing US double standards on human rights," the Foreign Ministry said in a statement which accused Washington of "going so far as to defend openly the anti-humanity evil cult Falun Gong."

A cabinet official said China's "re-education through labour" camps were a compassionate way to deal with social problems and likened its campaign against the outlawed Falun Gong spiritual movement to a war on drugs.

"The authorities treat those people receiving re-education like teachers treat students, like doctors treat patients and like parents treat children," said Liu Jing, head of the State Council Office for Prevention and Handling of Cults.

"I think her problem is that she has too little understanding of the Falun Gong cult," Liu said of Robinson's call to abolish the labor camps, said to hold some 5,000 Falun Gong members

"The Falun Gong cult is the same as a spiritual drug," he told a news conference. "It does as much harm to its practitioners, especially the devout ones, as drugs."

But Robinson, the UN High Commissioner for Human Rights, held her ground. "It's very clear that the human rights of Falun Gong members are being transgressed at the moment here in China," she told a news conference on Tuesday.

Robinson began her visit on Monday by urging eventual abolition of the labor camp system that has been a key weapon in China's crackdown on Falun Gong. She told Chinese officials and legal experts the system violated "accepted international human rights principles."

Robinson told reporters Justice Minister Zhang Fusen listened to her views but defended the 45-year-old forced labor system. "He did say that the system could be improved and needed to be looked at," she said. "But I definitely got the sense he was defending the system."

The Falun Gong movement says 5,000 members of the spiritual group banned in China since 1999 are in re-education through labor camps. They are among 260,000 held in 300 labor camps, according to Chinese data compiled by Human Rights in China, which argues that the system should be scrapped, not reformed. The New York-based rights group said in a report that camp conditions were "generally abusive, with overcrowded, unsanitary living conditions, inadequate food and excessive working hours."

Reuters

THE HINDUSTAN TIMES

28 FEB 2001

China
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China raises defence spending again

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673

By F.J. Khergamvala

TOKYO, MARCH 5. The Chinese Premier, Mr. Zhu Rongji kicked off the 10-day annual session of the National Peoples Congress, the Parliament, with an announcement to realise an average annual real growth of seven per cent in the five-year period 2001-2005.

Eighty million new jobs, a 17.7 per cent increase over the previous year's defence budget and measures towards doubling the size of the economy by 2010 are the features of the new 10th five-year plan.

On the political and security side, the Falun Gong seemed to occupy greater attention than the usual focus of preventing Taiwan going its own way.

The Chinese Finance Minister, Mr. Xiang Huaicheng will present the defence budget of \$17 billion on Tuesday.

For the fiscal year 2001, in real terms, the planned 17.7 per cent increase actually means going to 19.1 per cent, because of last year's deflationary trend. The enhancement marks a double-digit increase in defence spending for the 13th year in a row.

Analysts are generally sceptical of China's official defence spending figures. Most recognized think-tanks understand it to be in the range of \$65 billion plus. Mr. Zhu said the infrastructure development would continue to be financed by long-term bonds worth \$18 billion.

This is almost the same amount of deficit spending undertaken last year. The yield from issuing of long-term treasury bonds will be invested in development projects in the western region.

The real economic and political challenge before China is the creation of the 80 million jobs.

The target is 40 million new jobs for the urban unemployed and 40 millions for those rendered jobless from the agriculture sector. The real problem is of a far greater magnitude. China's planners do not refer to the 90 odd million additional jobless as unemployed, but as people roaming the cities looking for jobs.

On the Falun Gong sect, Mr. Zhu said, "We need to mete out severe punishment to the small number of criminals while making unremitting efforts to unite, educate and rescue the vast majority of people who have been taken in." Mr. Zhu equated the sect with terrorists and separatists. On Taiwan, it was the standard line to "resolutely put a stop to any separatist attempt."

Mr. Zhu also referred to the "one-China" principle but did not use this occasion to elaborate, reiterate or respond to Taiwan's variant of the same term.

DEF 1170

6 MAR 2001

Chinese missile base detected

By Sridhar Krishnaswami

WASHINGTON, MARCH 15. A United States spy satellite has detected a second Chinese missile base opposite Taiwan; and nearly 100 CSS-7 short range missiles have been deployed there. *The Washington Times* has reported. The base has been detected in the last two weeks and is located several miles off Xianyou and about 135 miles from Taiwan.

"It gives them (the Chinese) two facilities with seven (the CSS-7) that are within range of Taiwan, an unnamed senior administration official has been quoted as saying. The latest revelation will only strengthen the hands of conservatives who are urging the Bush White House to go forward in sophisticated arms sales to Taiwan.

The Washington Times is also

reporting that American intelligence agencies tracked a train load of missiles and launchers from a factory in Central China to the newly-constructed missile base; and a second train load was set to leave the factory last week. The missiles are believed to be stored inside underground bunkers that have been designed to protect attacks by U.S. precision guided missile attacks.

The detection of the new missile base takes place at a time when the Commander-in-Chief of the U.S. Pacific Command, Admiral Dennis Blair, is on a four day visit to China this week to discuss issues, including Taiwan. Next week in Washington the Chinese Vice-Premier and a noted authority on foreign affairs, Mr. Qian Qichen, is due to meet the President, Mr. George W. Bush.

One of the major reasons for

Mr. Qian's visit is to dissuade the Bush administration from selling sophisticated weaponry to Taiwan. In the shopping list of Taiwan include advanced Patriot Missile systems, four Aegis-equipped guided missile destroyers and four Kidd-Class destroyers. The President is expected to make a decision by next month.

The White House is not saying whether Mr. Bush will take up the new Chinese missile base near Taiwan with Mr. Qian. "Our discussions will cover a range of bilateral, regional and global issues," a White House Spokesman has said. One assessment has been that the calculated missile buildup by China is intended to intimidate or even attack Taiwan, and that Mr. Bush must raise the issue with Mr. Qian during his meeting.

Second Chinese missile base near Taiwan

REUTERS

WASHINGTON, March 16. — China has completed a second medium-range missile base close to Taiwan, providing new ammunition for those in Washington advocating urgent sales of advanced weapons to Taipei, US officials have said.

News of the new base, first disclosed in *The Washington Times*, appeared as the Bush administration considers its annual arms sales list to Taiwan, a decision that always prompts tensions with Beijing.

Mr George W Bush is due to meet China's top foreign policy official, Vice-Premier Mr Qian Qichen, in Washington next week for talks expected to feature Taiwan. An administration official confirmed the newspaper report that China had established a second base near its coast for nearly 100 CSS-7 short-range ballistic missiles capable of reaching Taiwan.

"It (the base) has been there now for only a few short months," the official told reporters. "It is the second such

base," he added, "the missiles are positioned obviously and intentionally so they could be used against Taiwan."

Navy Admiral Craig Quigley, a Pentagon spokesman, declined to comment directly as the report concerned intelligence matters.

"I don't think it's any secret that China is modernising its military and that includes increasing the size of its missile force," he said, adding, it was something USA was watching closely.

Admiral Quigley told a regular Pentagon briefing that while it was within China's rights to increase its missile force, Washington hoped "the modernisation efforts they have under way are not destabilising to the region."

The Washington Times reported in December 1999 that construction had begun on the base, near Xianyou about 215 km from Taiwan.

A spokesman at China's foreign ministry, which has said Beijing will invade Taiwan if it declares independence, denied that report, saying it was based on "fabricated rumours".

THE STATESMAN

17 MAR 2001

China blames US plane for air collision

BEIJING, April 1. - China today blamed a US plane for a mid-air collision that had brought down one of its fighters.

"A Chinese aircraft was conducting normal flight operations 10 km south of Hainan island when a US plane suddenly veered towards it," said a foreign ministry statement.

"The nose and left wing of the US plane hit the Chinese plane and caused it to crash," the statement said. "China is now searching for the crew."

Earlier, the US Navy said one of its surveillance aircraft had made an emergency landing in the Hainan island after a mid-air brush with a Chinese fighter on an interception mission. All 24 crew aboard the US plane were safe.

"There were no injuries that we know of related to the landing. But we have not received any communication since the landing," a Navy spokeswoman said.

- Reuters

THE STATESMAN

- 2 APR 2001

Dalai Lama's Taiwan visit political: China

BEIJING, APRIL 1. China today lashed out at the Tibetan spiritual leader, the Dalai Lama, for visiting Taiwan "to collude with splittists on the island to achieve Tibetan independence".

"The Dalai's second Taiwan trip will certainly be a political visit for collaborating with Taiwan independence forces to separate the motherland, regardless of the 10-day schedule which includes many preaching and religious ceremonies," the official media said in a commentary, a day after Dalai reached Taipei.

"For the past four decades, the Dalai has continued to make political deals in a religious robe," Xinhua news agency said.

During the current trip, Dalai plans to meet Taiwan's new President, Mr. Chen Shui-bian, and its former leader, Mr. Lee Teng-hui, who have all been vilified by China as "splittists".

"Let's wait and see how Dalai will perform during his "religious

trip' to Taiwan", the commentary said noting that Taiwan's ruling Democratic Progressive Party and its leadership have been making attempts to establish "republic of Taiwan" and sought membership in the United Nations. "With such a political backdrop, how could Dalai's trip be a pure 'religious tour'?" the article asked.

The Dalai made his first trip to Taiwan in 1997, which drew fierce protests from Beijing. — PTI

Dalai meets Tibetans

AFP reports from Taipei:

The Dalai Lama, today met nearly 100 Tibetans, including some illegal immigrants, on the second day of his nine-day trip to the island.

He gave his blessings to the gathering and listened the problems they faced while living in Taiwan. There are some 1,000 tibetans in Taiwan, including 100 illegal immigrants.

THE HINDU

- 2 APR 2001

China calls US arrogant

FROM JEREMY PAGE

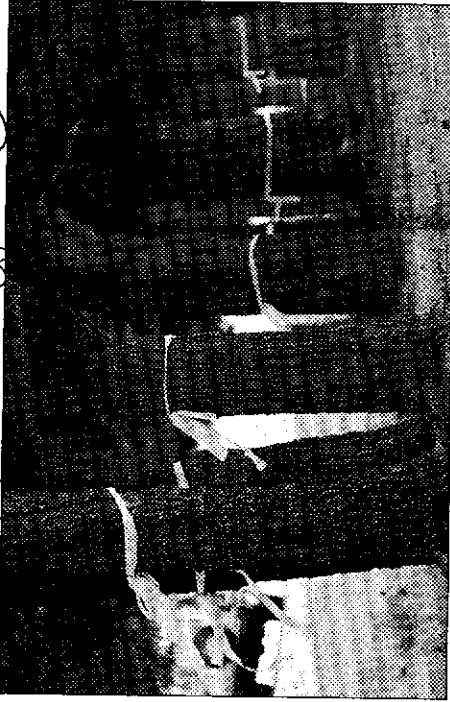
Haikou (China), April 4 (Reuters): China today berated the US for its "arrogance" and "repeated errors" over a stranded spy plane and crew and insisted again on an apology from Washington.

As US officials pressed Beijing to allow them a second meeting with the 24 crew members held on Hainan island, foreign minister Tang Jiaxuan complained that Washington had still not taken proper responsibility for the incident. "On the contrary, it has displayed an arrogant air, used lame arguments, confounded right and wrong, and made groundless accusations against China," he said after summoning US ambassador Joseph Prueher to a meeting.

The US was "committing repeated errors", the official Xinhua news agency quoted him as saying. US officials suggested, however, that there were signs that some of the tension was easing.

"There are gestures of goodwill and cooperation and we hope that will continue," a US official said in Haikou on Hainan.

However, the White House said today it was up to China to avert an international incident and that Prueher had again rejected Chinese demands for an apology. White House spokesman Ari Fleischer said President George



Oak trees are decorated with yellow ribbons in Oak Harbor, residence of crewmen and families of the detained US spy plane. (AFP)

W. Bush did not want to let the dispute over the spy plane rise to the level of an international incident.

Bush, facing the biggest foreign policy crisis of his short presidency, demanded the immediate release of the crew members and the return of the plane, which Washington describes as sovereign US territory.

With the standoff in its fourth day, President Jiang Zemin today repeated a demand for a US apology for Sunday's mid-air collision which sparked the crisis and resulted in the loss of a Chinese F-8 fighter. China's state media mir-

rored Jiang's headline stand but cut little ice in Washington.

Secretary of state Colin Powell said that Washington had no intention of apologising, rejecting Chinese accusations that the collision was its fault.

US officials accuse China of examining the plane despite warnings to stay away. China says it has every right to examine the plane as it entered its airspace without permission.

Chinese state media stepped up anti-US rhetoric today and splashed pictures of the crippled US surveillance aircraft on the

tarmac on a military base on the tropical island where it made the emergency landing.

In a twist likely to raise Sino-US tension further, US diplomats said that China had formally arrested a Chinese-born US academic whose detention in February brought statements of concern from Bush.

Chinese-born US academic Gao Zhan had been formally arrested on charges of accepting money from a foreign intelligence agency and spying in China. Beijing detained Gao, a US permanent resident who is a sociology researcher at Washington's American University and has worked on women's issues in China and Taiwan, on February 11. Her husband has flatly dismissed the spying allegations. "The formal arrest of Gao Zhan is directly tied to the escalating tensions between the US and China," said Liu Qing of the US group human rights in China.

China allowed US diplomats their first contact with the spy plane's crew yesterday, but US officials said ambassador Prueher was pressing for fresh access.

"We're pushing pretty hard to get the Chinese to at least talk and open up the dialogue rather than shut it down during this fairly critical period," Prueher told ABC's *Nightline*.

Officials buy essentials for plane crew

Haikou (China), April 4 (Reuters): As the temperature rose in a diplomatic standoff between Washington and Beijing, US officials stocked up with supplies to protect the crew of a US spy plane held on this tropical island — deodorant, shaving kits, and underwear.

US defence attache Brig. Gen. Neal Sealock led a mission through the palm-lined streets of Haikou, capital of Hainan province, to a downtown shopping mall to buy provisions for the 24 crew of the plane that made an emergency landing at the Chinese military airbase. "It's the American pilots," shouted excited shoppers as a swarm of international journalists swept after the officials into the Shengsheng department store.

They stared in confusion as Sealock, Sergeant Robert Mil- tersen piled shopping baskets full of toiletries for the crew whom they met for the first time in the early hours of this morning, nearly three days after the plane landed. But Sealock apparently drew the line at buying underwear before the world's media. He returned to his hotel early while Miltersen picked up a large pile of socks and briefs.

THE TELEGRAPH

5 APR 2001

China's military for hard line

ASSOCIATED PRESS

BEIJING, April 7. — China's politically powerful military today stepped up pressure on Beijing to take a hard line against Washington in the stand-off over a collision between a US spy plane and a Chinese fighter jet.

This has dampened hopes for the early release of the American crew.

The White House stood by its expression of regret — but no apology — for the collision. After a third meeting with the plane's 24 crew members, US diplomats said they were in "high spirits" after receiving e-mails from their families.

Defence minister Gen Chi Haotian said the People's Liberation Army won't let Washington "shirk



US ambassador to China Mr Joseph Prueher walks away after a press conference outside the US embassy in Beijing on Saturday. — AP/PTI

responsibility." The crew has been held on southern Hainan island, where they made an emergency landing

last Sunday after colliding with the Chinese jet, whose pilot is missing. China's stern tone was in

contrast to assurances by diplomats and civilian leaders that Beijing sought an early settlement and didn't want the dispute hurt Sino-US relations. It also compounded suspicions that military and security forces — the most hawkish segment of the government — were obstructing a settlement.

Pilot's wife slams Bush

The wife of the missing Chinese fighter pilot, whose plane collided with a US spy plane on 1 April, has sent a letter to US President Mr George W Bush, criticising his administration's "apathy" towards her husband's life and demanded an apology for the mid-air collision, the state media reported today.

THE STATESMAN

8 APR 2001

Jiang gets a warm hug from Castro

Havana, April 13: Embraced by Mr Fidel Castro upon his arrival, Chinese President Jiang Zemin started out on a warm note during his visit to his country's only Communist ally in the western hemisphere and a strong supporter during its diplomatic flap over a US spy plane.

President Castro greeted a smiling Jiang at the steps from the Air China jet on Thursday afternoon. Neither President spoke to reporters before they left in a Mercedes sedan for an official greeting ceremony. A written statement by Jiang that was distributed later to journalists did not mention the diplomatic standoff that erupted between Beijing and Washington earlier this month after an American spy plane and a Chinese fighter jet collided over the South China Sea, presumably killing the Chinese pilot.

Instead, Jiang praised Cuba for being the first Latin American nation to establish diplomatic relations with Communist China 41 years ago.

"The Chinese government attaches importance to its ties with Cuba, supports the just struggle of

Cuba in maintaining state sovereignty and national independence and opposing against outside interference and threat," the presidential statement said.

Before leaving Brazil for Cuba on Thursday morning, Jiang made no comment on the end of the standoff with the United States.

China's state-run Xinhua news agency reported that while on a stop on Wednesday in Montevideo, Uruguay, Jiang said: "The incident has not been fully settled." The visit to Cuba was Jiang's second since assuming power in 1993. Castro last visited China in 1995.

Cuba, a former Soviet ally, began looking to China for help with its struggling economy after the Soviet collapse a decade ago.

Mr Castro's brother and designated successor Gen. Raul Castro, Cuba's defence minister, visited Beijing in 1997 and high-ranking Chinese military officials visited Cuba in December. Cuban foreign minister Felipe Perez Roque last week praised China's success, saying its achievements "constitute proof of the potentials and advantages of socialism." (AP)



SALUTE: Chinese President Jiang Zemin (right) and Cuban President Fidel Castro review the Cuban presidential honour guard at the presidential palace in Havana, Cuba, on Thursday. (AP)

THE ASIAN AGE

14 APR 2001

Beijing shoots down US collision charges

Beijing, April 14

China today bluntly denied US assertions that a Chinese fighter caused the collision with a US spy plane which sparked a tense 11-day diplomatic stand-off.

Foreign Ministry Spokeswoman Zhang Qiyue suggested that the US charges, made in Pentagon briefings yesterday, could damage relations and undermine talks due on Wednesday.

"Washington ignored the facts and called black, white... It is not beneficial for the development of Sino-US relations and not beneficial to the forthcoming talks," she said.

"If the USA insists on this wrongdoing and causes damage to Sino-US relations, the serious consequences will be borne by the American side," Zhang said.

Defence Secretary Donald Rumsfeld backed up the US allegation that Chinese pilot Wang Wei was to blame for the collision by issuing old video footage -- of the plane Wang was flying on April 1 -- with in feet of an American EP-3. "It is clear that the pilot intended to harass the US crew," he said.

Rumsfeld said that on April 1, the Chinese pilot flew into the propeller of the EP-3, causing a collision which lopped off the American plane's nose cone, damaged a second propeller and shooting



A file picture of a Chinese fighter pilot manoeuvring his jet alongside a US surveillance plane during a mission over the South China Sea. A Pentagon official confirmed this is the same plane shown in a video taken in January 2001, presented by Defence Secretary Donald Rumsfeld on Friday.

metal shards through the fuselage. The Chinese fighter was cut in two, he said. But Zhang repeated China's assertion that the EP-3 veered suddenly into Wang's F-8, sending it plunging into the South China Sea. Wang bailed out, while the EP-3 made an emergency land-

ing on Hainan.

Zhang iterated Beijing's demand that the US stop its spy flights. She said Washington should admit "full responsibility" for the incident, a Beijing demand left unsatisfied by Washington's "very sorry" for Wang's presumed death

and for landing without permission.

Meanwhile, China today called off the massive search for Wang after authorities concluded there was no chance of finding the jet pilot alive.

Reuters

Islanders plan hero's welcome for crew

Whidbey Island (Washington), April 14

THE TREES and lamp posts are decked up with yellow ribbons and signs that read: "Welcome home: God bless America." That's how Whidbey Islanders are preparing to welcome their servicemen and women home from their 12-day international ordeal after a US navy spy plane collided with a Chinese fighter jet over the South China sea.

After a two-day stop in Hawaii for debriefing, the guests of honour are expected to walk off a gulfstream jet around 4:30 pm local time today.

But base officials plan to open the hangar to the public around three hours earlier.

The US navy says it expects a crowd of 10,000 at the Whidbey Island naval air station -- home to 14 of the crew -- when the 21 men and three women arrive here.

Whidbey Island is home to the ep-3 surveillance plane and most of its crew, whose collision with the Chinese jet sparked a diplomatic shouting match between Beijing and Washington.

Residents of this tree-covered island in the middle of Puget sound followed each step of the crisis, and have been preparing for days for the celebration.

Military personnel account for 7,000 of the island's population of 62,000.

"We're all very intermingled here, the military with the non-military," said Sue Sebens. "We work together, we live together, and our kids go to school with each other."

AFP

China nod to Afghan peace effort

17/4 (11) 1-5
Beijing, April 16 (PTI): In an apparent bow to Pakistan, China today said it welcomed international efforts, including that of India, to bring peace and stability to war-torn Afghanistan.

"China welcomes and supports all efforts that are conducive to peaceful resolution of the Afghanistan issue," foreign ministry spokeswoman Zhang Qiyue said when asked whether China saw a role for India in resolving the Afghanistan issue.

Pakistan had reacted strongly to Iran's suggestion during Prime Minister Atal Bihari Vajpayee's visit to the Gulf nation last week that Islamabad should work with New Delhi and Tehran to resolve the Afghan issue.

Pakistan foreign minister Abdul Sattar on Saturday had ruled out any role for India in Afghanistan.

"The world community has identified eight countries which have a role to play in bringing peace to Afghanistan and India is not among them," Sattar, who is scheduled to arrive in China today, had commented in Rawalpindi.

The United Nations has established a "six-plus-two group" to try to broker an end to the two decades of war in Afghanistan. The six countries are Afghanistan's neighbours — Pakistan, Iran, China, Turkmenistan, Tajikistan and Uzbekistan. The other two are the US and Russia.

THE TELEGRAPH

17 APR 2001

Zhu in Nepal, Maoist issue comes to fore

BY SUMAN PRADHAN

Kathmandu, May 14: Chinese Premier Zhu Rongji arrived in Kathmandu on Monday to kick off a three-day official visit that is expected to dwell on trade, investment and security. Zhu arrived straight from Pakistan where he began his four-nation South Asian tour last week.

Immediately after arrival at the Tribhuvan International Airport, Mr Rongji issued a statement underscoring the aim of his visit. "My visit is aimed at consolidating our traditional friendship and intensifying mutually beneficial cooperation," he said. "In the new century, we will work further to develop good-neighbourly partnership."

Mr Rongji's trip to Nepal marks the first

visit to this Himalayan Kingdom by a high-level Chinese official. The last such visit was by Chinese President Jiang Zemin in 1996, though King Birendra has visited China several times in recent years, the last time early this year.

The first day of Mr Rongji's visit to Nepal is the most important one since he is holding talks with Prime Minister Girija Prasad Koirala. The two leaders will also sign six agreements ranging from the opening of more trade routes between the two nations to construction of a new polytechnic institute just outside of Kathmandu. Premier Rongji is also scheduled to have a meeting with King Birendra.

But senior Nepali government officials said China could also discuss the ongoing

Maoist insurgency which has ravaged this nation, as well as political activism by Tibetan exiles based in Nepal.

The influential *Kathmandu Post* newspaper on Monday wrote that Mr Rongji is particularly keen to distance his country from the Maoist insurgency, that has claimed more than 1,600 lives since 1996. "The Chinese want to dispel any doubts that they have a role in the insurgency," the newspaper wrote quoting security analysts in Kathmandu. Mr Rongji could also be seeking assurances from Nepal about curtailing the political activism by Tibetan exile groups who have been waging a "Free Tibet" movement for years.

Foreign minister Chakra Prasad Bastola, anticipating the issue, has already

announced that Nepal will never allow its territory to be used against any of its neighbours. But he admitted that there were limits to what a democratic nation could do to curtail free speech. But security concerns would form only a part of the talks. The government has already said that trade and investments will be the top priority for the two governments, more so for Nepal which has a lopsided trade imbalance with China. Nepal imported Rs 12.4 billion worth of goods from China in the last fiscal year, but exported a meagre Rs 900 million worth.

To address the imbalance, Nepali officials are urging China to put the nation into one of its officially sanctioned tourist destinations and to open four more border crossing points between Nepal and Tibet.

THE ASIAN AGE

13 MAY 2002

13 MAY 2002

Falun Gong targets Zemin during Hong Kong visit

REUTERS

HONG KONG, May 8. Hundreds of Falun Gong members today staged protests in Hong Kong blaming the visiting Chinese President, Mr Jiang Zemin, personally for a crackdown spiritual group, which is outlawed in mainland China.

The demonstrators unfurled banners and executed their slow-paced exercises at police-approved sites. The demonstrations have set the tone for a host of protests aimed at Mr Jiang, who arrived at mid-day to attend an international economic forum.

"Mr Jiang Zemin cannot shirk responsibility for the persecution of Falun Gong," said one banner, stamped with images of alleged Falun Gong members imprisoned in mainland China.

Mr Jiang, who is accompanied by his wife and vice premier Mr Qian Qichen, was welcomed by more than 100 children waving Chinese and Hong Kong flags. Chief executive of Hong Kong, Mr Tung Chee-Hwa, who is appointed by Beijing, beamed deferentially nearby.

But the rest of Hong Kong promises to be less hospitable.



Falun Gong members go through their meditation routine against the Hong Kong skyline at one of the city's ferry piers on Tuesday. — AP/PTI

Groups will take to the streets to protest against Mr Jiang and Beijing's policies. Meanwhile, more than 3,000 police personnel have clamped a security zone around the conference venue.

Over 600 international business executives and politicians, including former US President, Mr Bill Clinton, will attend the Fortune Global Forum, which

is focusing on China's development.

The protests are a rare instance of China's Communist leaders being challenged on Chinese soil, and could pose one of the most serious tests to date to the large degree of autonomy granted to this former British colony when it returned to China in mid-1997.

THE STATESMAN

9 MAY 2001

China's no to spy plane flyout

PRESS TRUST OF INDIA

BEIJING, May 8. - China today strongly opposed the resumption of the US surveillance flights off its coast. It also rejected Washington's wish to fly out the crippled EP-3 spy plane from the Chinese airbase in Hainan island.

"China has constantly opposed the US spy flights off its coast and will continue to lodge serious representations with the USA on the resumption of such flights," the foreign ministry spokesman, Mr Sun Yuxi, said.

Media reports from Washington said a US air force surveillance plane yesterday flew the first reconnaissance flight off China's northern coast and there was no interception by the Chinese.

Flying from Kadena airforce base in Okinawa, Japan, the RC-135 plane flew a routine track along the northern portion of China's coastline, the report said.

Meanwhile, Mr Yuxi also said the damaged EP-3, currently held by China at Lingshui military airbase in South China's Hainan province, can't leave on its own after repairs. "The EP-3 cannot leave Hainan," he said.

His comments were in response to a statement made by the US defence secretary, Mr



A woman walks past a picture of Chinese fighter jets in Shanghai on Tuesday. - AP/PTI

Donald Rumsfeld, who hoped that EP-3 plane could fly back to USA.

"The USA should take a pragmatic and constructive attitude so that the issue on handling the plane could be properly settled," the spokesman said.

The USA has rejected the Chinese demand that it should

stop such reconnaissance flights off the China coast, contending that its flights over international air space as well as off the Chinese territorial waters are perfectly legal under international law.

It also said such flights have to be conducted to protect itself, its allies and friends.

The spy flights were suspended after a mid-air collision between a US navy spy plane and a Chinese F-8 fighter plane that intercepted it over the South China Sea. The Chinese fighter crashed into the sea and its pilot was killed, but the US aircraft managed to make an emergency landing at Hainan.

THE STATESMAN

9 MAY 2001

China remains firm on talks with USA

THE CHINA DAILY
ASIA NEWS NETWORK

BEIJING, May 15. - China's opposition to the US National Missile Defence programme is consistent and won't change, the Chinese foreign ministry spokesman, Mr Sun Yuxi, said in Beijing today.

Mr Sun made the remark when asked to comment on the discussion between Mr James Kelly, US assistant secretary of state for East Asian and Pacific Affairs and his Chinese coun-

terpart.

Mr Sun said the US plan to develop NMD is a matter that "harms others without benefiting the USA itself," and if it continues with the program, it will "lift a stone only to drop it on its own toes."

He warned that the deployment of NMD will break the global strategic balance and stability, undermine the mutual trust and cooperation be-

tween big nations, hinder the process of international disarmament and the anti-prolifera-

SPOILSPORT CHINA

TAIPEI, May 15. - Taiwan's bid to join the World Health Organisation has been shot down by China, the foreign ministry said here today. Russia and Pakistan have also opposed the move. - AFP

tion efforts, and trigger a new round of arms race.

China hopes to urge the USA to give up its NMD programme through diplomatic consulta-

tions," he said.

The spokesman said every country has the right to take necessary measures to enhance its national security, but not at the expense of the security of other countries.

The USA should follow the advice of the international community and consult with other countries on the issue of NMD.

"We hope the USA acts with

great care and continues to adhere to the Anti-Ballistic Missile (ABM) treaty and other treaties on disarmament and

arms control," he said.

Mr Sun said that in a sense China objects more to the TMD (theatre missile defence), because such a program aims to enhance military alliance, exceeds the needs of a justifiable defence, poses a threat to surrounding countries, and undermines the peace and stability of the Asia-Pacific Region in particular.

And the intention of including Taiwan in TMD constitutes direct interference in China's internal affairs, he added.

THE ST

16 MAY 2001

Economics brings China, Taiwan closer; ties growing stronger

BY CRAIG S. SMITH
New York Times Service

Kunshan (China), May 16: Despite visions of war conjured up by President George W. Bush's suggestion that the United States could help defend Taiwan from any Chinese invasion, social and economic integration between the mainland and the island is stronger than ever, and it is growing.

Tension across the 160-km strait separating the two sides of a decades-old civil war has ebbed considerably, at least as measured by these contacts. Some experts say that, if the trend continues, Taiwan's government will soon be unable to afford antagonising China, and that the cost to China of attacking Taiwan might become prohibitive. Nowhere is that on starker display than in

Kunshan, a town that Taiwan built. About 10 per cent of Taiwan's \$50 billion investment in the mainland has landed here, just off a 100-km highway from Shanghai to Suzhou. And almost all of the town's tax revenue comes from 900 Taiwan companies that have transformed the once-ranshackle farming community into one of China's brightest new cities. "What we may be seeing in cross-strait relations is a kind of Hong Kongisation of Taiwan-mainland relations," said Mr Orville Schell, a long time China watcher now at the University of California-Berkeley. He noted that the economic promise of friendly ties with Beijing had eroded the anti-Communism of Hong Kong's business elite and smoothed the territory's 1997 return to mainland rule. "Simply put, the tension of politics may be cut by

the imperatives of business and trade," Mr Schell said.

Kunshan's silver, 20-storey city hall rises across from a massive science and culture exhibition centre, still under a wrap of sheeted scaffolding. Near the centre of the town, freshly painted pastel apartment buildings line streets so clean and orderly that they

SPOTLIGHT

look more like Tokyo than China, where urban centres are more often a mess.

"Even in 1995, the streets were run down," said Mrs Lu Cuijing, a middle-aged woman standing amid clouds of rulle and organza in a wedding shop along Advance Street. "Now the sidewalks are paved with granite." Now Taiwan's economic presence on the main-

land has risen steadily for the past decade, even though the island and China have never formally ended the civil war that culminated in the Communist takeover of the mainland in 1949 and the retreat of Chiang Kai-shek's nationalist troops to Taiwan.

Beijing refuses to renounce the right to use force to regain the island. But with the deaths of Generalissimo Chiang and his archrival, Mao Zedong, in the 1970s, the opening of China's economy to the outside world, and the ending of martial law in Taiwan in the 1980s, the stage was set for freer association. Investment accelerated markedly after a devastating earthquake on Taiwan in 1999. The quake temporarily shut down much of the computer-related industry on the island, which is prone to quakes, thus prompting many high-tech companies to

shift production to China. Half of Taiwan's high-tech products are now made on the mainland, whose vast market also draws the island's investors.

Belligerency and political mistrust might still, of course, vanquish economic imperatives. Weapons purchases and a recent sharp increase in military spending by China are directed almost exclusively at Taiwan.

China has not reduced the frequency of its military exercises or new missile deployments facing the island, which in turn has not slowed its own programme to acquire weapons. The same economic growth that is drawing Taiwan to the mainland is financing Beijing's military expansion, aimed at giving China a coercive edge over Taiwan. Meanwhile, talks between the two governments show no sign of resuming.

THE ASIAN AGE

18 MAY 2001

China rejects Taiwan's peace initiative again

By Harvey Stockwin
The Times of India News Service

HONG KONG: China has once again demonstrated its current hardline in foreign policy as it dismisses a peace initiative from Taiwan aimed at diminishing tensions in what is increasingly seen as east Asia's most dangerous flashpoint.

Seeking to diminish the tension which arises from the absence of talks between communist China and democratic Taiwan, Taiwan's president Chen Shui-bian has once again indicated his willingness to undertake a dialogue with the mainland "on anything, anytime, anywhere" but Beijing has once again dismissed the Taiwanese offer stating that Taiwan must first accept China's viewpoint.

Mr Chen made his offers as he celebrated a year in office after becoming the first opposition leader in Chinese history to take office as a result of a democratic transfer of power. In fact, Mr Chen appeared to make two offers within a day of one an-

other. On Wednesday (May 16) he conducted a video-conference with the Washington DC branch of the influential U.S. Council on Foreign Relations. During the conference Mr Chen repeated his call for a dialogue between China and Taiwan.

Mr Chen referred to the fact that in the last one year China has continued to talk to leaders of the former ruling party, the Kuomintang, even though it came third in last year's presidential election. Stressing that China must talk to the now ruling Democratic Progressive Party (DPP), Mr Chen pointed out that "Beijing's courting of Taiwan's opposition politicians and leaders of industry to force the (Taiwan) government to change its policies is of no use to the situation across the Taiwan Straits."

Mr Chen went even further as he addressed the nation on television to mark his first year in office. Invoking the parallel of last year's surprise summit between the leaders of north and south Korea, Mr Chen hoped that China "will be able

to open its mind, create a new era in history with courage, and jointly create a historic 'moment of hand-shaking' between leaders of the two sides."

Beyond any summit, Mr Chen emphasised that "we are willing to meet the other side for talks on anything, anytime, anywhere under the principle of democracy, parity, and peace." Mr Chen also hitched his offer of a meeting with Chinese President Jiang Zemin to his possible attendance at the Asia-Pacific Economic Cooperation (APEC) summit due to be held in Shanghai in October.

"I sincerely hope to attend the event and speak with Mr Jiang on any subject" Mr Chen said. Indicating that China's refusal to speak with Mr Chen and the DPP is set in stone, Chinese foreign minister Tang Jiaxuan rejected these offers so quickly that there could not possibly have been any discussion in the upper echelons of the Chinese communist leadership before he did so.

THE TIMES OF INDIA

21 MAY 2001

MONDAY, MAY 21, 2001

CHINA FACTOR IN SOUTH ASIA *xy-12*

CHINA'S PRIME MINISTER, Mr. Zhu Rongji, has reaffirmed his country's strategic proximity to Pakistan in the present context of an expanding international debate on the new U.S.' plans for a missile defence system. Mr. Zhu's task became easier during his latest visit to Islamabad even as Pakistan's Chief Executive, Gen. Pervez Musharraf, adopted a nuanced stance of opposing the current U.S. move on the ground of 'principle' — any plan that could reignite a missile competition or a nuclear arms race on the international stage must be disfavoured. Mr. Zhu's visit to Islamabad might have been planned well ahead of Washington's policy pronouncement on missile defence; but the eagerness of both China and Pakistan to seize the occasion to tune themselves to the same wavelength is hardly surprising, given their enduring strategic bonhomie of several decades. On the latest occasion, it was truly a Hobson's Choice for Pakistan after the Vajpayee administration had controversially committed official India to a policy of welcoming Washington's new ideas about a global strategic framework. It hardly mattered to the military-led Pakistan Government that New Delhi did so without even appearing to have evaluated the long-term implications of the American game-plan. In these circumstances, the coincidental visit to India by a ranking Chinese Communist Party mandarin, Mr. Li Chang Chun, acquired diplomatic overtones unrelated to his status in Beijing's official hierarchy. In any case, Mr. Li advocated that "pragmatism" should transcend the strategic and political differences between the two countries. New Delhi harped on the need for "sensitivity" by the two sides towards their respective "concerns". Shorn of the euphemistic niceties, the reality is that official New Delhi's latest honeymoon with Washington has induced Beijing and Islamabad to reinforce their equation.

It is indeed too early to foresee with absolute certainty whether the present Bush administration in Washington will risk a full-scope cold-

war-style antagonism with China sooner or later. Unlike during the earlier Cold War between the U.S. and the former Soviet Union, the Chinese leadership is in no position now to count on a bloc of its own, comprising a plurality of 'satellite-states', in a manner the old Kremlin did for a number of decades. Viewed in this perspective about Beijing's overall strategic disabilities, New Delhi can probably seek to downplay its new discordant notes that reverse its own recent attempt at singing a tune of 'multipolar' politics on the global stage. Another argument that seems to enthrone official India is that China will, in a quintessential autonomous move, seek to meet the threat it perceives from the U.S. For China, the argument goes, the policy imperative is not determined by the Vajpayee administration's recent action of welcoming Washington's mega-plan for a missile defence network on account of America's related goal of downsizing its enormous nuclear arsenal.

MS
The empirical reality that should not be missed, however, is that the Vajpayee administration has chosen to make light of India's legitimate right to strategic independence. The contrast with China cannot have been more vivid, whatever be the immense differences between the respective political systems as also styles of the two countries. The schedule of Mr. Zhu's latest visit to a few states bordering India could have been sketched out before the current international controversy erupted over the anti-missile question. It is, therefore, possible that China has not signalled any intention now to encircle or contain India in a strategic sense. Yet, two questions will need to be sorted out in India's national interest in this specific context. To be addressed are the issues arising out of Washington's new calculus of "friends and allies" as also post-Soviet Russia's eventual response to it. Moreover, New Delhi should, in time for Mr. Zhu's planned visit to India later in 2001, reconcile the pros and cons of coexistence with China in the strategic sphere.

THE HINDU

11 MAY 2001

US can take away spy plane in pieces: China

REUTERS
BEIJING, MAY 24

CHINA'S Foreign Ministry said on Thursday it had accepted a United States proposal to dismantle the crippled American EP-3 spy plane held on Hainan Island since April 1 and return it in pieces. "The United States has submitted a proposal to take apart the plane and take it back to the US," Chinese Foreign Ministry spokesman Zhu Bangzao told a news conference.

"The Chinese side has agreed to that," he said in an implicit claim of victory after Washington had initially said the damaged spy plane could be repaired and insisted it be flown off Hainan. China has consistently refused that it would not allow so to happen and Zhu repeated its brusque refusal on Thursday.

Zhu said the two sides had not yet agreed whether the plane's parts would be flown or shipped from the southern Chinese island.

"The two sides will continue to negotiate on the

technical details of returning the plane," Zhu said. "We do not agree to flying the plane out of China. This is impossible."

China's relationship with the United States has been severely strained since the collision between the spy plane and a Chinese F-8 fighter jet over the South China Sea on April 1.

The stand-off over the crew and the row over how the plane should be returned is just one of several thorny issues which have beset Sino-US relations. Others include US promises of significant arms sales to Taiwan and visits to the United States by Taiwan President Chen Shui-bian and Tibet's exiled spiritual leader the Dalai Lama.

United States Vice-President Dick Cheney said on Sunday that the damaged plane would probably have to be shipped out in crates.

The American President has to notify Congress formally by June 3 of his intention to extend normal trade relations to China for another year. Critics of China in the House are already planning to challenge that decision.

INDIAN EXPRESS

25 MAY 2001

China rejects Taiwan leader's olive branch

HS-4

Beijing, May 31

BEIJING HAS flatly rejected Taiwan President Chen Shui-bian's new "five no's" policy to break the impasse in Cross-Straits relations terming it as "inadequate".

Responding to Chen's latest initiatives to break the Taipei-Beijing impasse, the spokesman for the Taiwan affairs office of the State Council, Zhang Mingqing urged Chen to explicitly acknowledge the "one-China" principle as soon as possible and take concrete steps to develop Cross-Straits relations.

He said Chen's "five no's" policy offered nothing new and described it as an attempt to pre-

sent a false picture of stability in Cross-Straits ties.

Chen, who was elected president of Taiwan last May, unveiled the new policy, which describes Taiwan's relations with Beijing, on Sunday during a visit to Guatemala.

Chen said the "five no's" include no provocation of the mainland, no misjudgment of the Cross-Straits situation, no acting as a pawn for other countries, no halting of efforts to improve cross-straits relations and no war with the mainland. Zhang also noted that Chen had refused to accept the "one-China" principle and the 1992 consensus.

Rather than accepting this principle, Zhang said, "Chen has

been attempting to rely on foreign forces to impede the peaceful reunification of the motherland." Acceptance of the "one-China" principle, which holds that Taiwan and the mainland are a part of the same China, has been set by Beijing as the necessary pre-condition for resumption of any Cross-Straits talks.

Migrants' battle delayed: The top court here ordered the legal aid department today to show how it handled evidence from mainland Chinese migrants trying to live in Hong Kong which will delay an immigration case for weeks, report from Hong Kong adds. Some of the 5,114 Chinese asking the court of final appeal to let them stay in affluent

Hong Kong grumbled outside the courtroom that the move would only prolong their uncertainty.

"Whether it's a 'yes' or a 'no', just let us know what we should do," said Hung Kwai, 32, who came from Fujian province. "It has dragged on because the Government keeps changing its mind — the British colonial Government was much more straight forward. They're dangling our hope."

Attorneys for the migrants told the court that Hong Kong officials misled the Chinese into believing that there were no need to make their applications for residency while two lawsuits on right of abode were being heard by the courts here.

PTI/AP

THE HINDUSTAN TIMES

- 1 JUN 2001

China drafts treaty to ban space weapons

REUTERS

GENEVA, June 7. - China, stepping up its campaign against the proposed US national missile defence system, today presented a draft international treaty which would ban testing and deployment of weapons in outer space.

Mr Hu Xiaodi, China's ambassador to the UN Conference on Disarmament, called for the launch of urgent negotiations to prevent the stationing of weapons in space, which he called an "imminent danger."

He was addressing the 66-nation body in Geneva, where diplomats say the US delegation is the only one to oppose launching full-fledged negotiations on outer space.

The Bush administration is looking into developing an anti-missile programme despite strong objections by countries including Russia, which says it would violate the 1972 Anti-Ballistic Missile Treaty, which bans such systems.

"Today, upon the instruction of the Chinese government, I submit a working paper entitled 'Possible Elements of the Future International Legal Instrument on the Prevention of the Weaponisation of Outer Space'," Mr Hu told delegates.

"For any preventive measure to have effect, the international community must act right away. Otherwise, the window of opportunity would soon close," he added.

THE STATES

US pressures China ahead of Powell trip

Washington, July 7

THE US on Friday nudged China for a speedy resolution of its spying case against US-linked Chinese scholars, a week ahead of a vote on Beijing's bid to host the 2008 Olympic Games.

A swift trial of Li Shaomin, a US citizen, and Gao Zhan, a permanent US resident, both accused of spying for Taiwan, could also help boost Beijing's image ahead of a July 28 visit, announced on Friday by Secretary of State Colin Powell.

"It is our view that this is hurting them in the international arena and we hope that they want to resolve it favorably and quickly," Deputy Secretary of State Richard Armitage said. Asked if he expected them to be released quickly, Armitage said, "I don't want to prejudice that. We've had a lot of discussions. The Chinese know clearly the U.S. view of this."

His comments were a signal to China for a speedy conclusion of trials of Li and Gao, and though he declined to comment on their cases, could equally apply to U.S. citizen Wu Jianmin and permanent U.S. resident Tan Guangguang. On June 25, the House of

Representatives, in a 379-0 vote, called on President Bush to make the release of Chinese scholars a top priority in dealings with Beijing. Among others, the resolution mentioned those four, plus another two permanent residents, Liu Yaping and Teng Chunyan.

Bush, who raised the case of the scholars in a phone call with President Jiang Zemin this week, is expected to meet him in person at the annual Asia-Pacific Economic Cooperation summit in Shanghai in October, and to go on to Beijing. State Department spokesman Richard Boucher told a news briefing that Li's trial would begin July 14 in the Beijing First Intermediate Court.

Gao's lawyer said her case was with the prosecutor's office and it was reasonable to assume it would reach court in about a week. He said Li's trial could last weeks if the defence presented major challenges.

The first months of the Bush administration have been marked by diplomatic challenges with China, and the reports on the scholars maintained that though a trial offers hope, though no guarantee, that the issue will subside.

Reuters

THE HINDUSTAN TIMES

China makes fresh offer to Taiwan

Taipei, July 13

CHINA HAS made a fresh seven-point offer to Taiwan for the rival states to reunify under the "one country, two systems" policy, according to press reports here Friday.

High-ranking Chinese officials made the offer during talks in Beijing with members of Taiwan's right-wing pro-reunification New Party, the United Daily News said.

Under the plan, Taiwan would be allowed to keep its own military troops, continue using its own currency and keep its current government structure, the paper quoted Chinese Vice Premier Qian Qichen as saying.

Taiwan would also be allowed to run its own customs operation. Beijing would not appoint any officials to the island or take any revenue, and people and businessmen here could keep their property.

AFP

'China vows to 'smash' Tibetan separatism

ref
BEIJING HAS vowed to "smash separatism" in Tibet during a visit by Vice-President Hu Jintao to mark China's 50-year rule, state media said today in the wake of the country's Olympic triumph.

"While the local Tibetans will continue to enjoy their freedom to worship the Buddha, those who conduct separatist activities under the robe of Buddhism will not be condoned," the article in the China daily said.

The article coincided with a similar editorial in the Government mouthpiece people's daily as well as several State media reports praising the "advancements" the Government has made to Tibetan economy, society and culture during its rule.

Coming just days after Beijing won the bid to host the 2008 Olympic games on Friday, the message appears to be a warning to separatists in the politically

He U China
sensitive region of Tibet to behave in the next seven years.

The commentary in the Chinese communist party mouthpiece, The People's Daily, said the party's central committee and China's cabinet held a major national meeting in June on Tibet which called for relevant departments and officials to smash separatists activities.

The People's Daily article said the "peaceful liberation" of Tibet 50 years ago marked a turning point for Tibet, enabling it to "break away from the control of imperialism."

The commentaries came as Hu headed a central Government delegation to Tibet yesterday to celebrate activities marking the anniversary. This year marks the 50th anniversary of China officially establishing control over the Himalayan region.

AFP, Beijing

China wants to join Mekong-Ganga

By Amit Baruah

HANOI, JULY 24. China has shown interest in joining the Mekong-Ganga Cooperation (MGC) and the Bangladesh, India, Myanmar, Sri Lanka, Thailand-Economic Cooperation (BIMST-EC) groupings. China's interest in becoming part of these two regional cooperation groupings has been displayed through select member nations of the two organisations — in both of whom India is a leading player.

It is likely that in the run-up to the second

ministerial meeting of MGC countries (which brings together Myanmar, Thailand, Cambodia, Laos, Vietnam and India) or at the ministerial meeting itself the issue of China joining in could be raised.

Given the fact that China, as a Mekong country, was excluded when the MGC was launched in Vientiane in November 2000, some member countries may argue that the Chinese have a good case to cooperate in the grouping which aims at the promotion of cultural, tourism, human resource and transportation links. It ap-

pears unlikely that India will be warm to the idea of China joining the MGC or even BIMST-EC. New Delhi, of course, has said that the MGC was not a grouping which was directed at any other country. But the exclusion of China as a Mekong country was noted by observers in the region.

For their part, the Chinese had opposed the enlargement of the ASEAN+3 (China, Japan and Korea) grouping by arguing that India did not figure in the geographical sweep of such a cooperative endeavour.

China expels US academic

PRESS TRUST OF INDIA

BEIJING, July 25. - China today expelled China-born American academic, Mr Li Shaomin, after he was convicted of spying for Taiwan, while a Chinese court handed down 10-year sentences



Mr Li Shaomin

to two other USA-based scholars on similar charges.

Mr Li has reached USA. Mr Li, a US citizen, was convicted of spying for Taiwan by a Beijing court on 14 July which, however, instead of sentencing him ordered his expulsion from China. He was detained on 25 February after he entered China to visit a friend.

He was today put on a San Francisco-bound United Airlines flight, Chinese foreign ministry said.

The deporting of Mr Li, a business professor at City University in Hong Kong, is an apparent attempt to improve Sino-US relations before the official visit of the US secretary of state, Mr Colin Powell, from 28 July.

A Beijing court yesterday sentenced two permanent US residents, Ms Gao Zhan and Mr Qin Guangguang for spying.

Ms Gao, a sociologist in a university in Washington DC and still a Chinese citizen, was accused of helping Mr Li gather intelligence for Taiwan.

"Both collected intelligence for spy agencies in Taiwan, causing a serious threat to China's national security," the Xinhua news agency said last night.

PHOTO BY AP/WIDEWORLD

China's ambitious rail link to Tibet evokes mixed response

BILL SAVADOVE
GOLMUD, CHINA, JULY 26

98 9/27/2

For ethnic Tibetan Tashi, a planned railway line from China to Tibet holds both the hope of a better life and a threat to his spiritual homeland.

The 23-year-old Tibetan man, who lives in China, has travelled to the western boomtown of Golmud to find work and earn money for a pilgrimage to Lhasa, the centre of Tibetan Buddhism.

He was making the hazardous trip by a 30-hour bus ride across high mountains and some of the most rugged terrain on earth. However, soon the journey will become much easier.

Work has started on a \$2.4 billion rail link which will stretch 1,142 km (710 miles) from Golmud in the western region of Qinghai to Tibet's capital of Lhasa, the highest railway line ever attempted.

China has set an ambitious goal to finish the state-funded project by mid-2007 despite the difficulties of working at high altitudes and laying tracks across shifting permafrost.

Outside Golmud, coloured flags mark the route of the railway line across barren plateau and snow-covered peaks.

Tashi has mixed feelings about the project, welcoming the development of the backward region but fearing China will use the railway to take wealth away from Tibet.

"Taking the railway would be better," he said, sipping tea in a back street hostel in Golmud. "But after the railway is finished, China will take away all of Tibet's resources."

Chinese officials say the railway will offer an economic lifeline to Tibet and improve the lives of its people. "When the railway is completed, it will solve transport problems once and for all," said Qinghai vice governor Bai Ma. "It will solve the problems surrounding the economic development of Tibet and provide an economic artery."

Tibet is a strategic outpost for China and the railway will allow it to deploy troops rapidly to quell unrest in the region and handle perceived threats on its borders, diplomats say.

INDIAN EXPRESS

INDIAN EXPRESS

China blocks US warship as spy plane row continues

Beijing, May 29

CHINA HAS barred a US warship from visiting Hong Kong, US and Chinese officials have said, in an apparent fallout from a dispute over a US spy plane stranded on Hainan Island.

A Chinese Foreign Ministry spokesman declined to say whether the refusal to allow the minesweeper *USS Inchon* to berth in Hong Kong was linked to the standoff over the spy plane.

But spokesman Zhu Bangzao made clear that despite an agreement in principle to allow the crippled American EP-3 surveillance plane to leave China in pieces, the dispute was not over.

China has held the aircraft since it made an emergency landing on Hainan after a mid-air collision with a Chinese jet fighter during an interception over the South China Sea on April 1.

Zhu declined to say when the \$80 million plane might leave but he said Washington had to take a "realistic and positive" attitude to get the aircraft back early.

And he repeated Beijing's demand for an end to US surveillance flights off its coast. Zhu said, "The US side should adopt a realistic and positive attitude. This will help to achieve an early settlement of this problem." "The US should learn its lesson and change this erroneous practice of sending planes to do surveillance off the Chinese coast."

On Monday, US and Chinese officials said they had struck a deal on the spy plane, apparently signalling an end to a bitter diplomatic wrangle that severely strained bilateral relations.

The spy plane would be flown out in pieces aboard a giant Russian-designed Antonov-124 cargo plane. In the aftermath of the collision, the US announced that military contacts with Beijing would be approved on a case-by-case basis.

Reuters

THE HINDUSTAN TIMES

China
No. 4

China denies reports on missile supply

BEIJING, AUG. 9. China today denied reports that it was supplying missile components to Pakistan, but at the same time urged the United States to lift the export controls on American satellites being launched on Chinese carrier rockets.

10/8
Commenting on a report in the U.S. media, the Chinese Foreign Ministry spokeswoman, Ms. Zhang Qiyue, said the Government had stated in November last that "China has no intention to assist any country in any way to develop ballistic missiles which can be used to carry nuclear weapons. China has always fulfilled this commitment in a serious and responsible way." Ms. Zhang was quoted as saying by the official Xinhua news agency.

"Some U.S. media with ulterior motives spread irresponsible and groundless rumours in attempts to slander China," she said.

Ms. Zhang said the proliferation of weapons of mass destruction and delivery equipment was a threat to world peace and security, and all countries were obliged to abide by related international legal documents.

"China has reason to urge the U.S. to seriously carry out its policy it announced on November 21 last and to take effective measures to remove artificially created obstacles to satellite exports to China, so that the Sino-U.S. cooperation in the field of satellite launching can be normalised as soon as possible," she added.

— P11

THE HINDU

10 AUG 2001

China's WTO entry wouldn't be win-win

BY NAOMI KOPPEL

Geneva, Sept. 10: When China finally joins the World Trade Organisation after 15 years of knocking on the door, most of the world will be relieved.

But for a few countries and competing manufacturers, China's membership could turn into a nightmare. "On balance, everybody believes that there are net benefits for the rest of the world, but there are going to be some losers," says Nicholas Lardy, Senior Fellow at the Brookings institution in Washington. Chinese negotiators were arriving in Geneva on Monday for a meeting at the WTO's lakeside headquarters from Tuesday to Thursday. They expect to go away with an endorsement of the work they've done on meeting WTO rules and obligations. If the working group on Chinese membership signs off on the deal, China will be formal-

ly approved at the WTO's meeting of trade ministers in Doha, in November, and will likely become a full member next year.

China would be followed into the organisation by Taiwan, which has effectively completed its membership work and will likely be cleared to join on Friday. Taiwanese deputy minister of the economy, Chen Rei Long, arrived in Geneva on Sunday feeling hopeful. "We are in the final stage of the accession process. We will make all our efforts to try to achieve that goal," Mr Chen said. The WTO, to which 142 countries already belong, stands for the principle of free trade that if all countries open themselves to foreign imports, producers and consumers around the world will get the best possible deal, countries will specialise in the things they do best and the global economy will grow. All of which sounds good in principle. (Reuters)

THE ASIAN AGE

1 1 007 2001

Don't rush here, China tells Pervez



Beijing, September 18

IN A bid to avoid international spotlight in the aftermath of the US "war" against Taliban, China has persuaded Pakistan President Pervez Musharraf not to rush here and instead sent the Vice Foreign Minister to Islamabad for urgent consultations.

"Recently, at the request of Pakistan, we have sent Vice Foreign Minister Wang Yi to Pakistan for consultations on the current issues as well as bilateral issues," Chinese Foreign Ministry Spokesman Zhu Bangzao said.

Diplomatic sources said Beijing has carefully avoided international spotlight by persuading Musharraf not to rush to its closest ally by sending Wang to Islamabad.

"I can tell you that China and

Pakistan are friendly countries. The two sides maintained diplomatic contacts with each other," Zhu said.

But he refused to give the details of Wang's itinerary.

"On your question with regard to reports of a possible visit to China by President Musharraf, I can tell you definitely that we have no information in this regard. We have made no announcements to this effect," Zhu said.

Asked whether China had closed its border with Afghanistan, the spokesman refused to confirm or deny reports in this regard.

"As for the border between China and Afghanistan, we will, in accordance with the development of the situation, make our own decisions," he said.

PTI

THE HINDUSTAN TIMES

SEP 18 2001

China rushes troops to Afghan border #10-16

KASHGAR, (CHINA) SEPT. 23. Convoys of Chinese military lorries roared along the Karakoram Highway last week heading for the Afghan and Pakistan borders as Beijing scrambled to protect its far-western Muslim region from infiltration by Islamic extremists.

As tourist buses and goods vehicles dwindled to a trickle along the highway that ascends 11,000 ft in 800 km to the Pakistan border, People's Liberation Army lorries roared by, loaded with troops and supplies. At the Khunjerab Pass border point, 14,000 ft above sea level at the foot of the spectacular snow-capped peaks of the Pamir mountain range, the chaotic process of entering China from Pakistan has become an interminable process of scrutiny.

From behind the breeze-block customs posts comes the sound of PLA officers preparing expeditions to scour the nearby mountains and thwart attempts by Afghan refugees to flee the turmoil of their homeland.

Fifty miles north through a patchwork of villages populated by Tajiki Muslims, the single dirt track that leads up the narrow Wakhan Corridor to Afghanistan is out of bounds to all but local villagers and Chinese soldiers.

Since the area across the border is controlled by the Northern Alliance, which buried its commander, Ahmad Shah Masood, last week, the risk has increased that refugees will attempt to flee down this wild and verdant pass.

For fleeing Afghans, heading east to China would be an act of complete desperation because Beijing is determined not to allow a single refugee into its territory. With the border sealed, refugees are a minor part of Beijing's Central Asian fears. The Chinese have a much larger worry: that fundamentalists could one day launch a terror campaign inside China.

The prospect of an arc of Islamic instability engulfing Central Asia clouds Beijing's attempts to exploit the vast natural resources of Xinjiang province, where more than half the population are non-Chinese Muslims. Because of this, Washington's decision to launch a war on terrorism has tantalised Beijing. Senior officials have made it clear that China expects to back the Bush administration even though the leadership remains wary of triggering a nationalistic backlash if it signs up as a full ally. — ©Telegraph Group Limited, London, 2001

SEE HINDU

2001

China elated at prospect of becoming WTO member

BEIJING: China on Tuesday greeted the end of its 15-year torturous bid for accession to the World Trade Organisation (WTO) and pledged to abide by the rules of the multilateral trade body.

"This is a very good piece of news for us," Chinese foreign ministry spokesman Zhu Bangzao said when asked to comment on reports from Geneva that the 18th WTO working party on China approved terms Beijing had negotiated to enter the trade body, clearing the way for membership by the end of this year.

While enjoying its rights, China will strictly abide by WTO rules and conscientiously implement its commitments in accordance with the principle of balance between rights and obligations, he said.

China will, in light of the WTO principle of market opening on reciprocal basis, strengthen economic and technological cooperation with all WTO members including developing members, Mr Zhu said.

China's entry to the WTO will benefit its economy. The package agreement on China's accession will be submitted to WTO general council and later to the WTO ministerial conference in Doha in November for review and adoption.

China will then become a WTO member after necessary legislative procedures, Mr Zhu said. (PTI)



A Chinese shopper takes an escalator at a shopping complex in Beijing on Tuesday. China was upbeat at its impending admission into the WTO.

China condition to Vatican call

FROM TAMORA VIDAILLET

Beijing, Oct. 25 (Reuters): Responding to a plea from Pope John Paul II for diplomatic relations, China said today it was ready to improve ties, but on condition the Vatican stays out of its internal affairs and cuts ties with Taiwan.

Foreign ministry spokesman Sun Yuxi also revealed that Beijing and the Holy See had resumed diplomatic contacts severed in an acrimonious row over the ordination of bishops last year.

Chinese Catholics were thrilled, but scholars cautioned against expectations of a swift breakthrough after half a century of bitterness, despite the Pope's fervent wish to visit China before he dies and expand the reach of the church among the country's 1.3 billion population. In addition to problems over Taiwan, tricky negotiations remain over the future of China's underground Catholic church — estimated by the Vatican to embrace eight million believers — the Pope's authority to ordain bishops and future relations between the Holy See and China's state-approved Catholic Patriotic Association.

"We are ready to improve relations with the Vatican," Sun told a regular news conference.

"We have emphasised that it cannot interfere with China's internal affairs using the pretext of religious issues," he said, demanding the Vatican cut ties with Taiwan, which Beijing regards as a renegade province. "If they can accept this principle in the future, the two of us can be like other states," Sun said. "Contact through diplomatic channels has been going on."

The Communist government severed diplomatic ties with the Vatican in the 1950s, expelled Catholic missionaries and forced Chinese believers to register with the patriotic association, which now claims five million members. Taiwan, which prizes its ties with the Vatican, its last remaining diplomatic ally in Europe, refrained from criticising the Pope but aimed barbed comments at the Vatican.

"While we admire the Pope's concerns for Catholics in the mainland, we must remind the Holy See Communist China is still a dictatorship. It especially suppresses religion," foreign ministry spokeswoman Chang Siao-yue said.

"Unless the nature of Communist China changes, we are not worried about our relations with the Vatican," she said. Liu Bainian, Vice-Chairman and Secretary of the Chinese Catholic Patriotic Association, welcomed the Pope's comments but said further progress depended on the Vatican.

THE TELEGRAPH

26 OCT 2001

Separatist moves will be crushed, China warns Taiwan

BEIJING: China has warned Taiwan that it may take military action if the island's pro-independence ruling party committed the "crime of splitting the motherland".

"We will take every measure, including the use of force, to safeguard the country's sovereignty and territorial integrity," Taiwan affairs office spokesman, Zhang Mingqing, was quoted as saying by the official *China Daily* newspaper. "We have been long and steadfastly opposing all separatist moves to separate Taiwan from China as they are crimes of separating the motherland," he said while reacting to pro-independence statements by senior leaders of Taipei's ruling Democratic Progressive Party (DPP).

This is the first time that Beijing publicly called Taiwan separatism a crime, the paper said.

Reacting sharply to Taiwan President Chen Shui-

Bian address to DPP supporters on October 21 that acceptance of the "one-China" principle would be tantamount to "selling out the country", Mr Zhang said his "stubborn" pro-independence stance may trigger new tensions across the Taiwan straits.

"The move is not only unable to help break the existing stalemate in cross-straits ties but may also lead to new tensions and conflicts between the two sides," Mr Zhang said. Mr Zhang said, "There will be no chance of resuming cross-straits negotiations to improve their already strained relations unless Taipei explicitly accepts the one-China principle and the 1992 consensus."

"And only by embracing the principle can the interests of Taiwan compatriots be safeguarded and Taiwan's demand for stability and prosperity be met," he said. (PTI)

THE TIMES OF INDIA

2 NOV 2001

Asean free trade

BANDAR SERI BEGAWAN
Nov. 6. - China and ten
South-east Asian countries
agreed today to create a free
trade area within 10 years,
at the the Association of
South-east Asian Nations
summit in Brunei. The
move aims to build the
world's biggest free trade
area with 1.7 billion people,
expected to reach two billion
when it comes into effect.

- Reuters

(Another report on page 5)

THE STATESMAN

NOV 6 1991

Chinese P.M. in Jakarta to improve ties

By Amit Baruah

SINGAPORE, NOV. 8. The Chinese Premier, Mr. Zhu Rongji, has made history by becoming the first senior leader from Beijing to visit Indonesia after the two countries restored diplomatic relations in 1990.

China and Indonesia, which have had a troubled past, are now attempting to forge a new relationship. Mr. Zhu, who is heading a large delegation, will spend five days in the country. The Chinese Premier, who has already held talks with Ms. Megawati, is also travelling to Yogyakarta and Bali as part of his visit. In brief remarks in Jakarta, the Chinese leader said: "The Chinese Government always supports Indonesian efforts to maintain its territorial integrity and sovereignty." Clearly, China is making renewed efforts to put its relationship with Indonesia on a firm footing. Jakarta broke off diplomatic ties with Beijing in 1967, accusing China of backing "coup" efforts by Indonesian communists.

In a related development, the Chinese Vice-Foreign Minister, Mr. Wang Yi, said in Jakarta that Indonesia had nothing to fear from an economically resurgent China. "These past few years have seen the emergence of a new relationship pattern between China and Indonesia," Mr. Wang was quoted as saying in Jakarta. "We trust each other more and this could lead to closer economic ties," he said.

McLeish quits after row over expenses

By Hasan Suroor

LONDON, NOV. 8. Scotland was plunged into a political crisis today after its First Minister, Mr. Henry McLeish, resigned following a row over office expenses. Mr. McLeish, who had been under pressure to quit, admitted that he made an "honest mistake" but his supporters insisted that he had been forced to pay too high a price for what was essentially a "muddle" rather than a "fiddle".

The row, which had been simmering for several weeks, related

to allegations that he sublet his constituency office in Glenrothes when he was an MP and did not declare the payments from his tenants as required under the Commons rules on office expenses. Mr. McLeish is alleged to have received £36,000 for sub-letting his constituency office when he was a Labour MP.

His defence that he did not benefit directly from it and the money was paid into the constituency account did not convince his opponents, particularly the Tories and the Scottish Nationalists.

THE HINDU

9 NOV 2001

China becomes WTO member

chiv (W) UNITED NEWS OF INDIA 56 4 11/11

DOHA, Nov. 10. — China today became the 143rd member of the World Trade Organisation even as the Left parties in India launched a tirade against the multilateral trade organisation blaming it for all the ills faced by the economy.

The Chinese entry into the WTO will throw open its huge market to global business and provide wider export options in the neighbourhood to Indian industry.

China got entry after prolonged and tough negotiations lasting 15 years. The 44-member delegation from China was accompanied by over 100 Chinese scribes, who said it was a landmark event for Beijing.

Commerce and industry minister Mr Murasoli Maran said: "I welcome the delegations of the Peoples Republic of China and Chinese Taipei in our midst. India has consistently supported the accession of China to the WTO and we are happy to see it realised, bringing greater universality to our organisation."

Protests against WTO: Over 300 protesters demonstrated against the World Trade Organisation ministerial in Qatar — the WTO's first formal meeting since delegates failed to launch a new round of trade talks here two years ago, adds AP from Seattle. Yesterday's action, one of dozens participating in 36 countries, was a tiny echo of 50,000 protesters who shut down Seattle's downtown and WTO opening ceremonies in 1999.

THE STATESMAN

1 1 NOV 2001

When the giant awakes

China has entered the World Trade Organization. Although both the Western countries and Japan have saluted the prospects, there are frictions. For India the consequences can be alarming.

China can affect India in a number of ways. It can export directly to India. It can export to India via Nepal and Bangladesh. It can re-export from southeast Asian and central Asian countries. It can take away India's share in the world market and thus affect India's export. The illegitimate way is smuggling through Nepal and Bangladesh. In either way the Indian economy can be seriously affected through the effects on India's balance of trade and domestic production. The potentially positive effects of China are India's export possibilities to it and reductions of India's cost of production due to cheaper imports of intermediate products from China. A serious analysis may reveal that the negative effects can outweigh positive impacts of China's entry to the WTO.

China's exports to the world grew from \$14 billion in 1979 to \$195 billion in 1999. In 2000-2001, China shipped \$184 billion worth of goods, and imported over \$140 billion. To the United States of America alone, it will ship over \$70 billion worth of goods in 2001, up from just \$324 million in 1978. Two out of every three toys sold in the US are made in China. China has a bottomless pool of cheap, reasonably efficient labour. The country is unbeatable in low-margin, quick-to-market manufactures.

While China has enjoyed open market for its exports, its own markets were closed until very recently. Average tariffs in China until 1996 were 42 per cent, it came down to 22 per cent recently, but for many items, such as automobiles and agricultural products, these can be as high as 100 per cent or more even today. However, non-tariff barriers, such as absence of legal remedies, quotas, import licences, registration and certification requirements, restrictive technical and sanitary standards are still dominant. These, along with protected and subsidized public sector industries, create obstacles for any exporter in China.

China restricts the number and types of entities that are allowed to import goods into China. Foreign companies are not permitted to directly engage in trade in China. Trading rights of many agricultural products are given exclusively to Chinese state trading companies. Most companies cannot sell their products directly to Chinese consumers either. Government procurements in China are not subjected to competitive bidding. Foreign suppliers are restricted from participating in most domestically funded projects and foreign firms face discrimination in favour of Chinese firms.

The author is professor of economics, Nagasaki University, Japan

For Dipak Basu, the entry of China into the World Trade Organization spells danger for India and other third world countries



To good times for some

China is still constrained by managed trade in some ways. The greatest constraint is in textile exports. China's share of the world market in garments is kept at 17 per cent, thanks to quotas imposed under the multi-fibre agreement. Some 62 per cent of Chinese exports to the US and 48 per cent of exports to the European Union faced non-tariff barriers in 1993. Since then, the US has imposed new quotas on Chinese-made silk, and Europe has slapped quotas on a range of Chinese goods, including footwear, toys and kitchenware. Membership of the WTO will do away with all of these restrictions.

After entry to the WTO, China will cut its overall tariffs to an average of 17 per cent from the existing 22.1 per cent, with some lower rates for specific agricultural products. China has no transparent legal system, there are layers of regulations. These, along with the languages, customs, and special relationships of Chinese producers with the officials would create a series of insurmountable non-tariff barriers which will protect the Chinese market. At the same time, China will have the open market of the world to increase its export.

The unleashing of China's export-oriented manufacturers is a fearsome prospect for the third world countries that have depended on low wages to give them a competitive advantage. The China challenge assumes different forms around the globe. In India, it is felt by the producers of batteries; in Taiwan, computer hardware. Manufacturers of apparel and electronic components in southeast Asia have suf-

fered as Japan, the region's leading foreign investor, has shifted its subcontracting to China. There are fears that China will use its membership of the WTO not to comply with its rules but to bolster and protect policies it is using to gain preeminence in the Asian and the world economy.

The source of China's achievements are the greater China area, Taiwan, Hong Kong, Singapore and partly Korea. These countries have shifted a wide variety of labour-intensive products (shoes, toys, electrical products) into China taking advantage of China's low wage rates and militaristic discipline for the workforce. Many products once produced and exported by Taiwan, Hong Kong, Korea are now being produced and exported by China.

India is an insignificant trading partner for China. However, the rate at which the trade between China and India is growing may be significant. The total trade with China was only \$2.3 billion in 2000-2001, rising from \$69.5 million in 1991-92. India's trade deficit with China was \$640 million in 2000-2001.

The four most important items of imports from China are chemicals (33 per cent), mineral products like coal and coke (20 per cent), machinery for mining (16 per cent) and textiles (12 per cent). The four most important exports from India are mineral products, mainly aluminium oxide, iron ore and chrome ore (30 per cent), textiles, mainly cotton yarns and raw cotton (22 per cent), food items like oil-cake and soyabeans (21 per cent) and chemicals mainly pharmaceuticals and

organic (7 per cent).

Exports of toothpaste from Nepal to India rose by 139.5 per cent, of polyester yarn by 86.4 per cent, of medicine by 103.4 per cent, of soap by 40 per cent. Nepal is now exporting a number of new items, like textile yarn, zinc oxide, shoes, sandals, juice concentrates, plastic goods, and so on. Nepal has become a convenient export processing zone for China. It is not difficult to understand the source of these export items of Nepal, where there are only a few manufacturing industries.

In the export market, India, along with Bangladesh, is affected already in the international textile market due to competition from China. China's quota for exports to the US and Canada market is four times higher than that of India's. The quota for the greater China area is eight times that of India's.

Within the WTO regime, developing countries like India have very few remedies. For the next 16 years, it is possible for developing countries to take anti-dumping action against Chinese exports if they threaten domestic industries. However, one needs to prove that the demise of the industry is due to excessive imports but not due to neglect, bad management and lack of investments. In the case of India some industries in the public sector suffer from these problems. Again, by the time the government can take action or the WTO approves the action against excessive Chinese exports, the endangered industry may disappear.

There is one instrument which can affect China very badly. If developing countries can compel the WTO to include "acceptable labour standards and human rights for workers" as part of its agenda, China will lose its comparative advantages of low cost labour force. Unfortunately, India and other developing countries have decided to oppose the inclusion of "labour standard" in the future treaty negotiations of the WTO.

The argument that India will be isolated from the rest of the world if it does not stay within the WTO is not tenable. In 1992, at the time India joined the WTO, there were 27 countries including China, Russia, Saudi Arabia, Switzerland, Norway who had not joined; nor were they isolated. India has important trade relationships with about eight or nine countries, others are not significant. Thus it is not an insurmountable problem for India to arrange bilateral trade treaties with these countries. India can manage its trade to maximize its national economic interests, rather than submitting itself to the forces of international capitalism which are not serving these.

A managed trade is always superior to a free trade system for stable economic development. Economic reforms and the resultant free trade policy in India so far have produced only apprehension. The entry of China will intensify these fears.

THE TELEGRAPH

18/11

CHINA AND WTO-I

Chun Sib Negative Signals For India 19/11

By DIPAK BASU

CHINA is set to enter the World Trade Organisation in 2001. Although the Western countries and Japan have saluted the prospects, friction is there. For India the consequences can be alarming.

China can affect India in a number of ways. It can export directly to India. It can export to India via Nepal, Bangladesh. It can re-export from Southeast Asian, central Asian countries. It can take away India's share in the world market and thus affect India's exports. The illegitimate way is smuggling through Nepal and Bangladesh. In either way the Indian economy can be seriously affected through the effects on India's balance of trade and on India's domestic production.

The potential positive effects are India's export possibilities to China and reduction of India's cost of production due to the cheaper imports of intermediate products from China. A serious analysis may reveal that negative effects can outweigh positive impacts of China's entry to the WTO.

CLOSED MARKET

China's exports to the world grew from \$14 billion in 1979 to \$195 billion in 1999. Two out of every three toys sold in America are made in China. The World Bank estimates that at least one-third of suitcases and handbags sold elsewhere in the world are Chinese-made, along with a quarter of the world's toys and one-eighth of the world's footwear and clothing. China has a bottomless pool of cheap, reasonably efficient labour. When that is combined with the skills of buyers in Hong Kong and Taiwan who understand shifting fashions in the West China displays its competitive advantage. The country is unbeatable in low-margin, quick-to-market manufactures.

While China has enjoyed an open market for her exports, its own markets were closed until very recently. Average tariffs in China until 1996 were 42 per cent, and it came down to 22 per cent recently. But for many items, such as automobiles and agricultural products, these can be as high as 100 per cent or more even today. However, non-tariff barriers, such as absence of legal remedies, quotas, import licences, registration and certification requirements, restrictive technical and sanitary standards, special relationships between Chinese producers and the government (Guanxi) are dominant. These

The author belongs to the faculty of economics at Nagasaki University, Japan.

along with highly protected and subsidised public sector industries create a formidable obstacle for any exporters to China.

China restricts the number and types of entities that are allowed to import goods into China. Foreign companies are not permitted to directly engage in trade in China. Trading

na has no transparent legal system; there are layers of regulations, central, regional, local and municipal. These along with the languages, customs, and special relationships of Chinese producers with officials will create a series of unsurmountable mountains of non-tariff barriers which will protect the Chinese market for a considerable period. At the same time, China will have the

open market of the world to increase its exports.

The unleashing of China's export-oriented manufacturers is a fearsome prospect for Third World countries that have depended on low wages to give them a competitive advantage.

In the past decade, China has become a world leader in production of footwear, textiles and apparel, and light electronics. It also is the third-largest manufactu-

rer of information technology goods.

TRADE BALANCE

India is an insignificant trading partner for China. However the rate at which the trade between China and India is growing may be significant. Total trade with China was only \$ 2.3 billion in 2000-2001, rising from \$ 69.5 million in 1991-92. India's trade deficit with China was \$ 640 million in 2000-2001.

The share of manufactured goods in India's exports has declined from 53.5 per cent in 1992-93 to 35.6 per cent in 1998-99 whereas the share of agricultural products went up from 1.6 per cent to 35.6 per cent during the same period. In imports from China the opposite happened, the share of manufactured products rose by threefold whereas the share of raw materials declined.

The four most important items of imports from China are chemicals (33 per cent), mineral products like coal and coke (20 per cent), machinery for mining (16 per cent) and textiles (12 per cent). The four most important products of exports from India are mineral products, mainly aluminium oxide, iron ore and chrome ore (30 per cent), textile items mainly cotton yarns and raw cotton (22 per cent), food items like oil cake and soya beans (21 per cent) and chemicals, mainly pharmaceuticals and organic (7 per cent).

India, at the same time, has closed down its mining machinery factories. Its coal mines are about to be closed down while textile industries are struggling even with huge amounts of public subsidies.

(To be concluded)



rights of many agricultural products are given exclusively to Chinese state trading companies, which would import if there is a domestic shortfall of a product. Most companies cannot sell their products directly to Chinese consumers either.

Government procurements in China are not subjected to competitive bidding. Foreign suppliers are restricted from participating in most domestically funded projects. Chinese officials put pressure on foreign investors regarding technology transfer, export obligations and use of local components. Foreign firms face discrimination in favour of Chinese firms, foreign exchange controls, distribution and marketing restrictions and absence of law.

BARRIERS

The greatest constraint to Chinese export comes in textile exports to rich countries. China's share of the world market in garments is kept at 17 per cent, thanks to quotas imposed under the multi-fibre agreement (MFA). Some 62 per cent of Chinese exports to America and 48 per cent of exports to the European Union faced non-tariff barriers in 1993. Since then, America has imposed new quotas on Chinese made silk, and Europe has slapped quotas on a range of Chinese goods, including footwear, toys and kitchenware. Membership of the WTO will do away with all of these restrictions. China has negotiated with America a phase-out of MFA quotas by 2005 though some tariffs will remain.

After the entry to the WTO China will cut its overall tariffs to an average of 17 per cent from the existing 22.1 per cent, with some lower rates for specific agricultural products. Chi-

THE STATESMAN

19 NOV 2001

CHINA AND WTO-II

Advantages From Low Cost Of Labour

By DIPAK BASU

MEXICO, unlike India, has been trying in vain to block China's entry to the WTO for reasons perfectly justified. China's entry means removals of all safeguards against dissemination of Mexico's frugal manufacturing sector recently rejuvenated by the American investment which is provoking withdrawal of American foreign investment from Mexico.

Mexico has lived through a Chinese invasion before, which is why it has erected such high barriers on more than 1,400 Chinese products. Producers of inexpensive apparel, shoes and other goods were crushed by a flood of low-cost Chinese goods in the early 1990s before persuading their government to impose sky-high dumping penalties. Once Beijing finalises its WTO membership, countries such as Mexico will have to remove discriminatory barriers aimed at protecting their manufacturers from low cost Chinese products. Although trade is a two-edged sword, there is a

huge trade imbalance between the two. Last year (2000-2001) Mexico exported only \$204 million worth of goods and services to China but imported \$2.88 billion.

DOWNPLAYED

When the North American Free Trade Agreement was passed in 1994, US labour unions argued that it would erode manufacturing jobs by sending work to Mexico. Now many Mexicans fear the same thing could happen with China. China's labour costs are so low that its products can undercut Mexico's even after accounting for increased transportation and tariff costs.

The role China has played to contribute to the crisis was downplayed by the IMF-World Bank analysis. The development strategy based on exports, supported by open access to US and European markets along with import controls again supported by the Western powers has helped Japan, Korea, Taiwan and Hong Kong achieve extraordinary economic growth. This model was adopted in Indonesia, Malaysia, Singapore, Thailand and, to some extent, in the Philippines since the mid-1970s and caused high economic growth. However, it has also caused development of excess capacities in east Asia, particularly when China has decided to follow similar policies since the mid-1980s. China as a late-comer but with very low wages has decided to attract foreign investment with the exclusive purpose (at least in the beginning) to export.

It has used both various export subsidies and exchange

rate devaluations to promote its exports and drive out exports from the Asean countries in particular.

Since 1990 China has been devaluing its currency and in 1994 it devalued its currency by about 50 per cent causing tremendous price reductions for Chinese exportable goods. Asean countries were unable to cope when they have to maintain a stable currency to attract foreign investment. China was not interested in

workers, one of whom recently died in an escape attempt.

Some of the Korean-run factories in north China, which is where almost all of Korea's investments are concentrated, are even harsher and more unscrupulous in their treatment of workers. Korean employers often resort to beating, tight military control and public humiliation of workers. In one case, a woman worker was locked inside a dog cage with a large dog and placed on public display in the factory compound. So bad are the conditions that, according to a Chinese newspaper, nine out of 10 of the spontaneous strikes that broke out in the large northern city of Tianjin in 1993 occurred in Korean-managed enterprises.

These abuses have persisted because of extensive collusion between such factories and the local governments. Many of the Chinese partners of joint-venture firms are actually local government organs and departments, which reap considerable profits from these factories.

They are as eager to make money by overworking and underpaying the migrant workers as are the outside investors, and look aside when cases of imprisonment and other serious violations of law occur. Those who should be acting as impartial overseers and law enforcement agencies are, instead, management's accomplices.

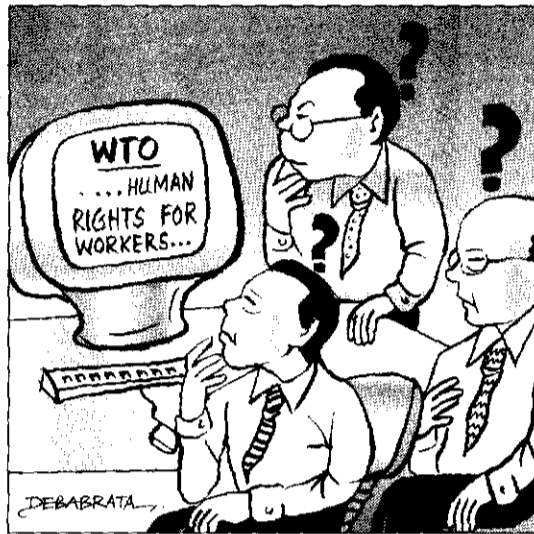
SUICIDE

Within the WTO regime, developing countries like India have very few remedies. For the next 16 years it is possible for the developing countries to take anti-dumping actions against Chinese exports if they threaten domestic industries. However, one needs to prove that the demise of the industry is due to excessive imports and not due to neglect, bad management or lack of investment. In the case of India, a number of industries in the public sector suffer from problems of neglect by the government.

There is one instrument which can affect China very badly. If the developing countries can allow WTO to include "acceptable labour standard and human rights for workers" as part of its agenda, China, with its inhuman labour standards and absence of any trade union rights, will lose its comparative advantages of low cost labour force.

Unfortunately, India and other developing countries have decided to commit suicide by joining with China to oppose the inclusion of "labour standard" in the future treaty negotiations of the WTO.

(Concluded)



short-term investment. The low wage costs in China and the potentially huge domestic market in China was incentive enough for foreign investors. During 1997 and early 1998 when south-east Asian countries were experiencing difficulties in maintaining their exports, Chinese exports were increasing at fantastic rates.

The factors behind the low cost of China's exportables are very low cost of energy, transport, public subsidies. However, the most important factor that creates a significant comparative advantage for China is the very low cost of labour. China has no trade union rights, or any human rights for workers for that matter. Chinese workers are treated in a militaristic fashion with very strict discipline which amounts to serious abuses. A lot of the labour force consists of young women who arrive from villages at the age of 15 or 16 and would have to go back at the age of 30 when their efficiency due to long hours of tedious works with little food and cramped living conditions is diminished.

ABUSES

The worst factories in south China do not even allow workers to leave the factory compound after work. In extreme cases the isolation and iron discipline are prison-like. The official press has reported cases of unpaid workers enslaved in heavily guarded compounds who have staged escapes. In the worst example that has come to light in this region, a Taiwan-managed joint-venture factory employs more than a hundred guards for 2,700

NOW & AGAIN

China to back Euro

PRESS TRUST OF INDIA *China*

BEIJING, Nov. 21. — Despite Euro's fluctuations, China will buy more euros to add to its huge foreign exchange reserves, ahead of the single currency's debut in January, a report said today.

The prospective strength of the euro made sizeable reserves vital and China will increase its holdings next year, the state-run "China Daily" quoted senior central bank officials as saying.

"During the past two months, we've bought a lot of euros. In the coming months, we'll buy more," vice-governor of the People's Bank of China, Mr Guo Shuqing said. Calling the exchange rate "inherently stable", he said China is not worried about fluctuations and slides in Euro's value.

"Stocks of the Euro have been growing in our foreign reserves," Mr Shuqing, also director of the State Administration of Foreign Exchange, said at a meeting sponsored by the European Union Chamber of Commerce in China here yesterday.

On 1 January, euro banknotes and coins will be introduced.

Euro's role as an international financing and investment currency has increased substantially since it was introduced in financial markets of the 12-member countries on 1 January, 1999, Mr Christian Noyer, vice-president of the European Central Bank, said. However, the ECB takes a neutral stance in the internationalisation of the Euro, he added.

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