

Hong Kong reform: People seek more, Tsang unswayed

JOHN RUWITCH
& WENDY LIM

HONG KONG, DECEMBER 4

THOUSANDS marched in Hong Kong on Sunday demanding a timeframe for direct elections, but the city's Beijing-anointed leader stood firm on reforms that his critics say are inadequate.

With organisers putting the number of protesters at quarter of a million, the march could irritate China's Communist Party leaders and embarrass Hong Kong Chief Executive Donald Tsang.

Police said the five-hour march drew 63,000 protesters,

many wearing "Hong Kong loves democracy" stickers and waving placards as they crowded between skyscrapers in one of the world's main financial centres.

Tsang said he "heard the voice" of the protesters but insisted there was little scope to change his package of reforms, which he hopes the Hong Kong legislature will pass on December 21.

He said the reforms should proceed before any timetable is set for universal suffrage, which Hong Kong's post-colonial constitution, the basic law, allows for.

"I'm 60 years of age and I

98-2 5/12
certainly want to see universal suffrage in Hong Kong in my time," Tsang told reporters. "Our leaders in Beijing are fully aware of what's happening in Hong Kong and they're not against democracy as such," he said.

Despite widespread calls for full democracy, Beijing, which regained control over Hong Kong in 1997, has been unwilling to let the territory decide for itself when this should come.

Hong Kong's Chief executive is approved by China's leaders and picked by a Beijing-backed committee of 800 electors.

INDIAN EXPRESS

Hu Jintao pushes N. Korea for talks, reform

We reached an important consensus, says Chinese leader in Pyongyang

BEIJING: Chinese President Hu Jintao spent a second day in North Korea on Saturday, gently pushing its leader Kim Jong-Il to stay at the nuclear negotiating table and engage in bolder economic reforms.

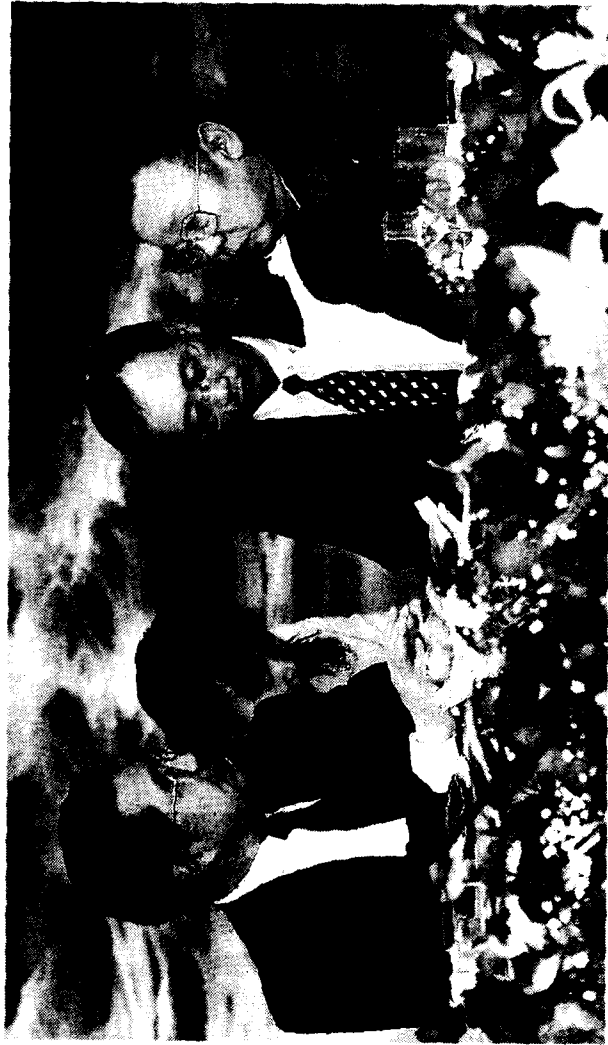
"I had frank, sincere and deep talks with General Secretary Kim Jong-Il yesterday," Mr. Hu told Kim Yong-Nam, the nation's number two, according to China's state-run Xinhua news agency. "We reached an important consensus."

Mr. Hu was not quoted as elaborating on the consensus, but the agreement may have included a promise by Mr. Kim Jong-Il, made on Friday, to participate in six-nation talks on North Korea's nuclear programme.

"The DPRK will honour its commitments and attend the fifth round of talks as scheduled," Mr. Kim told Mr. Hu according to the *China Daily*, using North Korea's official name, the Democratic People's Republic of Korea.

The fifth round of six-party talks involving the two Koreas, China, Japan, Russia and the United States is expected in Beijing in November.

Mr. Hu's three-day visit, his first to North Korea as China's leader, may be of particular significance, coming just weeks be-



NUCLEAR ISSUE: Chinese President Hu Jintao (left) with North Korean leader Kim Jong-Il at a banquet in Pyongyang, on Friday. — PHOTO: AFP

fore he goes to South Korea, said Dae-Sook Suh, an expert on Korean affairs at the University of Hawaii.

"His mission to Pyongyang, perhaps, is to offer substantial Sino-South Korea economic guarantees to North Korea to persuade Kim Jong-Il to relax in his negotiation with the United States and Japan," he said.

At the last round of six-nation atomic reactor to generate elec-

garten at the facility.

"We're so happy to see how your production has developed and how your lives have improved," Mr. Hu was shown telling a smiling farmer on TV.

"The important thing is to make your country even better under the leadership of General Secretary Kim Jong-Il, and we hope your lives will be even happier."

While North Korea's nuclear programme is expected to top the agenda during Mr. Hu's trip, economic reform is likely to come in a close second, observers said.

Mr. Hu himself broached the sensitive subject at a banquet held in his honour late Friday, touting the economic achievements brought about by reform in China, without directly telling his hosts to emulate its giant neighbour.

"We have constantly perfected the socialist system, while exploring and developing socialism with Chinese characteristics," Mr. Hu said in a speech published by China's state-run Xinhua news agency.

"It has profoundly changed the face of China, causing an uninterrupted rise in the productive capacity, the overall national strength and the standard of living of the people," he said.

— AFP

China's second manned space mission

October could see two astronauts in space as part of China's second manned launch.

N. Gopal Raj

TWO YEARS after China successfully sent its first astronaut into space, its second manned mission is poised for launch in mid-October.

On October 15, 2003, Lt. Col. Yang Liwei lifted off and became China's first *yuhangyuan* (space traveller), circling the Earth for over 21 hours in the Shenzhou 5 spacecraft and returning a national hero. A month later, Chinese space officials announced that the Shenzhou 6 would carry two astronauts on a mission lasting five to seven days. *The Beijing News*, a popular daily in the Chinese capital, recently reported that the launch of the Shenzhou 6 would be after the October 1 to 7 holiday, although it did not cite any source for its information, according to *AFP*.

October 11 is rumoured to be the launch date, says Phillip Clark, a highly respected British expert on the Chinese space programme. If that date is correct and the mission is for about five days, he estimates that Shenzhou 6 will be launched around 2.55 a.m. GMT (8.25 a.m. IST), assuming that (as with Shenzhou 5) the astronauts' return is timed to occur at sunrise at the Dorbod Xi landing site in Inner Mongolia. The launch would occur about an hour later if the mission is for seven days.

Snippets of information about the Shenzhou 6 mission have been appearing in the *People's Daily Online* and in reports from the Xinhua news agency. While Mr. Yang spent his entire time in space strapped to his seat, the two astronauts of Shenzhou 6 would, after reaching orbit, move from the re-entry capsule to the spacecraft's orbital module and carry out scientific experiments. The Shenzhou 6 astronauts are being provided spacesuits lighter than the 10 kg suit Mr. Yang wore and which they would be able to take off after reaching the orbit.

More comfortable journey

A recent Xinhua report quoted Mr. Yang as saying that the journey on Shenzhou 6 would be more comfortable with heated food, sleeping bags, and essential sanitary equipment.

The China Aerospace Science and Technology (CAST), which makes the Shenzhou spacecraft and its CZ-2F launch vehicle, has said its scientists have optimised the spacecraft's configuration to reduce its weight and improved its safety and reliability, according to *People's Daily* online.

China has a three-phase manned space plan, says Chen Lan, the Singapore-based analyst of the Chinese space programme.



THE PIONEER: A file photograph of Chinese astronaut Yang Liwei who circled the Earth for over 21 hours in the Shenzhou V capsule in October 2003. — PHOTO: AFP

The three phases are to develop a manned transportation system, establish a mini space station, and set up a permanent manned space station. Shenzhou 5 marked the successful completion of phase one, he points out in an article on his website *Go Taikonauts!*

Soon after the successful completion of

the Shenzhou 5 mission, Zhou Xiaofei, director of manned space engineering, was quoted as telling a news conference that China's goals for its manned space programme, in order of priority, were space walks, docking of space vehicles and establishing a space lab.

Chinese officials have implied that the

first space walk could be performed during the Shenzhou 7 mission, which is likely to take place in 2007, according to Mr. Chen Lan. But one recent report in the Chinese media said this could happen next year.

As for the docking of spacecraft, Mr. Clark points out that the Chinese could accomplish this in two ways. One possibility is for two complete Shenzhou spacecraft to dock nose-to-nose in space. The orbits used by the Shenzhou permit such docking if the second launch is carried out two days after the launch of the first Shenzhou. At least a week of docked operations would be possible in such a scenario, he told *The Hindu* by email.

The Chinese have another option too. Unlike Russia's Soyuz manned spacecraft on which the Shenzhou is modelled, the latter's orbital module is equipped for independent operation after the re-entry capsule separates and returns the astronauts to earth. So the orbital module from one Shenzhou mission could dock with the next Shenzhou spacecraft.

But as the orbital module appears to carry sufficient propellant for only about three to four months of independent manoeuvring, the second spacecraft would have to be launched within that period, observes Mr. Clark. Although the Chinese have mentioned this option, it does not appear to figure in their recent plans and may have been dropped. Chinese officials have, however, been speaking about docking Shenzhou 8 and 9 in orbit, perhaps in 2007, he adds.

China has been showing computer animations and mock-ups of its planned Space Laboratory, but without disclosing any details or providing its development status, according to Mr. Chen Lan.

The information is consistent with the plan to launch an eight-tonne mini space station on the CZ-2F launcher. The Space Laboratory, expected to be launched before 2010, would be occupied from time to time by astronauts travelling to it in Shenzhou spacecraft.

The mini station is to be followed by a permanently occupied space station. This space station would be in the 20 tonne class and be launched by the CZ-5 launcher that is under development.

Such a space station is likely to be ready only in the next decade, says Mr. Chen Lan. Also, considering the space station's huge cost and long development cycle, it could be affected by funding problems, domestic political changes and international space cooperation, he cautions.

26 SEP 2003

THE HINDU

China set to become biggest exporter

Beijing, September 17

CHINA'S EXPLOSIVE rise to economic superpower status has been confirmed by the West's leading thinktank in a new report predicting that it would leapfrog the US and Germany within five years to become the world's biggest exporter.

Despite growing social strains and international concerns, the Organisation for Economic Cooperation and Development said there would be no let-up in

China's breakneck growth.

China is not a member of the OECD — a group of the world's richest developed nations — but the Paris-based organisation published its first report on a country that has been transformed within a quarter of a century from a struggling peasant economy to industrial titan.

It already accounts for 6 per cent of world exports and its potential to supply the globe with low-cost manufactured goods has caused tensions in

the global trading system, exemplified by the recent "bra wars". The OECD said China's share was on course to rise to 10 per cent by 2010, by which time it would overtake the US.

Despite 25 years of gross domestic product growth at an annual rate of more than 9 per cent, China is not expected to slow in the near future. The think-tank predicted that the world's most populous nation would overtake UK, France and Italy to become the fourth largest

economy within five years.

Hardly a day goes by without new evidence of China's surge up the ranks of richest economies. This week Ernst & Young released a report predicting it would surpass the US as the world's second largest consumer of luxury goods within 10 years.

The accounting firm forecast 10 per cent to 20 per cent annual growth rates in the sector until 2015, by which time sales are expected to exceed \$11.5bn or 29 per cent of the world's total.

second only to Japan. A separate study by the China Academy of Social Sciences predicted that the middle class would more than double by 2020 to account for about 40 per cent of the 1.3 billion population.

If such statistics are not convincing enough, you need only look at the cityscapes of Beijing, Shanghai and Chongqing, where the transformation is apparent in the forest of skyscrapers, shopping malls and roads.

The Guardian

UK rights sermon to Beijing

Beijing, Sept. 6 (Reuters): British Prime Minister Tony Blair urged China today to embrace greater political freedom and make progress on human rights, saying the world needed to know what kind of economic powerhouse it was dealing with.

Blair's comments in Beijing followed a second day of talks with Chinese Premier Wen Jiabao and the signing of banking and aeroplane deals worth around \$1.5 billion.

"What we want to see is the development of human rights and greater democracy, not just because it is our system but because we think that's the



Chinese Premier Wen Jiabao at the UK-China summit on Tuesday. (Reuters)

best way that economic and political development go hand in hand," Blair said.

He said Wen had acknowledged during their talks that political change must accompany economic growth but added that no timetable had been discussed.

Blair also met Wen for five hours yesterday because Britain holds the rotating presidency of the 25-member European Union.

British officials said an EU deal with China clinched yesterday to end a row over China's surging textile exports showed the difficulty of setting up barriers against a country whose cheap labour and modern factories had made it the workshop of the world.

Blair said: "It's not that people resent China, but they've got a question mark because they see an economic powerhouse and ask, 'Will this developing economy be matched by political development and in the field of human rights?'"

With China set to become the world's second-largest economy in a decade, global stability depended on the willingness of Europe and others to keep markets open and rise to the challenge of China rather than treating it as a threat, he said.

"At the same time China has to understand that they (the West and others) see a new China emerging and want to know what kind of country they are dealing with," he said.

Wen said yesterday China's people, who have only tightly controlled elections at the village level, may get the chance to directly elect their leaders at township level "in several years".

The Communist Party controls the selection of all top officials and China's leaders have ruled out Western-style democracy as an option for political reform, which ground to a halt after the army crushed pro-democracy protests centred on Tiananmen Square in June 1989.

But Blair said: "There's an unstoppable momentum towards greater political freedom, progression in human rights. I think there's an understanding that should happen. Whether it does happen or not, obviously only time will tell."

The business deals signed during Blair's two-day visit underlined the main theme of his trip — that China's cheap, industrious workforce poses stern competition but that its 1.3 billion-strong market also offers rich rewards.

Airbus, the European aircraft maker in which Britain's BAE Systems Plc. has a 20 per cent stake, signed a deal to sell 10 A330 jets to China Southern Air for \$1.5 billion before discounts, while British bank Standard Chartered sealed the purchase of a 19.99 per cent stake in Bohai Bank.

TRADE ■ China concerned over stockpiles, EU worried over domestic trader interests

China, EU textile jam continues

ANIL K JOSEPH

BEIJING, AUGUST 26

CHINA and the European Union (EU) failed to reach an agreement at talks in Beijing aimed at solving the current textile impasse.

The two sides conducted talks on Thursday towards an effective solution to the thorny issue, China's Ministry of Commerce said in a statement.

The Chinese side expressed great concern over the Communist country's textile stockpile at EU customs, while the EU admitted the policy did not meet the interests of its domestic traders and consumers, *China Daily* quoted the statement as saying on Friday.

The EU delegation was headed by Fritz-Harald Wenig, the trade direc-

tor of the European Commission. Chinese negotiators were led by the director of Mofcom's Foreign Trade Department, Lu Jianhua.

According to statistics published by EU Customs on Wednesday, eight of the 10 categories of Chinese textiles have already reached their quota limit, set in June.

The June agreement restricts annual growth of EU textile imports from China to 8-12.5 per cent over the coming three years.

Forty-eight million sweaters, 17 million pairs of trousers and hundreds of tonnes of other textile products are piling up at EU borders, unable to access the market, according to the report.

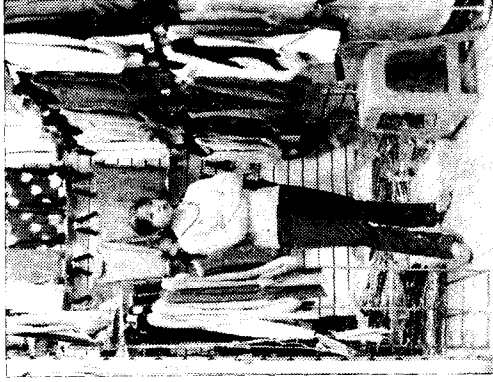
"We hope the EU will at least accept shipments for orders agreed before the textile disputes began," Vice-

Chairman of the China Chamber of Commerce for the Import and Export of Textiles, Cao Xinyu said.

Xinyu explained that when the quota-free era began in January, importers and exporters had not even considered the possibility of caps being introduced after just a few months.

China and the EU have to consider how many categories will be covered by the new amendment; and whether to increase the quotas for this year or to start eating into the quotas for next year, said Mei Xinyu, a trade analyst from the Chinese Academy of International Trade and Economic Cooperation, the thinktank of Mofcom.

If they decide to use the quotas from next year, the two sides have to take into account whether this will result in additional troubles in 2006, Xinyu added.



48 million sweaters, 17 million pairs of trousers and hundreds of tonnes of other Chinese textile products are piling up at EU customs.

—PTI

A challenge to American dominance in world

China, Russia launch week-long military manoeuvres

China (W)
H 215
1918

Vladimir Radyuhin

MOSCOW: Russia and China have launched the first ever joint war games seen as a demonstration of the two nations resolve to challenge the United States' dominance in world affairs.

The week-long military manoeuvres which started on Thursday involve 2,000 Russian and 8,000 Chinese troops, combat aviation, and warships.

Under the scenario of the joint exercises, dubbed "Peace Mission 2005," Russian and Chinese forces acting on a United Nations mandate land in an imaginary country to stop ethnic strife.

However, the involvement of several Russian long-distance bombers Tu-22M and Tu-95 armed with nuclear-capable cruise missiles add a strategic dimension to the war games.

More exercises planned

Analysts said the manoeuvres must be seen in the light of recent efforts by the two countries to check U.S. influence in Central Asia.

The war games come a month after the Shanghai Cooperation Organisation (SCO), dominated by Russia and China, called for a deadline to the U.S. military presence in Central Asia.

Significantly, it is only the four other members — Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan — of the SCO who have been invited to attend the exercises as observers.

Briefing the media on the war games, Russia's Chief of General Staff Yury Baluyevsky said "bigger-scale exercises" with China may be held in the future.

He also said SCO member-states would stage a joint military drill in September.

The war games "should demonstrate that mutual understanding between the two countries has reached a level



STRATEGIC DIMENSION: The head of the Russian armed forces, Gen. Yuri Baluyevsky (left), and the chief of the Chinese People's Liberation Army, Gen. Liang Guanglie, in Vladivostok, Russia, on Thursday. — PHOTO: AP

when they are capable of asserting joint control over a strategically-important region in Eurasia and pursue the goal of building a multi-polar world," Russia's influential *Kommerstant* daily said on Thursday.

Beijing's agenda

China also has its own agenda for the military exercises. To step up pressure on Taiwan, Beijing wanted the war games to be held in Zhejiang, a coastal province near Taiwan.

However, Moscow insisted the location be shifted 800 km north to the Shandong Peninsula.

US, China try to defuse military, trade tensions

Officials Discuss Piracy, Textiles, Missiles

Beijing: China and the United States moved into a third day of high-level meetings on Tuesday in talks that could help defuse brewing trade and military tensions. US deputy secretary of state Robert Zoellick met with Chinese vice foreign minister Dai Bingguo on Monday for a "whole day of discussions," the official Xinhua News Agency said.

"Both sides exchanged views in a candid and in-depth manner," the Chinese foreign ministry said in statement on its website. "Both sides agreed the dialogue was helpful and constructive and was helpful to improving mutual understanding."

It did not give any details on the content of the discussions. Zoellick also met with Premier Wen Jiabao and held talks with foreign minister Li Zhaoxing on Tuesday afternoon. Tensions have risen due to American concerns over



MAKING A POINT: Zoellick

rampant product piracy and an influx of inexpensive Chinese textiles into the US since a worldwide textile quota system ended on January 1. Washington says the surge of clothing imports is harming American textile producers.

The strain has been further aggravated by US worries over China's military buildup and the proposed takeover of the oil company Unocal Corp. by a Chinese state-run company.

Earlier this month, a Chinese general told foreign reporters that Beijing might use atomic bombs against American forces in

a conflict over Taiwan, causing a diplomatic uproar. The state department criticised the remarks as "highly irresponsible" and asked for Chinese assurances that the general's comments did not reflect official thinking.

Li then said that China would not first use nuclear weapons "at any time and under any condition."

China and Taiwan split during civil war in 1949 but Beijing still claims the self-ruled island as its territory and has threatened war if it declares formal independence or puts off talks on unification. Washington switched diplomatic recognition from Taipei to Beijing in 1979.

The talks are the first in a regular series of high-level contacts, with Beijing and Washington taking turns as hosts. China refers to the meetings as a "strategic dialogue", while the US calls them a "senior dialogue." AP

China issues N-threat over Taiwan

BEIJING, July 15. — A Chinese general said before the press today that Beijing might retaliate with nuclear weapons if the United States attacks China in any conflict over Taiwan. The comments could spark tensions at a time when the USA seems worried about China's

military build-up and the proposed takeover of the oil company Unocal Corp. by a Chinese state-run company.

"If the Americans draw their missiles and position-guided ammunition on China's territory, I think we will have to respond with nuclear weapons," Maj- Gen.

Zhu Chenghu, the dean of China's National Defense University, said. His remarks were carried by the *Asian Wall Street Journal* and *The Financial Times*. Maj-Gen. Zhu stressed that he was expressing a personal view, not the official policy, and that he was confident that China and the

USA would not go to war. The Chinese foreign ministry, however, maintained silence on the general's remarks. China claims Taiwan, which had split from the mainland in 1949, as a part of its territory and has threatened to invade the self-governing island if it declares formal independence

or puts off the talks on unification. In Taipei, an official in charge of Taiwan's policy towards Beijing said, Maj-Gen. Zhu should apologise for comments that conflict with "the mainstream thinking of civilised world." "No one wishes to witness a nuclear holocaust." — AP

China's growing military power a concern, not a threat: Rice

Beijing: The US is concerned about China's "significant" military buildup, but that does not mean it sees Beijing as a threat, US Secretary of State Condoleezza Rice said on Sunday. "There is



no doubt that we have concerns about the size and pace of the Chinese military buildup and it's not just the Pentagon. I've made clear to people this is a view held by the US government," Rice said.

"This does not mean that we view China as 'a threat'," she said after meeting with Chinese

officials on the first leg of a four-nation Asia tour.

"We just take note of the fact that there is a significant military buildup going on,... that we have concerns about the military balance and of course that the US continues to modernise its own forces so that we can continue to be a force for stability and peace in this region," Rice said

Rice said she raised the issue

of the impact of China's military buildup on the regional military balance during meetings with Chinese leaders.

Still, there were more positive elements in Sino-US relations than negative, she said.

Rice's comments came as the Pentagon worked with several other US government agencies on a report on China's growing military clout. Agencies

Hu seeks stronger trade ties during Kremlin visit

Post-Cold War Thaw Continues Between China, Russia

Moscow: Chinese President Hu Jintao held talks with his Russian counterpart during a visit to bolster ties and trade between the two Cold War-era rivals. Hu hopes his visit will quadruple trade between the two nations to upto US\$80 billion a year by 2010.

The two leaders were upbeat about Russian-Chinese relations, noting the two countries had made progress on several issues recently. Hu's four-day trip reflects the strategic importance Beijing places on ties with Russia. "Our countries signed a strategic accord on cooperation and resolved our border issues (last October). Russia and China are actively cooperating on the international arena," Hu noted in his talks late on Thursday with President Vladimir Putin.

The two leaders, who met at Putin's residence outside Moscow, were to sign a declaration reaffirming their nations' call for respecting international law and establishing a stronger UN role, a Kremlin official said on condition of anonymity. Putin called Hu a "friend" and said the two countries had made "notice-



Chinese President Hu Jintao and Russian counterpart Vladimir Putin in Moscow

EU won't lift ban on arms sales

London: British foreign secretary Jack Straw, whose country holds the European Union (EU) presidency in the second half of 2005, said there was little chance of the EU lifting its ban on arms sales to China. Straw said on Thursday there was opposition to the move due to China's human rights record. AP

able progress in the development of our political and economic relations. I am sure that your arrival in Russia will act as a fresh impetus to advancing our ties."

After decades of rivalry, Moscow and Beijing have developed what they call a strategic partnership since the 1991 Soviet collapse. They have pledged their adherence to a "multipolar world", a term that refers to their opposition to the perceived US domination in global affairs.

The militaries of the two nations were due to hold their first joint manoeuvres, which observers have seen as Russia's response to cooling relations with the US and other western nations. China has purchased billions of euros worth of fighters, missiles, submarines and destroyers after the Soviet collapse, becoming the No 1 customer for struggling Russian defense industries. Now it is eager to gain access to Russian oil and gas to fuel its booming economy, and has lobbied hard for priority access over Japan to an oil pipeline carrying Siberian crude to Asian markets. AP

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China stuck in the US throat

China is getting more aggressive in acquiring large US companies. No amount of mocking its lack of democracy can curb the emerging dominant global reach of China. There is a lesson here for India as well, says **G Anandalingam**.

CHINA is once again in the news in the US, and the reporting seems to reflect a slight paranoia. The latest *Time* magazine (the US Edition, June 27) had China on the cover page with the title "China's New Revolution: Remaking Our World, One Deal at a Time". Amidst a plethora of statistics on China's growth and portrayals of China's new "capitalist" elites, the gist of the articles could be summarised by a quote that *Time* chose to use from Donald Rumsfeld, "China's defence expenditures are much higher than [that which] Chinese officials have published." The main themes of the articles were about bringing democracy to China, changing Chinese society and business practices, questioning whether China could innovate, and wondering whether China and the US could co-exist as global powers. There was even an article on how Wal-Mart is becoming a "major force for change" in China.

In the meantime, below the radar screen of the American public's view, two major developments are taking place. On the one hand, the US is begging China to curb its exports and help change the terms-of-trade between the two countries. On the other hand China is getting even more aggressive in acquiring large American companies. No amount of mocking its lack of democracy can curb the emerging dominant global reach of China. There is a lesson here for India as well.

At the Uruguay round of international trade negotiations in 1994, it was agreed that the multi-fibre agreement (MFA) would be dismantled in phases, ending on January 1, 2005 when rich countries would finalise the removal of all quota allocations. Poor countries agreed to this, convinced that the removal of these trade barriers would benefit them. However, all indications are that the benefits of the removal of these last clothing trade barriers will largely accrue first to China, and then to India. Clothing exports from smaller developing countries will be hugely disad-



BONNY THOMAS

vantaged. The reason for this outcome is simple: China and India are able to produce clothing at much lower costs than any other developing countries. The US press argues that "the basis for these countries' competitiveness in labour-intensive industries arguably lies in labour that is kept cheap through authoritarianism and a lack of a human rights regime." Of course, these arguments really focus on China rather than India.

Many of the poorer countries including Bangladesh, Sri Lanka and a whole host of African countries appealed to the US and to the European Union to protect their emerging textile industry. The US has argued that it has to respond to take care of these countries. The US also has a number of bilateral trade agreements with different countries or groups of countries throughout the world. A case in point is the US-Africa Growth and Opportunity Act (AGOA). Under AGOA, clothing imports to the US from the African countries are duty free and quota free if made from US cotton yarn or fabrics. Further, the textile industry in the US itself is under severe threat if China exports clothing without any controls whatsoever. To make matters

worse, China exports a record \$185 billion worth of goods to the US and holds billions of dollars of US debt. The US is interested in controlling this.

EVER since the lifting of the MFA, the US has been begging China to curb its exports of textiles either directly, or through export tariffs and changing the foreign exchange rates. There was a threat to impose quotas on Chinese goods other than textiles which may have had a greater impact on the Chinese economy. Of course, China could have reacted by calling in the US Treasury bonds and imposing restrictions on US company activities in China. In any case, to avert the trade disputes, just last week, China finally relented to pressures on the textile front.

Beginning July 20, China-based textile firms exporting to the US and the EU must apply for temporary export approval permits. This controls how much each firm gets to sell to major markets, and the total volume of China's textile exports. Thus, rather than flooding the US and EU markets with textiles and clothing, effectively wiping out the domestic industries in these countries and

also much of the poorer developing countries, this arrangement has temporarily stayed the execution of the global textile industry. One country that benefits from China's retreat is India. The other countries had better watch out. China could easily reverse its course on the textile front, and the US knows it.

The other major development is the acquisition of large US companies by Chinese ones. Just six months back, IBM sold its PC division to China-based Lenovo Group for \$1.75 billion, making Lenovo the third largest PC maker in the world behind Dell and Hewlett-Packard. Now the Haier Group of China is going to buy Maytag, one of the best known consumer appliance makers in the US. Last month, Ripplewood Holdings made a \$2.1 billion bid to acquire Maytag. The Haier Group, which is the world's fifth largest maker of white goods, had sales of \$12.05 billion in 2004. Its acquisition of Maytag, topping \$2.5 billion will make it one of the top four home appliance makers in the US along with Whirlpool, General Electric and Electrolux of Sweden. Just the other day, CNOOC (China National Offshore Oil Corp) was bidding to top Chevron's \$16.7 billion deal to buy Unocal Corp. Of course, Chinese companies have been making small company acquisitions (less than \$10 million) pretty much in the same line as India's software "giants". Clearly, China is on the move to acquire globally renowned companies, and make its reach felt worldwide, especially in the US.

If one goes to Shanghai or Guangdong or Shenzhen, there can be no doubt that China is fast becoming a dominant capitalist economy. The American paranoia is quite understandable: How can a country so seamlessly marry socialism for the people with capitalism for companies? Perhaps this is the dominant model for the 21st century, quite the opposite of what prevails in the US.

(The author is *Ralph Tyser* professor at the *Smith School of Business, University of Maryland*)

Shrine: China not happy with Japan

P. S. Suryanarayana

SINGAPORE: China has expressed deep dissatisfaction over the perceived Japanese attitude towards bilateral relations, even as Chinese Vice-Premier Wu Yi cut short her visit to Japan.

Ms. Wu Yi, who is now in Mongolia on a scheduled visit, had arrived in Japan exactly a week ago and left the country on Monday. According to the Japanese side, she was to have gone on to Mongolia from Japan but she cancelled a planned meeting with Japanese Prime Minister Junichiro Koizumi on Monday and left ahead of schedule.

Commenting on the episode, which has added another twist to the troubled relations between the two countries in recent weeks, the Chinese

Foreign Ministry spokesman Kong Quan said in Beijing that "China is extremely unsatisfied" with the stand of the Japanese leaders on the Yasukuni Shrine issue as expressed by them during Ms. Wu Yi's visit to Japan.

The shrine in Tokyo, which honours Japan's war-time heroes including those convicted by the relevant international authorities for heinous war crimes, is widely regarded across Asia as a symbol of imperial Japan's militarism. Frequent visits to the shrine by Japanese leaders, including Mr. Koizumi, are viewed in China and the two Koreas as a possible sign of Japan's suspected wish to lurch back to such militarism.

"To our regret, during Vice-Premier Wu Yi's stay in Japan, Japanese

leaders repeatedly made remarks on [their agenda of] visiting the Yasukuni Shrine that go against the efforts to improve Sino-Japanese relations," Mr. Kong said.

He emphasised that her visit, to participate in the China Day celebrations at the Aichi Expo 2005, "is the best demonstration" of the importance that Beijing attached to its ties with Tokyo.

Mr. Kong said: "China sincerely hopes that the two countries could make joint efforts to fulfil Chinese President Hu Jintao's five-point proposal on improving China-Japan relations."

Mr. Hu made the proposal during his talks with Mr. Koizumi in Jakarta, on the sidelines of the recent Asia-Africa summit there.

25 MAY 2005

THE HINDU

China rejects plea on shahtoosh

AYSWARIA VENUGOPAL

New Delhi, May 22: China has declined India's request for rare Tibetan antelopes to breed in captivity for shahtoosh wool.

The antelope, known in India as the chiru, is in demand for its under-fleece that is used for making priceless shahtoosh shawls by weavers in Jammu and Kashmir.

Last Tuesday, the Union textiles ministry's proposal for captive breeding of chirus was put before a Chinese delegation during the meeting of the Tiger Enforcement Task Force of the Convention on International Trade in Endangered Species (Cites) in Delhi. Besides the illegal trade in tiger skin, the task force was to also discuss the continuing illegal trade in the wool of the Tibetan antelope.

Shahtoosh shawls are banned under the Wildlife Protection Act, 1972, and possession is punishable with a jail term. A global ban is also in place. One shawl can cost over Rs 30,000 and at times even lakhs.

A source said the Chinese



IN DEMAND: The Dalai Lama being shown a chiru skin during a conservation awareness programme in Delhi in April. (AFP)

turned down India's request citing several reasons. The delegation pointed out that the breeding biology of the chiru is not yet clear. These animals have never been kept in captivity and not a single zoo in the world has a chiru. They said the animal can survive only at altitudes of about 5,000 m above the sea level and if brought down to 3,000 m it may die.

Most important, the captive breeding of an endangered species like the chiru for trade would require the permission from Cites. Earlier, such proposals on other animals have not been approved by the 167

nations that are its signatories. A permission would allow India to go ahead with the controlled breeding.

The textile ministry's request for chirus came after a representation from the Jammu and Kashmir government.

Last year, when Prime Minister Manmohan Singh visited Kashmir, weavers had requested him to restore their means of livelihood — the making of shahtoosh shawls. At this, the PMO had told the textiles ministry to set up a committee to discuss the captive breeding of chirus for their wool without killing them.

China rules out additional curbs on textile exports

Beijing, May 19

CHINA WILL not impose additional curbs on its textile exports, rebuffing demands by the United States and European Union to do more, Commerce Minister Bo Xilai said.

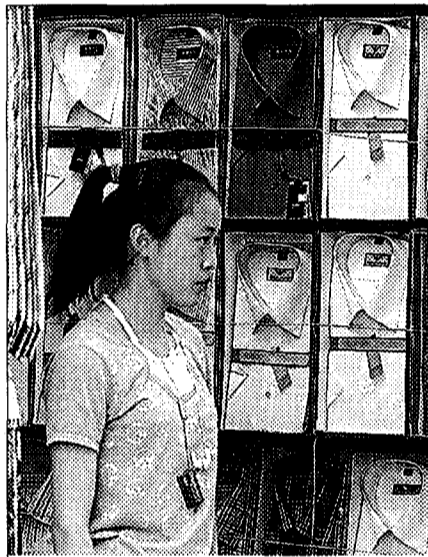
"The integration of the textile trade is a right we have gained since China joined the WTO and China will not impose curbs on its textile products," Bo told a delegation of US businessmen, according to the ministry's website on Thursday.

An official at the ministry told AFP Bo was ruling out restraints on export volumes and China could announce other economic measures but refused to say what or when. China has already raised taxes and lowered export rebates on textile products in a bid to slow growth.

Just hours after Bo met with the US delegation Wednesday, Washington slapped quotas on another four categories of Chinese textile goods in addition to the three it had already announced.

China has yet to officially respond to the latest US moves but in the meeting with US Chamber of Commerce President Thomas Donohue, Bo said such safeguard measures were "unwise" and their differences should be resolved through discussions.

"China and the United States should increase consultations and cooperation to properly resolve issues arising from economic and trade relations between the two sides," he said, according to the official Xinhua news agency.



The developments will fuel trade tensions focused on China's currency regime, which the United States claims has created an artificial boom in Chinese exports at the cost of thousands of US jobs.

China's decision could also spark retaliatory action from the EU, which has put restrictions on imports of flax yarn and T-shirts from China and has warned of further measures if Beijing does not show a "constructive attitude".

At a business forum Wednesday, Bo blasted developed countries for arguing for global standards on free trade when they enjoyed absolute advantages but then placing

restrictions when their own interests were threatened.

Under World Trade Organisation rules, such "double standards are not allowed," he said.

He said some developed nations have failed to abide by WTO stipulations that requested them to gradually ease the quota system for the import of textile and garment products in the 10 years starting from 1995.

"This was why China's exports have soared in the first quarter of the year," he said, referring to the end of the global quota system on January 1.

Analysts said China had a strong case. "Bo Xilai uses strong words but I think he has a very sensible and valid point," said Qu Hongbin, an analyst with HSBC in Hong Kong.

"You cannot on the one hand talk about entering the China market, ask China to join the WTO and open up its markets, and on the other hand, when you see that China is starting to become a supplier, or a producer, then try to limit that.

"This is just ridiculous." China Textile Industry Association vice president Gao Yong also joined the fray, saying the country had done all it could to curb its growing exports.

"China has done all that it can to curb the fast growing exports and abide by its WTO commitments," Gao was cited as saying by Xinhua.

"The developed nations must live up to their own commitments too."

Agence France Presse

20 MAY 96

THE HINDUSTAN TIMES

Beijing begins talks on HK laws

Hong Kong, April 24 (Reuters): Beijing today began a discussion of Hong Kong's leadership succession laws while hundreds of protesters in the territory denounced it as unwarranted interference in internal affairs.

Carrying placards, several hundred demonstrators marched through the main shopping belt on Hong Kong island chanting: "Against Beijing's Parliament's interpretation of the law".

The Standing Committee of China's parliament, the National People's Congress, kicked off several days of meetings with a reading of a draft ruling on the interpretation of Hong Kong's constitution, state media reported. The draft, which the Committee is expected to pass by Wednesday, said the next chief executive should only serve the remaining two years, until mid-2007, of the term of former leader Tung Chee-hwa.

The constitution of the former British colony says any chief executive should serve five years and many people, especially Hong Kong's lawyers, see Beijing's move as meddling.

25 APR 2005

THE TELEGRAPH

China keeps up war of words

Reuters

Beijing/ Tokyo, April 19

CHINA OFFERED to repair damage by protesters to Japan's embassy in Beijing but kept up the pressure in a diplomatic row on Tuesday, saying Japan needed to show its sincerity to reverse a downward spiral in relations.

China's foreign ministry said a two-day visit to Beijing by Japanese foreign minister Nobutaka Machimura to try to patch things up had yielded consensus on some issues. But the two sides remained far apart on broader disputes that have dragged relations to their lowest point in decades.

China has seen three weekends of violent protests against Japan. Many are angry about a revised Japanese school textbook they say whitewashes Japan's wartime history and also oppose its bid for a permanent seat on the UN Security Council.

The Asian powerhouses appear to be talking past each other, risking a high-stakes partnership worth \$178 billion in annual trade. Still, there have been gestures.

Protesters smashed more than 20 windows at Japan's embassy in Beijing as

thousands of demonstrators converged on it on April 9, an embassy spokesman said on Tuesday, adding that a company under China's foreign ministry had offered to do the repair work.

"They offered to fix the damage" to the embassy office building, he said. "My colleagues in Tokyo are thinking of how to respond to this offer."

Angry crowds also damaged the Japanese ambassador's residence in Beijing and, in a separate protest this weekend, the consulate in Shanghai. Japan was still seeking compensation for the damage. China's foreign ministry and the diplomatic services bureau, which manages diplomatic property in China, declined to comment on the offer of repairs. In a bid to rein in the public, foreign minister Li Zhaoxing urged Chinese on Tuesday not to participate in illegal demonstrations or endanger social stability.

"Do not take part in protest activities that have not been approved. Do not do anything to affect social stability," state television quoted Li as telling a meeting in Beijing of 3,500 members of the Communist Party, government and military.

20 APR 2005

THE HINDUSTAN TIMES

China warns against Japan protests

Reuters

Beijing/Tokyo, April 15

CHINA WARNED its people on Friday against staging fresh protests when Japan's foreign minister visits at the weekend, seeking to head off a repeat of last week's violent anti-Japanese demonstrations. Internet chat-rooms, emails and mobile phone messages have been urging people to join a new round of protests in cities across China this weekend.

Foreign missions, wary of possible violence, cautioned their citizens about possible new protests. The demonstrations, triggered by what many see as Japan's failure to own up to World War Two atrocities, come at a time when Japan is seeking a permanent seat on the UN Security Council, a move that China firmly opposes.

While last weekend's protests appeared to have tacit state approval, the government appealed to demonstrators to avoid "extreme activities" and on Friday Beijing police warned against "unapproved or harmful" activities. "Any assemblies, protests and demonstrations should be approved by the public security organ," the China News Service quoted a Beijing police spokesman as saying.

Japan's Kyodo news agency reported that Chinese public security authorities had told the Japanese embassy in Beijing that they detained seven people in relation to anti-Japan protests in the capital last Saturday. Chinese authorities said they were held on suspicion of "unlawful acts", Kyodo quoted an embassy official as saying. For its part, Japan pledged not to let a series of disputes with China hinder their broader relationship.

Japanese foreign minister Nobutaka Machimura flies to Beijing on Sunday to meet Chinese counterpart Li Zhaoxing, aiming to ensure that current squabbles over gas exploration in disputed waters to Japan's treatment of its history do not escalate or hurt their \$178 billion trade.

16 APR 2005

THE HOUSTON TIMES

When in 1964 China first tested a nuclear weapon the West had every reason to be worried. Here was a country that had recently fought the USA in Korea, had threatened countries as far afield as India and Indonesia and which supported revolutionary movements all over the develop-

ing world. But today China's policies of would-be military domination worry us little.

Its nuclear arsenal is rather small — a mere 24 intercontinental nuclear missiles that are able to reach the USA; no aircraft carrier battle groups for projecting its power; very few destroyers; it is constructing no long-range bombers; and has no military bases abroad.

Its seventy submarines rarely venture outside Chinese territorial waters. Even vis-à-vis Taiwan, against which it has deployed 600 short-range missiles, it does not have the makings of an invasion force that could overwhelm Taiwan's defences.

Nevertheless, both the White House and majority opinion in Congress, continue to act as if the USA must contain China militarily, even while professing engagement. In Tokyo recently, US Secretary of State Condoleezza Rice asked to defend the presence of such a large number of US troops in Okinawa replied that they were there to balance the rise of China.

Chicago professor, John Mearsheimer, America's most influential balance of power theorist, argues, "China cannot rise peacefully" and there is "considerable potential for war".

The assumption seems to be that as the econom-

ic juggernaut continues to roll that this must in the long run turn into a military threat. But it simply does not follow that an increase in China's regional power and influence need translate into a reciprocal decrease in US power and influence.

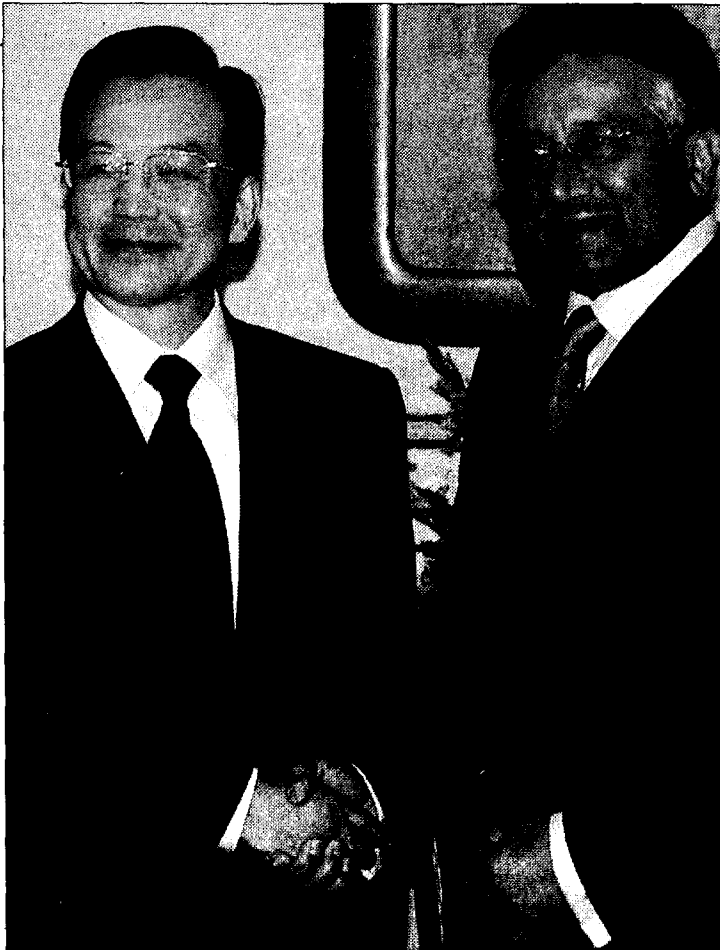
Neither power nor wealth

is baked only in one size. The cake can grow for both. It is not a zero sum game whereby my big slice is less for you. Why Washington feels that the USA's long-time presence in East Asia is threatened by China owes more to paranoia than good sense.

Getting China right

world view

JONATHAN POWER



AMERICAN PRESENCE A STABILISING FACTOR? Pakistani President Pervez Musharraf with Chinese Premier Wen Jiabao prior to a meeting in Islamabad on Wednesday.— AFP

Often overlooked is what Chinese Foreign Minister Tang Jiaxuan told the former US Secretary of State Colin Powell, that China "welcomes the America presence in the Asia-Pacific region as a stabilising factor".

It is six years since the late Gerald Segal published his much-discussed article in *Foreign Affairs*, "Does China matter?"

The essentials of many of his arguments have not really changed. China's success has been grossly over-hyped.

China still accounts for only a small proportion of world trade and even in its region, the latest figures show that China is a long way from dominating East Asian trade. Total regional imports from China are about 9 per cent compared with Japan's 17 per cent and the USA's 18 per cent. Though Germany is Europe's biggest exporter to China its exports there are only 7 per cent of its total.

The apparent high inflow of foreign investment into China is used to trumpet China as the wave of the future. But most of that inflow comes from ethnic Chinese and much of the so-called investment from East Asia makes a trip from China via places like Hong Kong and then comes back as foreign investment to attract tax concessions.

China, unlike India, still

does not yet have enough ingredients for long run success. It does not have any world-class companies of its own. Its legal framework is rickety and there is no guarantee that a dictatorial political system will have the flexibility to contain the stresses and strains of economic expansion pursued at the current rate of knots.

In terms of literature, films or the arts in general China is overshadowed by much smaller Chinese communities — in Hong Kong, Taiwan, and Singapore.

It is probably only a matter of time before the faddish fascination with China switches to booming India and once it does it is unlikely ever to switch back again once investors realise what it is to have a haven where the law does work, albeit too slowly, and democratically elected politicians are not just accountable, but persuadable and approachable.

When it comes to China, time is on Washington's side and the time should be used to engage China further, not to fear it or aggressively seek to counter it.

That said, it will be always important to stand up for Taiwan's democracy and not to brush under the carpet the memories of Tiananmen Square. Maintaining the arms embargo and pushing Europe to do the same sends the message that the USA is not setting aside any important principles.

All the more strange, then, is the inexplicable contradiction to its otherwise too tough China policy: the USA has recently given notice that, unlike in recent years, it is dropping its policy of voting to criticise China at the United Nations Human Rights Commission.

08 APR 2005

THE STATESMAN

China, Pakistan for Free Trade Agreement

By B. Muralidhar Reddy

ISLAMABAD, APRIL 3. Pakistan and China are to sign a number of pacts including an "Early Harvest Agreement", the first stage towards a free trade agreement (FTA), during the bilateral visit of the Chinese Premier, Wen Jiabao, beginning here on April 5. Mr. Wen would be here at the start of his South Asia tour that takes him to Sri Lanka, Bangladesh and India besides Pakistan.

He would deliver the keynote address to the Asia Cooperation Development conference to be attended by 25 countries, including India.

According to senior officials in the Pakistan Foreign Office, the focus of Mr. Wen's visit would be on strengthening the economic and commercial relations. A few weeks ago, it was announced that Mr. Wen would

inaugurate the first phase of the ambitious Gwadar deep sea port in Balochistan. The programme appears to have been put off, as the project would take at least four more months to complete. Pakistani officials have denied reports that the inaugural ceremony has been postponed due to security reasons.

"A turning point"

In a special briefing here to Pakistan-based Chinese journalists, the Pakistan Prime Minister, Shaukat Aziz, said, "The proposed FTA, in my view, will be a turning point in the trade relations between the two countries."

At least 10 separate agreements worth billions of dollars involving cooperation in the field of defence, tourism, economic and trade cooperation, and road and air links are expected to be inked.

04 APR 2005 THE HINDU

Massive anti-China protest in Taiwan

Taipei, March 26 (Reuters): Hundreds of thousands of people chanting: "Oppose war, Love Taiwan" joined President Chen Shui-bian today to protest against China's anti-secession law that sanctions the use of force against the island.

Chen's ruling Democratic Progressive Party hopes the protest will draw international attention to the new law and put pressure on China to scrap it. Organisers said 1 million people joined the show of people power against Beijing's military threat, but Taipei police estimated the crowd at just over 240,000.

"I am here to protest against a barbaric China which looks down upon the Taiwanese people," said 70-year-old businessman Fan Wen-yi, adding he was not affiliated to any political party and had never participated in a protest before. "The anti-secession law, simply put, is a law that authorises war."

The protesters chanted slogans and waved green flags that read "democracy, peace,



A woman holds a placard at the rally in Taipei. (Reuters)

protect Taiwan" as they marched towards the presidential office from 10 locations around the capital, symbolising the 10 clauses of the anti-secession law.

Many brought their children and pets to the "democratic carnival". Scores of children bared bottoms plastered with anti-missile stick-

ers, while a handful of angry protesters set fire to red Chinese flags. President Chen and his family, surrounded by 500 security guards, joined the marchers. Holding two green inflated green batons, Chen joined the crowd in singing songs in the Taiwanese dialect.

The rally dispersed peace-

fully after a giant red balloon in the shape of a sea-urchin, symbolising Chinese missile threats, was deflated.

The anti-secession bill approved by China's parliament on March 14 is a bid to deter Chen from pushing for a formal split from China before the end of his term in 2008.

The law codified Beijing's longstanding threat to attack Taiwan, authorising the use of non-peaceful measures against the democratically ruled island if it pushes for formal statehood.

"Taiwan is in such a sad position. It's like an international orphan. If we don't stand up and fight, no-one will fight for us," said 23-year-old student Jonathan Lin. "We should not be afraid of China. If they invade, I am willing to fight to the last moment."

China has claimed sovereignty over Taiwan since the Chinese Nationalists fled there at the end of a civil war in 1949. The Nationalist Party, which favours a more conciliatory stance towards Beijing, shunned the protest.

Guns 'n' poses

Will Europe arm China?

Chinese armed forces do not lack funds for their modernisation: China is booming, and the government is on a military spending spree. What they lack is access to Western weaponry, cut off under sanctions imposed after the 1989 Tiananmen massacres. They are dependent almost wholly on Russia for armaments, which limits their modernisation programme. French president Jacques Chirac, however, has argued that the ban on Chinese sales is "obsolete", and the EU is gearing up to end the ban. Decisions on arms sales are often a balancing act between profit and strategic interests. Following American unilateralism, apparent in its pursuit of goals, Europeans may conclude that their strategic interests need not follow America's, hence the swing towards European arms companies tapping the Chinese market. This is strengthened by the prime movers in lifting the ban: France and Germany. It will have implications for India as well, since our military planning keeps China in mind.

But two developments have given pause to advocates for lifting. There is a furious backlash in the US Congress, which threatens not to approve transfers of advanced military technology to Europe. President Clinton proposed arms sales to the Chinese during the 1990s, but Congress had shot it down fearing a change in the balance of power between China and Taiwan, which the US is committed to defend. Also, the Chinese National People's Congress has approved legislation which declares any formal move of independence by Taiwan will trigger a Chinese invasion. The timing provides ammunition to those opposing the lifting. The international community has an obligation to keep the two countries off each others' throats, and some European countries have developed cold feet. Since any lifting must be unanimously approved by all 25 EU member-states, that puts significant obstacles in its way. The EU presidency is passing to Britain, which holds it till December, and Prime Minister Blair is President Bush's best friend. Which means the People's Liberation Army may have to wait for an infusion of posh European weapons, at least till next year.

THE STATESMAN

24 MAR 2005

Nepal off China itinerary

PRANAY SHARMA

New Delhi, March 14: Chinese Prime Minister Wen Jiabao has decided to skip Nepal during his tour of South Asia next month.

China has been the only country to back the monarch after the royal coup in Kathmandu. But keeping in mind Indian sensitivity, Wen has decided to drop Nepal from his South Asian itinerary.

The Chinese Prime Minister begins his tour of the region from April 5 with a visit to Pakistan. He will be there for two days after which he

travels to Bangladesh.

The next day, he leaves for Sri Lanka and comes to India on a four-day official visit from April 9. Since China does not have diplomatic relations with Bhutan, he will not go there.

But Nepal, with which Beijing has strong relations, is being overlooked because the Chinese leadership is taking extra precaution not to send any wrong signal to Delhi on what is being seen as a crucial visit.

But there are indications that the Chinese foreign minister may visit Nepal in April.

Though the dates have not yet been finalised, reports from Kathmandu suggest that the visit might come through some time next month.

China has perhaps been the only key international player which has so far not criticised King Gyanendra. Beijing has dismissed the developments in Kathmandu as "internal affairs" of Nepal.

But there are indications that the king has got an assurance from China that it will back him on any action to "stabilise" the country.

Reports from Nepal suggest that Gyanendra may un-

dertake a visit to Beijing to send a signal to India and the rest of the world that if he fails to get their support, he will be forced to turn to China.

Mass arrests

Security forces arrested hundreds of political activists in several areas of Nepal for violating emergency regulations and protesting against the takeover by the king, adds our correspondent in Kathmandu.

The Maoists began enforcing a month-long economic blockade by torching six vehicles in Morang district on the Indo-Nepal border.

China gets 'blank cheque to invade' Taiwan

Associated Press
Beijing, March 8

CHINA UNVEILED a law on Tuesday authorising an attack if Taiwan moves toward formal independence, increasing pressure on the self-ruled island while warning other countries not to interfere. Taiwan denounced the legislation as a "blank cheque to invade" and announced war games aimed at repelling an attack.

The United States has appealed to both sides to settle Taiwan's status peacefully, with no unilateral changes by either side. Washington is Taiwan's main arms supplier and could be drawn into any conflict.

The proposed anti-secession law, read out for the first time before the ceremonial National People's Congress, doesn't say what specific actions might invite a Chinese attack. "If possibilities for a peaceful reunification should be com-

pletely exhausted, the state shall employ non-peaceful means and other necessary measures to protect China's sovereignty and territorial integrity," Wang Zhaoguo, deputy-chairman of the NPC's Standing Committee, told the 3,000-odd legislators gathered in the Great Hall of the People.

In an apparent attempt to calm Taiwanese public anxiety, Wang said the law promises that Chinese military forces would try to avoid harming Taiwanese civilians. He said the rights of Taiwanese on China's mainland would also be protected.

Beijing claims Taiwan, split from China since 1949, as part of its territory. The communist mainland repeatedly has threatened to invade if Taiwan tries to make its independence permanent, and new law doesn't impose any new conditions or make new threats. But it lays out for the first time the legal requirements for military action.



Chinese army delegates after listening to Zhaoguo in Beijing's Great Hall of the People. AP

Taiwan's leaders warned that the move could backfire by angering the island's voting public. Taiwan's Mainland Affairs Council, which handles the island's China policy, said the law gives China's military "a blank cheque to invade Taiwan" and "exposed the Chinese

communists' attempt to use force to annex Taiwan and to be a regional power. Our government lodges strong protest against the vicious attempt and brutal means ... to block Taiwanese from making their free choice."

Taiwanese defence ministry spokes-

man Liu Chih-chien said large-scale military exercises would be held from mid-April to August to build confidence in the island's military preparedness. Troops will practise knocking down Chinese missiles and fighting communist commandos.

Mainland lawmakers immediately expressed support for the measure, which is sure to be approved when they vote on March 14. The NPC routinely approves all legislation decided by party leaders. "We must join hands and not allow Taiwan to separate from China," said Chang Houchun, an NPC member. Chinese officials say the law was prompted in part by Taiwanese President Chen Shui-bian's plans for a referendum on a new constitution for the island that Beijing worries might include a declaration of independence. Chen says the vote would be aimed at building a better political system, not at formalising Taiwan's de facto independence.

China ends ping-pong over Hong Kong, CEO Tung goes

Exit Will Allow Beijing To Defer Decision On Democracy

Hong Kong: Alarmed by the growing clamour for democracy in Hong Kong, analysts said the Chinese government hastened the exit of unpopular leader Tung Chee-hwa to head off demands for universal suffrage.

Newspapers reported here on Wednesday that the Beijing-appointed chief executive tendered his resignation last month citing failing health as reason for quitting.

If confirmed it will bring to an end to eight years in office that have seen the Shanghai-born former shipping magnate wrestle with crisis after crisis. Although analysts were caught off-guard by the news—most had predicted Tung would stay on for fear of causing embarrassment to China—it was interpreted as an effort by China to bring the territory under control. "Tung's administration was lethargic, unresponsive, uncreative and undemocratic," Ling-

nan University politics professor Paul Harris told AFP.

"His resignation is an expedient that lets China move him away from where he can cause anymore trouble. It's also a means of doing it without losing too

much face." jing that Tung is not as good a leader as they would like him to be even though he was given the opportunity to revive his credibility."

The timing of Tung's resignation is crucial, many analysts agree, because it will allow China to delay making a decision on when to allow a promised transition to full democracy.

Universal suffrage is guaranteed in the Basic Law mini-constitution that came into force when the territory returned to China from Britain in 1997. However, Tung and the pro-democracy camp have fought a long dispute over the timing of democratic reforms. Beijing has resisted demands for the introduction of universal suffrage in 2007 to elect the next chief executive.

Democrats fear Tung's resignation may mean appointment of a new CEO for five years, delaying any decision on democratic reform until at least 2010. AFP



Hong Kong chief executive Tung Chee-hwa, right, with chief administration secretary Donald Tsang, who's tipped to succeed him

much face."

Christine Loh, from the independent non-profit public policy think tank Civic Exchange, said: "It's an acknowledgement by Bei-

THE TIMES OF INDIA

03 MAR 2005

জোর যাহার

তাইওয়ান স্বাধীন বা বিচ্ছিন্ন হইবার চেষ্টা করিলে বেজিং প্রয়োজনে অ-শান্তিপূর্ণ প্রক্রিয়ায় সেই চেষ্টা প্রতিরোধ করিবে, এই মর্মে চিনা পার্লামেন্টে একটি প্রস্তাব সর্বসম্মতিক্রমে পাশ হওয়ায় উত্তেজনার সঞ্চার হইয়াছে। তাইওয়ান ইহাকে সরাসরি তাহার সার্বভৌমত্বের উপর আক্রমণ রূপেই শনাক্ত করিয়াছে। মার্কিন যুক্তরাষ্ট্র এবং জাপানও অসন্তোষ জ্ঞাপন করিয়াছে। তাইওয়ানকে (ভূতপূর্ব ফরমোসা) চিন বরাবরই নিজের অবিচ্ছেদ্য অঙ্গ বলিয়া ঘোষণা করিয়া আসিয়াছে। ১৯৪৯ সালে চিয়াং কাই শেক তাঁহার পরাজিত বাহিনী লইয়া তাইওয়ানে আশ্রয় লইবার পর হইতেই চিনের কমিউনিস্ট শাসকরা মূল চিনা ভূখণ্ডের সহিত তাইওয়ানের সংযুক্তির দাবি করিয়া আসিয়াছেন। অন্য দিকে চিয়াং কাই শেকরও মূল চিনা ভূখণ্ডকে তাইওয়ানের অংশ রূপে দাবি করিয়া সংযুক্তির কথা বলিয়া আসিয়াছে। সংযুক্তি লইয়া আদিতে দুই ভূখণ্ডের নেতৃত্বের মধ্যে কোনও মতভেদ ছিল না, মতান্তর ছিল কে কাহার কর্তৃত্ব শিরোধার্য করিয়া কাহার সহিত সংযুক্ত হইবে, তাহা লইয়া। তাইওয়ানের কুয়োমিন্টাং নেতৃত্ব এই দ্বীপভূমিকেই 'আসল চিন' দাবি করিয়া রাষ্ট্রপুঞ্জ সমগ্র চিনা জাতির প্রতিনিধিত্বও করিয়াছে। মার্কিন যুক্তরাষ্ট্র সহ কুয়োমিন্টাংয়ের পশ্চিমি মুক্কাবিররা কমিউনিস্ট শাসিত গণপ্রজাতন্ত্রী চিনকে একঘরে করিতে সেই হাস্যকর প্রতিনিধিত্ব অনুমোদনও করিয়াছে। এ সবই অতীত। এখন কেহই চিনের প্রতিনিধিত্বকারী রূপে তাইওয়ানের দাবিকে গুরুত্ব দেয় না। কিন্তু তাহার অর্থ এই নয় যে কোনও ভূখণ্ডকে গায়ের জোরে কোনও দেশ নিজের অধীন করিতে বা নিজের সহিত মিশাইয়া দিতে পারে।

হংকং-এর মতো তাইওয়ানও প্রথমাধিকার ধনতন্ত্র অনুশীলন করিয়া আসিয়াছে। তবু 'এক দেশ, দুই সমাজব্যবস্থা' স্লোগানের আড়ালে চিনের কমিউনিস্ট শাসকরা হংকংবাসীদের আশ্বস্ত করিয়া মূল ভূখণ্ডে তাঁহাদের অন্তর্ভুক্তির অনিবার্যতাকে মসৃণ করিতে চাহিয়াছেন। অন্তর্ভুক্তির পর যত দিন গিয়াছে, ততই দুই ভিন্ন, পরস্পরবিরোধী বন্দোবস্তের সংশ্লেষের সম্ভাবনা সুদূর হইয়াছে। তাইওয়ানিরা সাগ্রহে হংকং-এর মিশিয়া যাওয়ার প্রক্রিয়া লক্ষ করিয়াছেন। বড় মাছের ছোট মাছকে গিলিয়া খাওয়ার প্রাকৃতিক মাৎস্যন্যায়ের রাজনৈতিক প্রকরণ নিশ্চয় কমিউনিস্ট শাসিত মূল ভূখণ্ড হইতে স্বতন্ত্র থাকিবার আকাঙ্ক্ষাকে উৎসাহিত করিয়া থাকিবে। আবার তাঁহাদের এই স্বাতন্ত্র্যবোধ মূল ভূখণ্ডের কমিউনিস্ট নেতৃত্বকে ক্ষুব্ধ করিয়া থাকিবে। তাই প্রেসিডেন্ট ছু জিন তাও সামরিক কমিশনের প্রধান হিসাবে নেতৃত্বে নিজের অবস্থান দৃঢ় করিয়া লইবার পরেই চিনের সার্বভৌমত্ব ও আঞ্চলিক অখণ্ডতা রক্ষা এবং তাইওয়ানের বিচ্ছিন্নতাবাদী শক্তিকে ঠেকাইবার নামে পার্লামেন্টে সর্বসম্মত প্রস্তাব বলে তাইওয়ানের আঞ্চলিক অখণ্ডতা বিনাশের অধিকার দাবি করিয়াছেন। কিন্তু তাহা করিতে গিয়া চিনা কমিউনিস্টরা তাঁহাদেরই প্রণীত একটি 'মার্ক্সবাদী-লেনিনবাদী সূত্র'কে অস্বীকার করিয়াছেন: বিচ্ছিন্ন হওয়ার অধিকার সহ জাতিসত্তার আত্মনিয়ন্ত্রণের অধিকার। তাইওয়ান ও তাহার জনসাধারণের এই অধিকারহরণের অধিকার তো পার্লামেন্টে প্রস্তাব পাশ করিয়া অর্জন করা যায় না। বলপূর্বক অবশ্য সব কিছুই করা যায়, জর্জিয়ার ক্ষেত্রে স্থালিন যেমন করিয়াছিলেন!

চুক্তি অনুসারে, আক্রান্ত তাইওয়ানের প্রতিরক্ষায় আমেরিকা দায়বদ্ধ। তাইওয়ান, জাপান এবং দক্ষিণ কোরিয়ায় মার্কিন সামরিক উপস্থিতি এই প্রতিরক্ষা সুনিশ্চিত করার রক্ষাকবচও বটে। ইহা বরাবরই চিনের কাছে অস্বস্তিকর। খিড়কির আশপাশে বিশ্বের একমাত্র বৃহৎ শক্তির সামরিক উপস্থিতি চিনের নিরাপত্তার পক্ষেও বিপজ্জনক। ইরাকে সাদ্দাম হুসেনের জমানা যদি মার্কিন যুক্তরাষ্ট্রের নিরাপত্তার পক্ষে বিপজ্জনক হইয়া থাকে, তবে তাইওয়ান ও সংলগ্ন অঞ্চলে মার্কিন উপস্থিতি অবশ্যই চিনের পক্ষে বিপজ্জনক। তাইওয়ানের উপর চাপ সৃষ্টি করিয়া চিনা নেতৃত্ব প্রকারান্তরে মার্কিন প্রশাসনকেই চাপে রাখিতে চাহেন। চিন কেবল তৃতীয় বিশ্বের অর্থনৈতিক বৃহৎ শক্তিই নয়, আপন সামরিক শক্তিও বাড়াইয়া চলিয়াছে। (চিনের এ বারের বাজেটে সামরিক ব্যয় ১২.৫ শতাংশ বাড়িয়াছে)। নিজের খিড়কি অরক্ষিত রাখিয়া কোনও বৃহৎ শক্তি কি দিগ্বিজয়ে বাহির হয়?

Be prepared for war, Hu tells army

Sounds Warning To Taiwan After Being Appointed Commander-In-Chief Of World's Largest Military

Beijing: Chinese president Hu Jintao on Sunday asked the country's military to be prepared for war and to earnestly perform the "historical mission" to safeguard China's sovereignty, territorial integrity and national interests.

"We shall step up preparations for possible military struggle and enhance our capabilities to cope with crises, safeguard peace, prevent wars and win the wars if any," Hu told the People's Liberation Army (PLA), hours after being elected its commander-in-chief, in an apparent warning to arch-rival Taiwan.

"All comrades of the military should correctly understand the situation and resolutely perform the military's historical mission in the new century and the new development stage," Hu, also general secretary of the ruling Communist Party of China, said. "We must continuously enhance our sense of political responsibility, and always place the task of defending national sovereignty, security and territorial integrity and safeguarding the interests of national development above anything else," Xinhua news agency quoted him as saying.

Hu made the comments at a plenary meeting of the PLA lawmakers to the ongoing annual full session of the 10th National People's Congress (NPC), the top legislature, here, ahead of Monday's scheduled passing of the anti-secession law aimed at thwarting Taiwan's creeping bid for independence.

Hu, 62, was unanimously elected chairman of the Central Military Commission (CMC) of the Peo-

ple's Republic of China on Sunday morning at a full-member meeting of the NPC, taking over from 78-year-old Jiang Zemin, who resigned on March 4. Stressing the importance of "unswervingly adhering to the fundamental principle and system of the party's absolute leadership over the military", he urged the PLA to further carry on the education campaign aimed at "preserving the advanced nature of the Communist Party members."

The CPC had launched a nationwide campaign recently to ensure its 68 million members serve as models of society. In his speech, Hu spoke highly of the "outstanding contributions" of his predecessor Jiang Zemin, as well as his "remarkable merits in strengthening national defence and promoting the military's modernisation." Hu also called for army building in a down-to-earth manner and the need for military's revolutionisation and modernisation process, Xinhua quoted Hu as saying.

Hu underlined the necessity to well coordinate and balance the country's economic development and national defence building, urging the military to seek a new path of modernisation with "low cost yet high efficiency."

"We shall work hard to build, on the basis of economic development, a military force that conforms to the interests of our country's security and development, to effectively safeguard national security and unification and guarantee the smooth building of a comparatively affluent society in China," said Hu.



RED REGIME: Hu Jintao (right) and premier Wen Jiabao during a session of the National People's Congress at the Great Hall of the People in Beijing on Sunday

Hu takes overall control in China

China Daily/ANN

BEIJING, March 13. — Mr Hu Jintao, general secretary of the Central Committee of the Communist Party of China and Chinese President, was elected chairman of the state Central Military Commission (CMC) here today.

With today's election, which was just a formality, Mr Hu now holds all the top positions within the Communist Party, the military and the Chinese state. Today's election has also symbolically completed a transfer of power to a younger generation of Communist leaders.

Mr Hu (62) succeeded Mr Jiang Zemin as chairman of the CMC last September. He assumed the post of vice-chairmanship of the commission in 1999. He was directly involved in the making of a series of major decisions regarding army building.

Mr Jiang's request of resignation from his remaining post as chairman of the



Mr Hu: Big boss

CMC was accepted by the parliament on Tuesday. He praised Mr Hu as a "young and energetic" leader with "rich leading experience" and "excellent qualifications".

In a speech last week prior to the opening of the parliament session, Mr Hu set forth his four-point guidelines for cross-Straits relations, stating that the Chinese people will do their best to seek peaceful reunification of the motherland but will never tolerate "Taiwan independence".

The draft Anti-Secession Law, which the NPC session is expected to ratify through vote tomorrow, says China would use "non-peaceful means" to stop Taiwan's secession from China should all efforts for a peaceful reunification prove futile, according to Mr Wang Zhaoguo, vice-chairman of the NPC Standing Committee.

Following his assumption as the CMC chairman, the President pledged to implement the thoughts of Mao Zedong, Deng Xiaoping and Mr Jiang Zemin on army building and national defence and to revolutionise, modernise and standardise the Chinese army.

Unlike earlier Chinese leaders who were revered as heroes of the 1949 communist revolution, neither Mr Hu nor Mr Jiang has military experience. When appearing at military events, both have worn olive green military-style uniforms with no insignia.

THE STATESMAN

14 MAR 2005

Consensus on China's anti-secession bill

by R. S. Suryanarayana

SINGAPORE, MARCH 12. The National Committee of the Chinese People's Political Consultative Conference (CPPCC), the country's top advisory body, today expressed "full support" for the draft anti-secession law, which is designed to keep the non-sovereign territory of Taiwan in line as an inalienable part of China.

The bill is expected to be voted upon by the National People's Congress (NPC), China's Parliament, in Beijing on Monday.

The CPPCC, which brings together the ruling Communist Party of China (CPC) and the country's non-communist parties and people without political affiliation, acts as a "think-tank" for all the branches of Government under the system of "socialist democracy".

The proposed enactment, which the NPC has discussed in the past few days in formal sessions, provides for the use of "non-peaceful" means and other "necessary measures", as the "last resort", to bring about Taiwan's reunification with the Chinese mainland.

The relevant resolution, adopted by the CPPCC National Committee in Beijing today, under the chairmanship of Jia Qinglin, said the imminent legislation "manifests the common aspiration and firm determination of the entire Chinese people to safeguard national sovereignty and territorial integrity and never to allow 'Taiwan independence' secessionist forces to secede Taiwan from China in any name or by any means".

In a related development in Taipei, the Taiwanese President, Chen Shui-bian, said today that, in the face of the imminent Chinese legislation, the territory would sustain its policy of "reconciliation but no concession, steadfastness but no confrontation".

Amid indications that Taiwan might now stage military exercises with a view to "upgrading defence capabilities", Mr. Chen said the territory's ongoing move to procure "massive arms" from the United States "is part of efforts to build up an elite deterrent force" against China. Such a deterrence, he told the Taiwanese armed forces, would help underwrite

his "goal" of setting up a "military buffer zone" in regard to China and a "trust and consultative mechanism" for dealing with Beijing on defence issues.

Tung's new post

China's top advisory body today elected Hong Kong's outgoing Chief Executive, Tung Chee Hwa, as one of three new vice-chairpersons of the CPPCC National Committee.

As part of what international observers regard as a "graceful exit strategy" for Hong Kong's controversial leader, Mr. Tung's resignation from the Special Administrative Region's top executive post was approved by China's State Council. He had cited health reasons for his resignation, tendered on Thursday.

AP reports:

Donald Tsang, a popular bow tie-wearing career civil servant, took over as Hong Kong's leader on Saturday.

Mr. Tsang declined to say whether he planned to run in the election, though he is widely expected to. He said the elected leader would serve until the next originally scheduled election in 2007.

THE HINDU

13 MAR 2005

CHINA'S ANTI-SECESSION LAW

CONTRARY TO ALL the hype, China's anti-secession Bill under consideration by the National People's Conference — the country's parliament — for enactment during its current session appears to be a measured step. It is a response to provocative calls for Taiwan's independence by politicians in the island over the past year, leading to heightened tensions in the entire region. The Bill is a reiteration of China's longstanding and consistent position on Taiwan. Beijing justly views Taiwan as a dissident province that, given time and diplomatic effort, will eventually reunify politically with the mainland. The decision to give the "one China" policy a legal basis through an Act that envisages, as the last resort, military intervention to preserve its territorial integrity, came after President Chen Shiu-bian of Taiwan ran his 2004 re-election campaign on the promise to change the Constitution by a referendum to underline the island's "sovereign and independent" status. Although he toned down the separatist rhetoric following his re-election, it resurfaced in the island's legislative elections last December. Clearly, by including in the draft Bill a provision for the use, should the need arise, of "non-peaceful methods," China wants to put in place a deterrent to any plan for drastic action splittist politicians in Taiwan might have up their sleeves, thus making a military confrontation between the two sides less likely than it seemed in the past.

Taiwanese pro-independence leaders have predictably described the proposed anti-secession law as a design by China to annex the island by force. But the draft Bill makes it clear that Beijing favours only a peaceful reunification, emphasising that only this "best serves the fundamental interests of all Chinese people, the Taiwan compatriots included, as it is conducive to fostering a warm affection among compatriots on both sides, to peace and stability in the Tai-

wan Straits and the Asia-Pacific region as a whole and the great rejuvenation of the Chinese nation." Among the peaceful methods the Bill envisages are greater contacts between the people on both sides, closer economic ties, direct air and shipping services, and exchanges in education, science and technology, culture, health, and sports. Indeed, the Chinese Government has already demonstrated a willingness to promote friendly relations with Taiwan by permitting during the recent Spring Festival the first cross-Strait direct charter flights in 55 years. While the draft Bill sets out what is non-negotiable — the "one China" principle — it provides plenty of room for manoeuvre through the "one country, two systems" formula, specifically to take into account the history of Taiwan and the aspirations of its people. Even the decision to call it an "anti-secession" law rather than a "reunification" law is an indication that China's parameters on the Taiwan question are broad and allow for flexibility.

The Taiwanese regime should view the proposed law, which stresses that "any issue" can be discussed provided the one China principle is adhered to, as an opportunity to begin a dialogue with the Chinese Government to end the cross-Straits hostility. This is what the people of Taiwan desire. Going by President Chen's re-election by the narrowest of margins, and the poor performance of his party in the legislative elections, Taiwanese voters have tired of irresponsible leaders who advocate a collision course with Beijing. Should Mr. Chen decide to persist with adventurism, he will find himself isolated in the international community. The United States clearly does not want to be pushed into a confrontation with China, one of its key economic partners. It is time Taiwan's leaders read the writing on the wall, both at home and abroad. There is not the ghost of a chance of their getting away with any declaration of independence.

THE HINDU

12 MAR 2005

TUNG DENIES CHINA HAND IN RESIGNATION

HK leader quits

Associated Press

HONG KONG, March 10. — Hong Kong's leader today said he had submitted his resignation because of failing health. He, however, denied that China was pushing him out because of poor performance during his eight years in office — a time of economic woes, massive protests and calls for greater democracy.

After ignoring 10 days of rumours that he was quitting, Mr Tung Chee-hwa called a news conference and said that he wanted to step down because of fatigue and other unspecified health problems that began late last year. He said he had trouble standing for long periods of time. "If I continue as Chief Executive, I won't be able to handle it," he said.

Mr Tung said he tendered his resignation with China's leadership an hour before his announcement and that he hoped China would accept it "as soon as possible". Beijing did not immediately comment. He denied wide speculation that China pushed him out. China has "repeatedly affirmed the work that I and my colleagues and the government have done. That (forced resignation) is not the case at all", he said.

Mr Tung's exit triggered Hong Kong's first leadership change since it returned to Chinese rule in 1997 under a "one country, two systems" formula, designed to give the territory a wide degree of autonomy.



HANDS OFF HONG KONG: Mr Tung Chee-hwa briefs the media on Thursday. — AFP

Mr Tung's position would be temporarily filled by the No. 2 ranking official, Mr Donald Tsang — a popular bow tie-wearing career civil servant who was educated at Harvard and received a knighthood for his service during British colonial rule.

Mr Tsang might be Beijing's idea of a complete package: a man known to follow orders without wavering and a battle-hardened civil servant who can run a bureaucracy.

"He has the mentality of a loyal servant. He just follows his boss... It's just that his bosses keep changing," said Ms Ma Ngok, a political scientist at Hong Kong's University of Science and Technology said today.

THE STATESMAN

11 MAR 2005

Bill authorises "use of force" over Taiwan

By P. S. Suryanarayana

SINGAPORE, MARCH 8. China intends to deploy "non-peaceful means" as the "last resort" to reunify the non-sovereign territory of Taiwan with the mainland.

Such means and "other necessary measures" have been provided for in the draft anti-secession law that is now being debated by the National People's Congress (NPC), China's Parliament.

Explaining the salient features of the draft legislation, Wang Zhaoguo, Vice-Chairman of the NPC Standing Committee, said at a plenary session of Parliament in Beijing today that the use of "non-peaceful means" would be resorted to only "when all our efforts for a peaceful reunification should prove futile".

Possible scenarios

Emphasising that the ultimate option was designed solely to "protect China's sovereignty and territorial integrity", Mr. Wang outlined the possible scenarios for "non-peaceful" action. One of them would be the action by the "forces" clamouring for "Taiwan independence", under "any name or by any means", to create the "fact of Taiwan's secession from China".

Another scenario would be the occurrence of "major incidents entailing Taiwan's secession from China". Yet another instance warranting the recourse to the final option would be that "possibilities for a peaceful reunification should be completely exhausted", Mr. Wang told the NPC deputies.

On the political logistics for the exercise of the option, "the draft legislation provides that

the State Council and the Central Military Commission are authorised to decide on and execute non-peaceful means and other necessary measures and promptly report to the Standing Committee of the NPC".

Providing a glimpse of the precautions that China would take in any such situation, Mr. Wang explained that the draft law mandated that "the State shall exert its utmost to protect the lives, property and other legitimate rights and interests of Taiwan civilians and foreign nationals in Taiwan".

Ordned to "minimise losses" during such an operation, the Chinese state "shall protect the rights and interests of the Taiwan compatriots in other parts of China in accordance with law".

Without elaborating on the meaning of "the necessary measures" that could be contemplated in addition to "non-peaceful means", Mr. Wang said, "We have never sworn the use of force" because no sovereign state could tolerate secession.

With Chinese spokespersons having already sought to allay international apprehension that the draft law was but a charter for possible military action against the U.S.-backed Taiwan, Mr. Wang said, "The Taiwan question is one that is left over from China's civil war of the late 1940s."

Asserting that the achievement of China's "complete reunification" though a resolution of the Taiwan issue was Beijing's "internal affair", he said "we will not submit to any interference by outside forces".

THE HINDU

09 MAR 2005

Taiwan rejects China's move

TAIPEI, MARCH 8. Taiwan on Tuesday rejected Beijing's "one country, two systems" reunification approach and said China's anti-secession law is an attempt to annex the island.

"The law exposes China's attempts to annex Taiwan by the use of force and to dominate the (East Asia) region.

"It's like issuing a blank cheque to its military," said Chiu Tai-san, vice-chairman of Taiwan's Cabinet-level policy-making body. — AFP

Jiang's resignation accepted

By P. S. Suryanarayana

SINGAPORE, MARCH 8. Jiang Zemin today completed a measured process of retirement from the Chinese political scene, as the National People's Congress (NPC), Parliament, accepted his resignation from the last of his official positions.

The NPC deputies, numbering nearly 3,000, voted to accept Mr. Jiang's resignation as the Chairman of the Central Military Commission (CMC). He had relinquished his other posi-

tions at the highest echelons of power, beginning with the handover of the post of General Secretary of the Communist Party of China (CPC) to Hu Jintao in November 2002.

Hu to take over

Though it was not clear whether the NPC had appointed Mr. Hu to this top defence post, it is widely known that he will be the new Chairman of the CMC at the apex of the power structure of the state (as different from the ruling party). Prior

to today's developments in Beijing, Mr. Hu had succeeded Mr. Jiang as not only the President and the CPC General Secretary but also as the Chairman of the Central Military Commission, arguably the most powerful post in China.

While offering to resign from that post last September, Mr. Jiang had not only proposed Mr. Hu as his successor but also hailed him as a "young and energetic" leader with "excellent qualifications" and also "rich leading experience."

China lowers economic growth target to 8%

China Daily/ANN

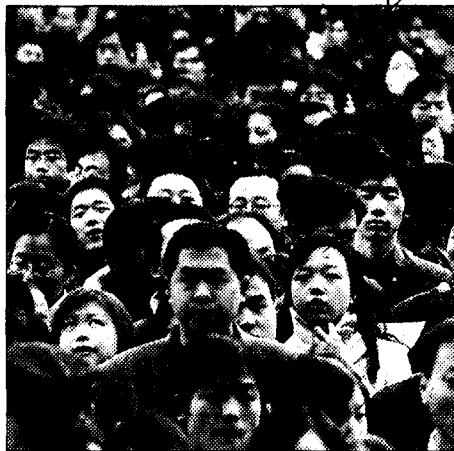
BEIJING, March 6. — The nation will target slower economic growth of eight per cent this year amid continued efforts to rein in the economy, Premier Wen Jiabao has said. The projected growth rate is 1.5 percentage points lower than the 2004 rate, but higher than the seven per cent forecast issued in the past few years.

Mr Wen made the projection while delivering the annual work report of the State Council to more than 2,900 deputies at the opening ceremony of the third plenum of the 10th National People's Congress at the Great Hall of the People.

Mr Wen's report reviewed the work of the central government last year and outlined a development blueprint for this year.

President Hu Jintao, NPC Standing Committee chairman, Mr Wu Bangguo and almost all top Chinese leaders attended the meeting of the country's top law-making body.

Both officials and observers believe that a relatively high growth rate is needed for China which is facing strategic opportunities as well as tough challenges, in particular the intense pressure on employment



Chinese job-hunters flock to a job fair. — AFP

— nine million more jobs have to be created this year to confine the registered urban unemployment rate to 4.6 per cent.

“The economy should grow rapidly, but not be allowed to overheat,” Mr Wen told the session.

In setting the target for this year's economic growth, the government took into consideration both what is necessary and what is feasible, as well as what will be needed to meet employment, price and other targets, he added.

THE STATESMAN

07 MAR 2005

China is no threat to U.S., says Minister

By P. S. Suryanarayana

SINGAPORE, MARCH 6. Affirming China's credentials as a "staunch force for peace in the world," the Chinese Foreign Minister, Li Zhaoxing, today dispelled the notion that Beijing posed a "threat" to the U.S. and emphasised their joint commitment to a constructive engagement.

Addressing the international media, on the margins of the ongoing annual session of the 10th National People's Congress [Parliament], in Beijing, Mr. Li called upon the U.S. and North Korea to "gradually increase their mutual trust and mutual understanding" within the framework of the now-stalled six-party talks on Pyongyang's nuclear weapons programme.

On China's neighbourhood policies, he said the frontier with Russia "has become a boundary of peace, friendship and cooperation."

He reiterated China's intention of "taking history as a mirror and looking to the future" in relations with Japan. However, Mr. Li warned, the recent move by Tokyo and Washington to re-

define their cold-war-era military alliance to include consultations on Taiwan "constitutes an encroachment on China's sovereignty and interference in China's internal affairs." He also underlined Taiwan's status as "a part of China."

Strategic perspective

Mr. Li said China and the U.S. should adopt a "long-term and strategic perspective," with Washington doing so, "first of all," in regard to Taiwan, "the most sensitive issue" in their bilateral relationship.

"It is essential to abide by the principles enshrined in the three Sino-U.S. joint communiqués, treat each other as equals, seek common ground while putting aside the differences and expand the converging points of the interests of the two peoples."

China and the U.S. "are working in collaboration to further implement the important agreement reached between our Presidents [not long ago] on further strengthening and developing the constructive and cooperative partnership between the two countries."

However, Mr. Li noted, "a very small number of people" in the U.S., were propagating "unfounded and unscientific theories" about China as a threat to American global interests.

Mr. Li said the U.S. defence budget for fiscal 2004 was "17.8 times the Chinese figure," while the per-capita military expenditure by the U.S. was "77 times the Chinese one." In 2003, the U.S. defence spending accounted for 47 per cent of the global total and represented "3.5 times the add-up of the military expenditure of the other four permanent members at the United Nations Security Council, China being one among them.

Realistic choice

On North Korea, Mr. Li said the six-party talks were the "realistic choice" for a diplomatic resolution of the nuclear issue. Hoping that all the parties would demonstrate "flexibility, sincerity and patience" and work for "an early reopening of the talks," Mr. Li said Pyongyang had even now indicated willingness to participate in this process with the objective of creating a nuclear-weapons-free Korean peninsula.

THE HINDU

07 MAR 2005

China for peaceful Taiwan union: PM

Beijing, March 5 (Reuters): China's Premier vowed today to work for peaceful reunification with self-ruled Taiwan, seeking to dispel alarm at an anti-secession law that could heighten regional tensions.

In his annual address to the National People's Congress (NPC) in Beijing's Soviet-era Great Hall of the People, Wen Jiabao also pledged to keep the world's seventh-largest economy growing without overheating.

The 3,000 NPC delegates peppered Wen's two-hour speech with applause, clapping loudest when he appealed for national unity, signalling their approval for the law that could prove the legal basis for an attack on Taiwan.

"This law represents the common will and strong determination of the entire Chinese people to safeguard the sovereignty and territorial integrity of the country and never allow secessionist forces working for 'Taiwan independence' to separate Taiwan from China under any name or by any means," Wen said.

Beijing has claimed sovereignty over the offshore island of 23 million since the end of China's civil war in 1949, when the defeated Nationalists fled there from the Communist-held mainland.

China has threatened to attack if Taiwan formally declares independence, and will boost defence spending by more than 12 per cent this year in order to back up that pledge.

But Wen tempered his comments: "We will make the greatest possible effort to do



Premier Wen Jiabao (top) at the Great Hall of the People in Beijing and an ethnic minority delegate outside the venue. (Reuters)

anything conducive to the development of cross-Straits relations and the country's peaceful reunification."

Details of the law will be unveiled in parliament on Tuesday, and NPC delegates are thought likely to approve the measure, which is being closely watched around the region and in the US, on March 14.

US secretary of state Condoleezza Rice is also expected to visit China soon and, while

her focus will be North Korea's nuclear programme, Washington has pledged to help Taiwan defend itself and thus has a keen interest in the potential flashpoint.

Wen stressed to parliament that it was too early to end measures to control overheating sectors of the economy, and outlined steps aimed at bridging a yawning wealth gap between China's booming cities and rural hinterland.

"This is a period of important strategic opportunities for China and the economy should go rapidly but not be allowed to overheat," Wen said.

China, aiming for slower growth of 8 per cent in 2005, would push ahead with reforms to its yuan currency, fixed at about 8.28 per dollar, he said.

"In the light of current economic conditions, macroeconomic controls cannot be relaxed," said Wen, who is trying to shepherd the economy through challenges from overhauling ailing bank to finding jobs for millions of workers laid off from state firms.

The 8 per cent growth forecast contrasts with the 7 per cent forecast issued in previous years and routinely exceeded. China's gross domestic product grew 9.5 per cent in 2004.

Wen said farmers would be exempted from agricultural tax in 2006, two years ahead of schedule, and pledged to prioritise health and education in rural areas, a sign the leadership is all too aware that the wealth gap threatens unrest.

China to work towards friendly neighbourhood

CHINA DAILY/ANN & PTI

BEIJING, March 5. — The Chinese Premier, Mr Wen Jiabao, who will visit India soon, today said China will never seek "hegemony" and will work actively to ensure a long-term peaceful international scenario as well as an excellent neighbouring environment.

"China will never seek hegemony and will always remain a staunch force safeguarding world peace and promoting common development," Mr Wen said in his state-of-the-nation address to the National People's Congress (NPC), China's parliament. "China will continue the process of opening up and promote cooperation with all other countries on the basis of equality and mutual benefit, concentrate on development and work to preserve a long-term peaceful international environment and an excellent neighbouring environment," he said.

Mr Wen, who is scheduled to embark on his

maiden visit to India in early April, noted that China will adhere to the policy of friendship and partnership with neighbouring countries, strengthen friendly relations and cooperation with them and deepen regional cooperation.

Commenting on the current international situation, the Chinese leader said it is undergoing com-



Mr Wen: No hegemony

plex and profound changes. "However, peace and development remain the themes of our times."

On Taiwan

Mr Wen asserted that China will never allow Taiwan's independence, stressing that the pro-

posed anti-secession law represented "the common will and strong determination" of 1.3 billion Chinese people who longed for a peaceful reunification of the motherland. "This law represents the common will and strong determination of the entire Chinese people to safeguard the sovereignty and territorial integrity of the country and never allow secessionist forces working for Taiwan independence to separate Taiwan from China under any name or by any means," he said.

Defence cuts

China is determined to complete the promised downsizing of the military by two lakh personnel by 2005 as part of the efforts to have a highly competent army, the Premier said. "We will complete the task of reducing the size of the army by 200,000 troops... We will intensify scientific and technological training for soldiers to turn out a new type of highly competent military personnel."

China for foreign policy of peace: Premier

By P. S. Suryanarayana

SINGAPORE, MARCH 5. The Chinese Prime Minister, Wen Jiabao, today lowered sights on an eight per cent economic growth in fiscal 2005 and reaffirmed adherence to a foreign policy of peace.

Presenting the Government's 'work report,' at the opening of the third annual session of the 10th National People's Congress (NPC), China's Parliament, in Beijing, Mr. Wen turned the spotlight on issues related to what is widely regarded as the fastest-growing national economy in the world.

Emphasising Beijing's position on the reunification of Taiwan with the Chinese mainland and placing its foreign policy in the context of

the principle of China's peaceful ascendance on the global stage, Mr. Wen addressed concerns about the over-heating of the domestic economy.

Growth target

Setting out eight per cent as the target for an increase in the Gross Domestic Product this year, compared to the high of 9.5 per cent registered in fiscal 2004, Mr. Wen said, "Neither a big 'up' nor 'down' in the economy is conducive to economic growth, reform and opening-up drive and social stability." He characterised this as a "fast and stable track" and said the Government would regard efforts to stay this course as a "key job."

Calling for a scientific outlook to ensure development with social progress, he opted

for a conscious shift in the Government's economic philosophy from "growth-centred to people-centred" policies. Amid cheers, he announced the abolition of the agro-tax across the country by 2006, two years ahead of the deadline he himself had set during last year's NPC session.

While this was announced in the context of the growth rate being 6.8 per cent for the rural people as against 7.7 per cent for the city residents, Mr. Wen reaffirmed adherence to a fiscal policy swing from being "proactive" to "prudent." The fiscal deficit for 2005 was set at \$ 36.2 billion.

Mr. Wen, addressing the international community, said the Chinese currency would be kept "basically stable" without any need to revalue it

in 2005, in the overall context of a market-related "socialism with Chinese characteristics."

Troop cut

Maintaining that the Chinese People's Liberation Army would be pruned by about 200,000 personnel by the end of this year, he promised a qualitative improvement of the armed forces. The 10-day NPC session, being attended by nearly 3,000 members, is expected to pass an anti-secession law, which is of prime relevance to the Taiwan issue. On the margins of the session, international observers expect China to make a pronouncement on the political future of Hong Kong's controversial Chief Executive, Tung Chee Hwa.



The former Chinese President, Jiang Zemin (left), and the President, Hu Jintao, at the Fourth Plenum of the 16th CPC Central Committee in Beijing in this September 19, 2004 file photo. — AP

THE HINDU

05 MAR 2005

China, Grenada resume ties

China Daily/ANN & AP

BEIJING, Jan. 20. — Chinese foreign minister Mr Li Zhaoxing and his Grenadian counterpart Mr Elvin Nimrod signed a joint communique here today to resume diplomatic ties between two countries.

The resumption of ties between the two countries has handed Beijing a victory in its mostly symbolic competition with rival Taiwan for diplomatic partners. The agreement would require Grenada, a Caribbean island, to break relations with Taipei.

In a meeting with Mr Nimrod, who arrived this morning, Mr Li expressed his appreciation for the Grenadian government's decision on resuming diplomatic relations with China. "This practice indicates the arrival of a new phase for the development of Sino-Grenadian ties, and paves the way for the two countries to make cooperation in an all-round way."

Mr Li said the normalisation of Sino-Grenadian relationship conforms with the fundamental interests of the two peoples, and it will promote the exchanges and cooperation between the two countries in various fields.

Mr Nimrod said resuming diplomatic ties with China is historically significant, and Grenada is willing to develop long-term friendly and cooperative ties with China. "The Grenadian government recognises that there is only one China and that the government of the People's Republic of China is the sole legal government to represent the whole China and that Taiwan is an inalienable part of China."

THE STATESMAN

21 JAN 2005

Red star over Africa?

Since the 1960s, China has been rather consistent in offering assistance to African countries in agriculture, heavy industries and infrastructure development. Some African scholars, however, argue that China is simply relaying the European colonial torch of purchasing raw materials from the continent and selling value-added products back, creating an unfavourable trade balance for Africa, writes PAUL MOONEY

IN the 1960s and 1970s, Chinese engineers were hard at work throughout Africa, constructing stadiums, laying down roads, and building hospitals in the Cold War battle for the hearts and minds of Third World citizens. The politics and revolutionary idealism behind many of these goodwill projects faded in the '80s after Beijing became pre-occupied with building socialism with Chinese characteristics back home. However, a fast-growing China with a voracious appetite for resources and markets is now back with a vengeance, and it's shaking up Africa's European and American partners.

Almost every African country today bears examples of China's emerging presence, from oil fields in the east, to farms in the south, and mines in the centre of the continent. According to a recent Reuters report, Chinese-run farms in Zambia supply the vegetables sold in Lusaka's street markets, and Chinese companies – in addition to launching Nigerian satellites – have a virtual monopoly on the construction business in Botswana.

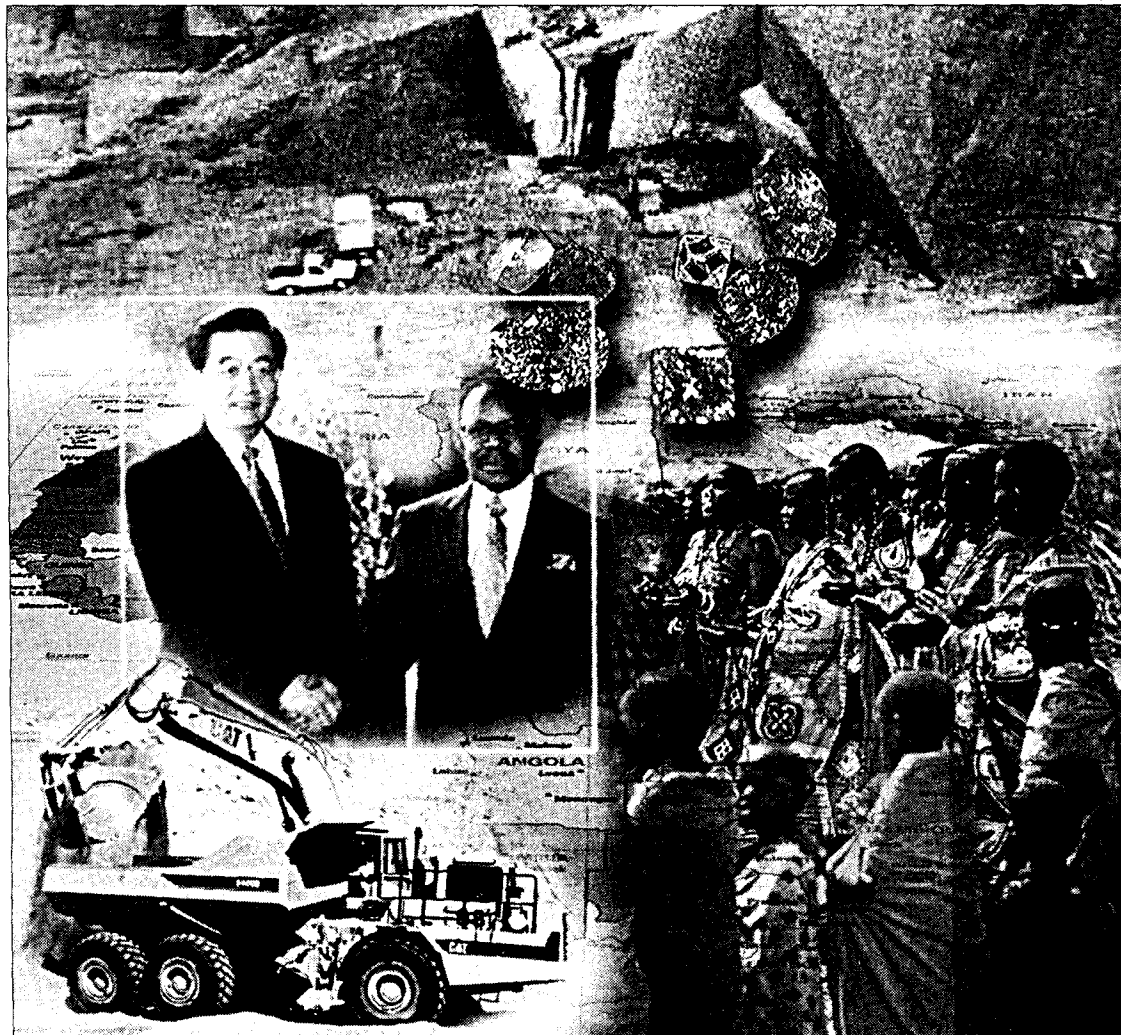
Between 2002 and 2003, two-way trade climbed 50 per cent to \$18.5 billion – the fastest growth China has seen with any geographical area. And trade is tipped to further soar to \$30 billion by 2006.

The last year has seen revolving door visits by officials of the two sides, and China and the United Nations Development Programme jointly established the China-Africa Business Council in November. The organisation will support China's private sector in promoting business in Cameroon, Ghana, Mozambique, Nigeria, South Africa and Tanzania.

China's rampant economic expansion – and resulting appetite for raw materials – is the major factor driving the country's long march across the African continent. The second biggest consumer of oil after the USA, China is searching the world for new sources of energy, and Africa is fast becoming an important supplier. To date, China has oil partnerships in Sudan, Chad, Nigeria, Angola and Gabon, and is exploring a potential collaboration in Kenya.

Beijing has pressed history to promote its economic agenda, attempting to win African sympathy by emphasising the common history of exploitation China and African nations have suffered at the hands of Western colonialists. This is a common theme in the pages of African newspapers, where commentators argue that Western investors exploit Africa, while Chinese companies tend to invest in businesses that are beneficial.

China is also making an effort to win the hearts and minds of the African people, and to extend its



political influence.

Still, there is some debate among Africans over whether China is exploiting or benefiting their continent. Chinese are busy developing much-needed African infrastructure: roads and rail lines in Ethiopia, Sudan and Rwanda; a new hospital in Sudan; a farm and a bridge across the Nile; reclaiming thousands of hectares of farmland in Tanzania. But at what cost?

Moeletsi Mbeki, deputy chairman of the South African Institute of International Affairs, wrote in AllAfrica.com that China "is both a tantalising opportunity and a terrifying threat to South Africa." On the one hand, he said that China was "just the tonic" that mineral-rich but economically ailing South Africa needs. But he added that exports from China and Hong Kong to his country are double those from Africa and almost double what South Africa exports to China. He called the trade relations between South Africa and China "a replay of the old story of South Africa's trade with Europe."

Said Mbeki: "We sell them raw materials and they sell us manufactured goods with a predictable result – an unfavorable trade balance against South Africa."

He went on to say that most of what Europe and the USA sells to South Africa are hi-tech goods that the latter does not produce itself, while imports from emerging Asian countries like China are goods his country is able to pro-

duce itself. In September, one of South Africa's largest trade unions threatened to boycott retailers it said were importing cheap Chinese products, which it said had led to worsening unemployment at home.

In the meantime, however, many African nations are pleased

The second biggest consumer of oil after the USA, China is searching the world for new sources of energy, and Africa is fast becoming an important supplier. To date, China has oil partnerships in Sudan, Chad, Nigeria, Angola and Gabon, and is exploring a potential collaboration in Kenya.

that no political strings are attached to China's friendship – with the obvious exception that they must not recognise Taiwan and must affirm the one China policy. At present, only seven African nations have relations with Taiwan – one-quarter of the total – and a key part of China's Africa policy is denying Taiwan

any greater diplomatic space on the continent.

He Wenping, director of the African Studies Section at the Chinese Academy of Social Sciences in Beijing, says that China and Africa share the view that countries should not meddle in each other's affairs. "We don't believe that human rights should stand above sovereignty," says He. "We have a different view on this, and African countries share our view."

Zimbabwe is a case in point. After Americans and Europeans withdrew from the country due to the government's destructive land reform programme and poor human rights record, China stepped in, ready to work with the embattled, and resource-rich, African nation.

During his recent trip to Africa, Wu Bangguo, chairman of China's legislature, spent four days in Zimbabwe, leading a delegation of 100 Chinese businessmen who inked joint venture deals in mining, transportation, communications and power generation. It's no wonder that Emmerson Mnangagwa, Speaker of Parliament, is so bullish on China. The official gushed in a state-run Zimbabwean newspaper: "With all-weather friends like the People's Republic of China... Zimbabwe will never walk alone."

Sudan is another example. China National Petroleum Corporation won an oil exploitation bid there in 1995, and when Washington cut ties two years

later, the Chinese were ready to fill the void left by retreating Western oil companies. They helped to develop oil fields, built refineries, and laid two oil pipelines. Sudan, which was an oil importer before the Chinese arrived, now earns some \$2 billion in oil exports each year, half of which goes to China, accounting for 5 per cent of the country's total imports. China owns a 40 per cent stake in the Greater Nile Petroleum Operating Company, the major consortium drilling in Sudan.

But more important for Sudan is Beijing's political support. China has vowed to veto any sanctions imposed against Sudan. When the UN Security Council tabled a resolution in September to punish Sudan for failing to stop atrocities in the troubled western region of Darfur, it was forced to water down the proposal to avoid a Chinese veto. China, Russia, Pakistan and Algeria all abstained in the vote for the weaker resolution that passed by 11-0.

The political scientist, He Wenping, concedes that China would suffer if sanctions were applied against Sudan, but she says that this is not China's main consideration. "Suppose this happened in another country," she argues. "China would still take the same stand. You can see this from other examples."

Still, international pressure is growing for China to use its political influence to pressurise Sudan, which critics say is using its oil dollars to fund the military actions against its black African population in Darfur. Some observers say that China, which relishes its relatively new position as an international mover, will not want to be seen as an obstacle to the solution of the problem in Sudan.

The problem is that while China predicts that the growth of oil consumption will slow sharply next year from the 20 per cent rise in 2004, the country still faces continued power shortages. Crude oil imports could hit 150 million tons in 2005, up from 130 million tons this year. Already more than 40 per cent of the country's total crude demand is met by imports, and analysts say imports will account for between 50 and 75 per cent of its consumption by 2020.

If sanctions were to block oil from Iran and Sudan, China would be forced to scramble to find other sources, which could be problematic. The question is whether or not Beijing is willing to sacrifice oil and its African partnerships to salvage its international image as a responsible global force.

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