Vol. 28, No. 43

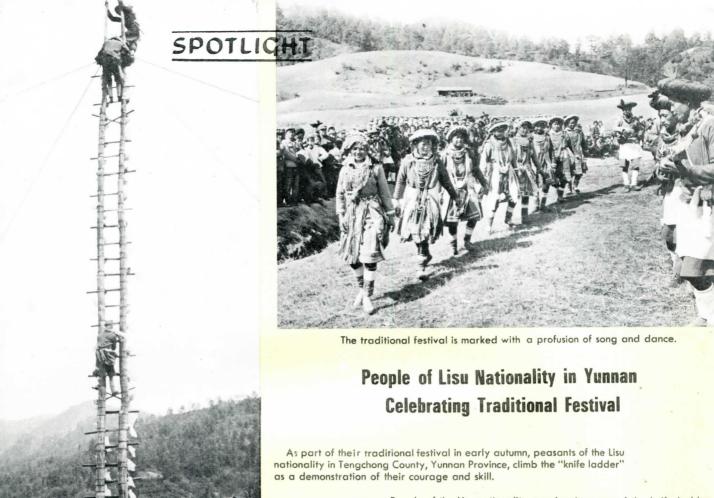
BEIJING REVIEW October 28, 1985



A CHINESE WEEKLY OF NEWS AND VIEWS

China's Policy on Foreign Exchange Control





People of the Lisu nationality securing the rungs of the knife ladder.



During the festivities young people drink from the same bowl to show they are on very intimate terms.



BEIJING REVIEW

Vol. 28, No. 43

October 28, 1985

CONTENTS

NOTES FROM THE EDITORS	
Premier Zhao's S. America Trip	
LETTERS	:
EVENTS & TRENDS	6-10
Hu Outlines Framework for China- Japan Ties	
Natta Visit Boosts Party Relations Northeast Floods Invokes He- roism	
Bumpy Ride Over for Beijing Taxis	
'SOS' Flashes on Tianjin Or- phanage	
	1-14
Middle East: Behind the War of Violence	
Italy: Craxi's Government Col-	
Soviet-US: Slim Chances for Summit Success	
Poland: High Voter Turnout for	
Parliament Madagascar: Economic Situation Shows Hope	
Boosting Sino-L. American Trade Relations	15
China, L. America Expand Technical Links	17
China and Latin America Cross Cultures	19
China's Foreign Exchange Control Policies	20
Visit to Xishuangbanna: A Jewel Set in the Southwestern Frontier	23
FROM THE CHINESE PRESS 27	-28
BUSINESS & TRADE 29	-30
CULTURE & SCIENCE 31	-32
SPORTS	33
BOOKS	34
COVER: A tree-lined street of Jingho Photo by Chen Jia	ng. cai

HIGHLIGHTS OF THE WEEK

Premier Zhao's South America Trip

Premier Zhao Ziyang will pay a visit to Colombia, Brazil, Argentina and Venezuela from October 28 to November 12. It will be the first trip ever made by a Chinese premier to the continent, and should result in closer ties between China and Latin America (p. 4).

A Boom in Sino-L. American Trade

Despite the distance separating them, China and Latin America have sound economic relations. As a result of Premier Zhao's trip to four South American countries, those relations are expected to further improve, paving the way for what Vice-Minister of the Foreign Economic Relations and Trade Wei Yuming described as a "trade boom" (p. 15).

Hu's Four Points on Sino-Japanese Ties

Today's hard-won fine Sino-Japanese relationship should hever be marred by yesterday's confrontations. But warmongers of the bygone days should not be condoned, and every effort should be made to prevent the revival of militarism in Japan. This is one of the four opinions expounded recently by Party General Secretary Hu Yaobang on bilateral relations between China and Japan (p. 6).

China's Foreign Exchange Control Policies

In an exclusive interview with Beijing Review, Tang Gengyao, director of the State General Administration of Exchange Control, answered question concerning the reform of China's foreign exchange control, its principles, policies and other related matters (p. 20).

Visit to Xishuangbanna at Southwestern Frontier

A group of foreigners working for the Foreign Languages Bureau in Beijing discover the traditional customs and culture of the ethnic groups at the Xishuangbanna Dai Autonomous Prefecture bordering Burma, amid elephants, peacocks, tropical plants and bamboo buildings (p. 23).

Published every Monday by BEIJING REVIEW 24 Baiwanzhuang Road, Beijing The People's Republic of China

Distributed by **China International Book Trading Corporation** (GUOJI SHUDIAN),
P.O. Box 399, Beijing, China

Subscription prices (1 year): Australia........... A.\$ 22.00 New Zealand... NZ.\$ 30.00

Canada..... Can. \$21.00

USA US\$ 22.00 UK £12.00

NOTES FROM THE EDITORS

Premier Zhao's S. America Trip

by MU YOULIN

International Editor

Chinese Premier Zhao Ziyang sets off this week for a history-making trip to four South American countries from October 28 to November 12. The visit to Colombia, Brazil, Argentina and Venezuela will be the first one ever paid by a Chinese premier to the South American continent. It indicates ties between China and Latin America are expected to become closer and the friendship between China and the four nations strengthened.

Because of the great distance and belated ties, visits of leaders between China and Latin America have been rare. However, ever since diplomatic relations were established between China and the four South American countries, both sides have expressed a desire to increase cooperation.

During his visit, the Chinese premier will have the opportunity to brief the leaders on the situation in China, China's foreign and economic policies, as well as China's opinions on current international issues, especially those concerning peace and development. Talks between government leaders are always the best way to consolidate friendship.

Since China has achieved initial successes in instituting economic reforms and adopting an open policy. Latin American countries have paid much attention to the developments in China as well as its position on major international issues. But there are still people who are not well informed about China, some of whom even have misgivings. This is only natural,

given the distance and insufficient contact between China and Latin America. Of course, China does not know very much about Latin America, either.

The four South American countries are among the most influential nations in that part of the world. Therefore, Zhao's visit should actually be considered as a major diplomatic step for China towards all of Latin America.

Both China and Latin America belong to the third world. They are bound by common causes and share many of their struggles. In the 60s. Latin Americans took the initiative to defend their 200nautical-mile sea rights, and China showed its support. In their efforts to establish Latin America as a nuclear-free zone and to set up organizations to safeguard exporters' interest, China also stood by them. In recent years, either in the Contadora Group's mediation for a peaceful solution to the crisis in Central America or in the Cartagena Group's proposal for a reasonable settlement of the Latin American debt problem, they have always won Chinese sympathy and support.

China and the nations Zhao will visit share common views on many international problems. Colombia and Venezuela are member states of the Contadora Group, while Argentina and Brazil are included in the Lima Group, the pro-Contadora front that established itself last July. All four countries are participants of Cartagena Group, which monitors the Latin American debtor nations. China and the four nations, and Latin America in general, all agree to opposing outside aggression and intervention, safeguarding world



peace and reforming the unfair international economic order.

The volume of trade between China and the four South American nations now accounts for 64 percent of total Sino-Latin trade, which makes up only 1 percent of the total volume of the Latin American foreign trade, and 2.9 percent of the China's total.

Chinese and Latin American natural resources are so varied that each would benefit greatly from expanded trade, and the potential to increase this trade and co-operation is enormous.

China hopes a long-term and stable relationship of co-operation can be established with the four hosting countries. In case both sides know each other's needs better and take more flexible attitude towards the forms of trade and cooperation, economic ties between them could be expanded. For example, they can expand trade on a barter basis, thus avoiding settling accounts with foreign exchange earnings. This will benefit developing countries, and may become a major strategy for them because it is completely constructed on the basis of mutual equality and common development.

Being a developing socialist country, China is going all out for modernization. It needs a peaceful international environment and friends around the world. The prime aim of Premier Zhao's South American tour is to safeguard world peace, develop cooperation and promote understanding and friendship.

LETTERS

More Stories on Rural Life

Beijing Review is always interesing. I especially like the articles about life in the countryside. Although China has many things to report on in its many areas, it is good to highlight the countryside, I think, since the main contribution to China's revolution is liberating rural productive forces. The Chinese people dare to think and break old conventions, and they have developed their own theory and practice of social revolution.

The Chinese people are very industrious. Despite their vast population they are basically self-sufficient. In some other places of the world, land is left unused and wasted. Not in China, as was shown in your article that told of a Chinese peasant who obtained a particularly high yield per mu (one mu is equivalent to one-fifteenth of a hectare. — Ed.) I could learn a lot from that farmer.

Capitalism developed by destroying the countryside and robbing the peasants. Socialist countries wouldn't do this. But what should we do?

In my opinion, you are taking your own road of rural industrialization and bridging gap between the cities and countryside. This is a path none has explored before.

The articles from Beijing Review about rural reforms, such as the series of articles on small towns and the use of varied energy sources was an inspiring piece of reportage for other developing countries.

I feel the Chinese have made a new contribution to the socialist countries of the world.

M. Bernal R. Bogota, Colombia

Valuable Article on Desert

I have been reading Beijing Review for many years and consider it the best periodical of its sort.

I was particularly interested in the article describing the "Green Great Wall" in Vol. 27, No. 50. We have a rather similar problem with our Simpson's desert in Australia where the winds are gradually blowing the sand eastward and increasing the area of the desert. I have written to our local paper describing how China is dealing with it's desertification problem. I should be very interested if you would let us have a few more reports on the progress of the "Green Great Wall" of China and what effects it is having on the climate. wind velocities and in checking the spread of the desert.

> D.L.O. Brien Australia

Photo Cover Appreciated

I am very touched by your cover photo (Beijing Review, Sept. 2, 1985) of Jin Fuchang giving his time in retirement to pass on his own work experiences to young workers.

Jin Fuchang's personal example does more for me, a foreigner, than all the editorials, to get the message that China is now building on the solid ground of building into the lives of people.

Those of us in retirement have accumulated a vast store of experience — much of it not in text books — which needs to be made available to eager minds. Your photographer has captured the enthusiasm of Jin Fuchang's caring, it is written all over their faces. He is reaching their hearts as well as their minds!

Like Jin Fuchang, I too am finding fulfilment in retirement. Twenty seven years of engineering with the Australian Telecommunications Commission has equipped me to help some Indian workers in engineering maintenance procedures at "Asia Plateau," the Conference and Training Centre for Moral Re-Armament in India. It is a rewarding experience, especially to build the personal relationships needed in the world of today.

Jack Kennedy Sydney, Australia

The article "My Revelation From Peasants' Paintings" by Yu Feng (Beijing Review, August 5, 1985) was very informative and enlightening. There should be more articles like that.

However, I also found out that, while Yu Feng's article was almost exclusively on peasant paintings from Yijun, Shaanxi, some of the illustrations on the colour pages were clearly from Jinshan, such as those by Zhang Xinying, Yao Zhenzhu, etc. They should be identified as such so as not to confuse the reader unfamiliar with peasant paintings in China.

J. De Smedt Bruxelles, Belgium

Criticism and Suggestion

I particularly like your articles about Chinese daily life. But, I feel some of the reports are too abstract. I appreciate the "International" column very much.

I've read the article about the Nanjing massacre, which was an enormous tragedy. Our reporters only write about atom bombs and Japan, but your articles give us a finer and truer picture.

Curtis E. Hinkle Spartanburg. USA

Hu Outlines Framework for China-Japan Ties

Chinese Communist Party General Secretary Hu Yaobang stated recently that the consolidation of Sino-Japanese relations would have a great impact on world peace and stability in Asia.

Hu made his comments at a meeting with members of the 21st Century Committee for Sino-Japanese friendship on October 18, following the committee's three-day second session in China.

During the meeting, Hu put forward four points he believed crucial for the development of Sino-Japanese friendship.

First, it is essential that the two countries make the promotion of friendship a basic state policy.

Second, to enhance friendship, both governments and peoples should foster a correct attitude towards past conflicts. While today's co-operation should not be marred by these bygone confrontations, neither side should condone the warmongers who instigated the conflicts, or connive at a handful of people who try to revive militarism. Or else, the Sino-Japanese friendship would be cast in shadows, leading to grave consequences.

Third, the two governments and their people need to strictly abide by the Sino-Japanese Joint Statement and the Sino-Japanese Treaty of Peace and Friendship. They should also stick to the four principles agreed on by both sides, namely, peace and friendship, equality, mutual trust, and long-term stability.

When difficulties arise in the bilateral relations, either side

should take the overall interest into account, be prudent in action, give earnest consideration to the friendly suggestions and reasonable demands of the other side and strive to avoid taking any action that might hurt the feelings of the people of the other side.

Finally, the ultimate goal of the two countries should be to carry on the bilateral friendship from generation to generation. Both sides must accentuate the factors constructive to this goal, while eliminating the negative ones, and strive for continued friendship between the two countries throughout the 21st century.

These four points represented the Chinese government and Communist Party position, Hu told the committee members. He also expressed his satisfaction with the meeting's success.

The two governments paid great attention to the second session of the committee. Addressing the opening ceremony of the session, Chinese Premier Zhao Ziyang spoke highly of the constructive efforts made by the committee members, and expressed his hope that the meeting would produce suggestions for the sound development of Sino-Japanese relations in the next century.

Japanese Prime Minister Yasuhiro Nakasone also delivered a congratulatory message from Japan and conveyed his best wishes for long-term friendship between the two Asia countries.

Japan's and China's chief representatives on the committee Tadao Ishikawa and Wang Zhaoguo concluded the session with speeches.

"We will never repeat our unhappy past and Japan will never again follow the old track of militarism," Tadao Ishikawa stressed.

Wang said both sides should work harder to enhance the friend-ship between the two nations.

Natta Visit Boosts Party Relations

The six-day visit by Alessandro Natta, general-secretary of the Italian Communist Party, has strengthened the ties between the Chinese and Italian Communist Parties.

"Short as it was, the visit yielded positive results," Natta said as he left Beijing on October 18. "It not only strengthened the relations between the Chinese and Italian Communist Parties, but also was helpful in promoting relations between the Communist parties and progressive forces of other countries as well," he said.

Natta, who toured China as the guest of the Chinese Communist Party Central Committee and its General Secretary Hu Yaobang, was elected to the leadership of the Italian Communist Party in June 1984.

During the visit, which was his first as head of Italy's Communist Party, Natta had two rounds of talks with Hu, during which both said they were pleased with the development of the relations between the two parties over the past five years. Hu attributed their close relations to their similarity of views on how to handle party-to-party relations.

"Certain differences between our two parties because of their different past and present conditions have not affected our mutual trust and support but, on the contrary, have inspired us to work harder to seek truth and to learn from each other," Hu said.

Natta said a centre for the international communist movement is unfeasible, and that the Communist Parties of various countries should work on the basis of independence.

Addressing 1,700 teachers and students of the Chinese Communist Party Central Committee's Institute, Natta said independent ideologies and actions are the fundamental conditions for each party's development.

Differences should not become obstacles to inter-party dialogues nor to the development of relations and co-operation, Natta said.

It is imperative to seek to establish more advanced relations in a new form of internationalism to deal with the world's new and complicated problems, he said.

When meeting with Natta on October 16, Chinese leader Deng Xiaoping said both the Chinese and Italian Communist Parties have been courageous in their exploration. Deng said both the Chinese and Italian parties are engaged in experiments; the Italian party is seeking socialism in a developed capitalist country while the Chinese party is building socialism as a ruling party.

Natta also visited Nanjing and Shanghai, accompanied by Hu Yaobang and Qian Liren, head of the International Liaison Department of the CPC Central Committee.



PLA soldiers in anti-flood action: Heroism is the theme.

Northeast Floods Invokes Heroism

From late July to the middle of September, heavy rainfall and strong winds caused serious floods and mud-slides in northeast China, taking more than 180 lives, while at least 220 people are still missing.

Of the three northeastern provinces, Liaoning was hit the hardest. In disaster areas around Haicheng, 80 percent of farmland was flooded and half of all the crops destroyed. Losses were put at 0.41 million tons. In Panjin, grain production probably will fall by nearly 320,000 tons as a result of the flooding. Total agricultural losses for the two cities are expected to top 350 million yuan (about US\$120 million).

The Party and the state have given great attention to the northeast disaster, allocating 80 million yuan and shipping in large quantities of relief materials. Hundreds of medical teams were rushed in to help prevent epidemics and to treat patients. Acting on a directive from Premier Zhao Ziyang, Quan Shuren, governer of Liaoning, stayed in one of the

stricken areas to oversee the situation until the floods subsided. On August 29, a Central Party Committee delegation went to Liaoning to help with the rescue work.

"The leaders must stand in the foreground against flood" has been the slogan of the provincial Party committee. Accordingly, the secretary of the provincial Party committee, Li Quixian, and Governor Quan Shuren and other high-ranking officials have been working together with local people in the rescue and relief efforts.

People's Liberation Army units have been the main force behind the anti-flood campaign. While constructing a makeshift emergency dam, the soldiers crawled through the mud, stacking sandbags, pushing the heavy bags with their heads and shoulders.

Cui Dongcun, a soldier of Korean nationality, ran back and forth with the sandbags. Exhausted after stacking hundreds, he suddenly slipped and fell head-on to the ground, with the heavy bags topping down. The brave young man of 21 is now paralyzed for life.

Another man of great courage was Li Xiuhai, a 22-year-old Party member who came to work

News in Brief

Chen Muhua, president of the People's Bank of China, reiterated recently that no organizations or Chinese issue should companies bonds of any kind without the permission of the central bank. She said the government would continue to exercise control over the country's foreign exchange. But foreign funds needed by Chinese enterprises in economic and technical cooperation with foreign partners would be ensured, she added.

A new economic zone in China's northeast, which embraces Liaoning, Iilin and Heilongjiang provinces and parts of the Inner Mongolia Autonomous Region, has come into being. The zone's combined output value of industry and agriculture last year accounted for 15 percent of the country's total; 25 percent of the national iron and steel output; 60 and 33 percent respectively of the oil and natural gas produced in China.

To date. China has established 274 nature reserves across the country, covering an area of 16.26 million hectares, almost 2 percent of the nation's territory. By the end of this century, China will have more than 500 nature reserves, according to the Ministry of Forestry.

There are more than 2,100 species of birds, animals, amphibians and reptiles, and nearly 30,000 species of plants in China. Quite a number of animals and plants are native to China, and are of great economic and scientific value.

on the damaged power lines. After Li had made rafts to transport grain for the local peasants, and done many other things, he was collapsed. When he waded through a river to erect a transmission line, he was swept away by the turbulent water, and was drowned.

The nobility of some farmers also came through. Regardless of their own safety these farmers took their villagers to safe places with their trucks. Pan Fucai, when told his home was being washed away by the floods, decided that the safety of the people was more important and he left to aid in the rescue. Villagers of area not hit by the floods voluntarily took in the homeless and provided them with shelter, food and clothing.

The floods have been stabilized for more than 2 months now, and things are getting back to normal. In Panjin, 3,178 stranded households had been moved into new houses by September; during the recent Mid-Autumn Festival, they enjoyed mooncakes, rice, meat, vegetables and fruit sent by the government. Thanks to the hard work of the farmers, the city's rice output is expected to approach that of last year. Oil and chemical fertilizer production has also been restored to the pre-disaster level. Schools opened on time, with some classes held in offices vacated by the village leaders or in tents.

Bumpy Ride Over For Beijing Taxis

A friend is coming to Beijing, and his train is due to arrive at 10 am. At 9:30 you are still in your office, which is a 50-minute bus ride from the station. You put your work aside and hurry down to the street, hoping to find a taxi.

You stand by the road, watching the passing vehicles. "Ah,

here comes an empty cab." You give a sigh of relief and wave your hand eagerly. The driver gives you a glance and continues on his way. You hopelessly watch the car vanish into the distance, then turn back to your quest. Presently another empty cab comes near. You wave your hand vigorously in the air and shout loudly, but in vain. You try several other cars with the same result. At last you give up with a sigh of disappointment and go to a nearby bus stop.

Taxi problems are among the most common complaints heard in Beijing, and the municipal government is making vigorous efforts to improve service.

The taxi trade is both old and new in Beijing. The city's first taxi company, the Capital Taxi Company, was founded in the 1950s. By 1984, there were four companies with about 3,000 cars on the road. Small as that number was, it seemed to meet the needs of the time. Taxis were too expensive for all but the most affluent, so most travellers took buses or hired flatbed tricycles to carry themselves and their luggage. Patients who could not use cars provided by their units also had to be sent to local hospitals on flatbed tricycles or bicycles. Now people want taxis in these situations.

In the past year, the taxi industry has been given a huge boost. The number of car companies has increased to 131, with a combined fleet of 10,000 cars and vans. More than 15,000 people now work in the trade.

But taxi management has failed to keep pace with these developments, and service is often poor. One problem is that most of the cars are expensive imported models with fares set too high for ordinary Chinese to afford. About half of Beijing's taxis charge luxury rates of from 0.80 yuan to 1.50 yuan per km. "What we need now

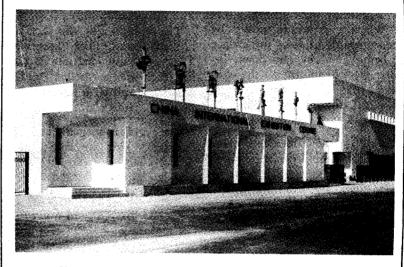
is speed and convenience, not comfort," people often complain while looking for smaller cars that charge only 0.40 to 0.50 yuan per km.

Cars are unevenly distributed across Beijing. Most taxis crowd around restaurants, hotels, airports and railway stations, while people at hospitals and offices often have to wait hours for a car.

Adding to the problem, some drivers are new to their profession and are impolite to their customers. Some will not answer calls during mealtimes or in the evening and refuse to go on short trips which bring less money. Others turn away customers who can't pay in foreign exchange certificates, or even overcharge in spite of the city's fixed rates for fares.

Popular discontent eventually caught the attention of the municipal government, and a meeting on the taxi problem was held in July. Beijing's mayor, Chen Xitong, called for stricter controls and immediate rectification of the industry's shortcomings. "It is essential to strictly execute the law and improve service," Chen said.

Soon afterwards, a municipal management office was establish-



New Building Adds Beauty to Beijing Skyline

After 20 months of construction, Beijing's China International Exhibition Centre was initially completed in August. Covering a floor space of 15,000 square metres, the whole structure includes an exhibition hall, an exhibition yard and ancillary installations. The centre will be the site for the first Asia-Pacific International Trade Fair co-sponsored by China and a UN organization.

ed to supervise, examine and co-ordinate all of Beijing's taxi companies. The city government has also issued new rules for drivers and dispatchers to eliminate abuses. Fare schedules must be clearly displayed and drivers are asked to wear their service certificates and licenses so cus-

tomers can easily see their names and the telephone number of their company.

The management office has also published its telephone number in local newspapers.

Within two weeks after a complaint line was set up, the office received 50 calls, 28 of which involved overcharging.

The claims were investigated by city officials, who notified the companies involved and asked them to answer the complaints as soon as possible.

When the leaders of one company were informed that one of their drivers was overcharging, they immediately took him to the passenger's home to apologize and return the money. The driver was also fined for his transgression.

More severe punishments have been imposed on drivers guilty of major violations. Four drivers from the Xiangyuan Taxi Company were sacked for drink-

A taxi driver aiding a patient on his way to hospital.



ing, fighting, overcharging and other bad behaviour.

"When a driver is sacked by one company, he loses the chance of being hired by any other, because we will inform all the companies that he is not qualified to be a taxi driver," said Zhang Xiying, head of the municipal office.

Since the new measures came into effect, some progress has been made. Complaints have been reduced markedly, from about 18 a day in August to only one or two today. Some of the calls now received by the city taxi office actually praise good drivers, Zhang noted.

"But we still face many problems," he said. "We lack experience and professional personnel. And we still don't have enough cars and drivers."

"Taxis involve many other social problems. You can't expect all of them to be solved overnight, but we'll try our best to satisfy the customers," he added.

'SOS' Flashes on Tianjin Orphanage

An SOS children's village, funded by the SOS Children's Village International, is being built in the coastal city of Tianjin.

This is the first of two orphanages to be built for parentless children in China. The other will be built in the city of Qingdao, Shandong Province. The SOS Children's Village International is a private charity organization founded by Dr. Hermann-Gmeeiner of Austria.

Helmut Kutin, chairman of the SOS Children's Village International, visited the Tianjin construction site on October 14, accompanied by Vice-Mayor Lu Xuezheng.

The village will care for 120 orphans younger than 10 years old. They will be divided into 20 families, each with a "mother" and six children to live in 20 two-story houses

The orphanage will look for "mothers" who are single, 25 to 38 years old, and who have senior middle school education. They must be healthy, kind-hearted and devoted to children, and they will not be allowed to marry while working at the village.

A village official said the "mothers" would spend four to six months studying education, nutrition, psychology and pediatrics medicine. Only qualified graduates will become "mothers."

The orphanage will be equipped with a kindergarten, a playground, a garden and various service facilities. Local schools are not far from where the village will be built.

Tianjin has more than 300 orphans, 100 of whom are now being taken care of by state-run welfare homes. The others are raised by neighbourhood organizations, enterprises or families that receive state subsidies.

Since its founding in the 1960s, the SOS Children's Village International has helped set up more than 600 orphanages in 77 countries. The term "SOS" is an internationally recognized signal of extreme distress in radio code, used especially by ships calling for help.

An official from the Chinese Ministry of Civil Affairs signed the agreement to build the SOS children's villages in November last year. The SOS Children's Village International donated US\$1.6 million to help construct the first two orphanages as pilot projects in China.

China & the World

Forging Links With E. Europe

Chinese Vice-Premier Li Peng recently called for the furtherance of trade and economic and technological cooperation with the Eastern European countries on the basis of equality and mutual benefit.

Li said that these socialist countries had enjoyed speedy technological growth over the past decades and were taking the lead in some areas, and to co-operate with them would benefit China's modernization.

China Condemns Pretoria Over Poet's Execution

China on October 19 condemned the South African authorities for killing black freedom fighter Benjamin Moloise.

A Foreign Ministry spokesman said, "The Chinese Government and people express their great indignation against this atrocity of the Pretoria."

A-bomb Test Charge Refuted

A Foreign Ministry spokesman on October 19 categorically denied allegations by the chief of the Indian army staff that Pakistan will conduct an atomic bomb test in China.

"This is totally untrue. It is unbelievable that people in a responsible position should have delivered such irresponsible remarks. This does not accord with the Sino-Indian friendly relations," he said.

Middle East

Behind the War of Violence

Peace cannot be severed from justice while stubbornness associates with stalemate.

by NAN JU

THE month of October saw an acceleration of violence in the Middle East, and peace in the region seems much more remote.

On October 1, six Israeli warplanes crossed into Tunisian airspace and razed the headquarters of the Palestine Liberation Organization, killing 50 people and injuring more than 100.

On October 7, four Palestinians hijacked an Italian cruise ship, the Achille Lauro, in an attempt to force Israel to free 50 captured Palestinian soldiers.

On October 10, the day after the "seajacking" incident was settled, four US F-14 fighters of the Sixth Fleet based in the Mediterranean Sea intercepted the Egyptian airliner in international airspace carrying the hijackers to PLO custody. The airliner was forced to land at a US air base in Sicily.

As usual, this chain of violence can be traced back to the ancient dispute between Palestine and Israel. And Israel's stubbornness, compounded by Washington's prejudice towards the PLO, holds back the efforts at a peaceful solution in the Middle East.

When King Hussein of Jordan and PLO leader Yasser Arafat reached a Jordan-Palestinian agreement last February, a silver lining seemed to appear for the peace process in the Middle East. As the

first step, a Jordan-Palestinian joint delegation was supposed to have been formed to hold talks with the United States. This was never to materialize. however. Israel demanded Washington include Israeli representatives in the Jordan-Palestinian meeting, while barring any PLO members from the talks. Israeli Foreign Minister Yitzhak Shamir, who leads the conservative Likud bloc, told US envoy Richard Murphy, who was then in Israel on a shuttle-diplomatic trip in the Middle East August 17, the only path to regional peace should be that Iordan hold talks with Israel without any preconditions. Shamir also stipulated that the PLO must not participate in the talks.

In fact it appears Israel is more interested in creating a greater Israel, under the plan of former Defence Minister Ariel Sharon, than it is in peace. The plan called for pushing Israeli "security border" into Arab territories, thereby allowing Israel to strike out at the "dangerous elements" threatening Israel's security. The theory was put into practice through several incidents. One included the bombing of the Iraqi nuclear reactor in June 1981; invasion of Lebanon in 1982; and the recent air raid of Tunis.

That Washington easily succumbs to Israel's stubborn tantrum, while at the same time the peace efforts by the PLO and other Arab countries were often rebuffed. often thwarted the peace process in the region.

A breakthrough in the Middle East stalemate seemed hopeful when this Iordan-Palestinian agreement in February advocated a call for the return of Arab land occupied by Israel since 1967 in exchange for peace. Wanshington responded with a flurry of diplomatic activities in the Middle East. but the Reagan administration bowed to Israel's pressure. As a matter of fact, the administration reiterated Reagan's Middle East peace initiative of 1982, which barred the PLO from peace negotiations. Reagan's initiative that had been tossed around by all sides demanded that the PLO recognize the existence of Israel and accept UN Security Council Resolution 242. The Reagan initiative also called for a pledge by the Jordan-Palestinian team to hold direct talks with Israel after it met with the United States.

When the Israeli strike at the PLO headquarters in Tunis was condemned worldwide, the United States came out as the only country to defend Israel.

It should be noted that the accusations by Israel and Reagan administration that the PLO is the cause of all the misfortune in the Middle East is completely groundless.

It is the PLO that has shown sincerity by putting forward their peace proposal with Jordan to promote the peace process in the region.

When their headquarters was bombed, PLO leaders still said they would continue their efforts to seek a just and lasting peace in the Middle East.

When four Palestinians hijacked the Italian ship, PLO leaders once again declared that they opposed any raids on civilians. Although they stated that they had nothing to do with the hijacking, they immediately sent a senior PLO official to the ship, urged the hijackers to surrender and thus saved the lives of more than 400 hostages.

Italy

Craxi's Government Collapses

Italian Prime Minister Bettino Craxi resigned October 17 under internal and external pressures after his decision to release a Palestinian official the United States had accused of masterminding the recent hijacking of an Italian cruise ship.

by HUANG CHANGRUI

PRIME Minister Bettino Craxi's 26-month-old cabinet, Italy's second longest-lived since World War II, resigned October 17 after Republican ministers withdrew from the government in protest against Craxi's handling of the Achille Lauro hijacking affair.

The crisis was apparently touched off by Defence Minister Giovanni Spadolini, also the general secretary of the Republican Party, when he lashed out at Craxi for his decision to release a Palestinian official who had been aboard the Egyptian airliner that was intercepted by US fighter planes and forced to land at a US air base in Italy.

An in-depth look into the incident indicates that the reasons for Craxi's resignation go far beyond the seajacking incident alone. Disagreements among Italian ruling parties over the Middle East policy greatly contributed to the final crash of Graxi's government; the Achille Lauro hijacking merely pinched the "Achilles' heel" of the five-party coalition's foreign policy.

According to press reports in Rome, the five ruling parties —

the Christian Democratic Party, the Socialist Party, the Republican Party, the Social Democratic Party and the Liberal Party — have long been quarrelling about Italy's Middle East policy and its relationship with Arab nations.

The Socialist Party and the Christian Democratic Party stand for friendly ties with Arab countries and recognize the rights of the Palestinian people to establish a state of their own in the Israel-occupied territory. They argue that the Middle-East and North African countries not only provide three quarters of Italy's oil supply, but also remain close allies in terms of trade and technical co-operation.

But the Republican Party, the Social Democratic Party and the Liberal Party view the issue quite differently. They have called for warm relations with Israel, while remaining cool towards the Arabs, Palestinians in particular. This is why they became so angered when Mohamed Abbas, the leader of the Palestine Liberation Front which is loyal to PLO leader Yasser Arafat, was allowed to leave Rome unharmed several days after the end of seajacking incident.

Compounding the crisis was the enormous pressure from the US

government, which maintained Craxi had violated the two countries' mutual trust by not handing over Abbas to the American authorities. The independent-minded Craxi, after the Achille Lauro was hijacked, warned the United States not to take military action unless his government asked for it. He later turned down President Ronald Reagan's call for sending the four hijackers to the United States to be charged with the murder of an elderly American on board the ship, and released Abbas.

Craxi's intransigence kindled the Reagan administration's anger in Washington. US Secretary of State George Shultz and White House spokesmen expressed their dissatisfaction in no uncertain terms, and the US ambassador to Rome lodged a strong protest, describing Craxi's behaviour as "incomprehensible."

The US press also joined in the anti-Craxi chorus. An editorial in the New York Times openly declared that the US president not only had the right to safeguard American's interest, but also had the right to step up pressure on those friendly nations that might tend to lean towards the other side.

It is no wonder the Reagan administration is taking pleasure in the downfall of Craxi's cabinet.

This undisguised armtwisting by Washington naturally antagonized Italian public opinion. pacify Italian anger, the Reagan administration finally sent Deputy Secretary of State John Whitehead in a fence-mending mission to Italy and two related Mediterrenean states, and Reagan himself wrote to Craxi stating that he had again invited him to the meeting in New York of the heads of six Western nations in preparation for the forthcoming US-Soviet summit. Under this background Craxi was asked to form a new cabinent.

Soviet-US

Slim Chances for Summit Success

The Soviet proposal for disarmament offered recently by Soviet leader Mikhail Gorbachev has provoked a mixed response from the United States. But, like Moscow, Washington shows willingness to talk about arms control.

by ZHANG YUNWEN

WITH the Soviet-US Geneva summit right around the corner, the two superpowers have stepped up their diplomatic jostling, trying to impress the world with their sincerity and their willingness to negotiate. These bilateral plays for public favour were highlighted in October when Soviet leader Mikhail Gorbachev presented a detailed disarmament proposal while on a state visit to France. The United States responded to the move with both nods and shakes of the head, calling the proposals at once useful and unbalanced.

The Reagan administration welcomed the Soviet proposals on the one hand, regarding them as a start to concrete negotiations at the Geneva summit, since they raised what the United States considers to be the key disarmament issue—reducing the number of offensive strategic weapons. Reagan, however, rejected the proposals' specifics, saying they made the overall plan one-sided and unbalanced.

According to US officials, the Soviet proposals are flawed in the following aspects: First, the plan puts US medium-range missiles and tactical airforce and navy planes into the category of strategic arms, while excluding Soviet SS-20 missiles and backfire bombers from the category. The Soviets justify the separation, however, by saying the former are capable of targeting the USSR, while the latter are not able to penetrate the US territory.

Second, the Soviet proposal prohibits the development of new nuclear arms. US officials say such a prohibition would leave the United States at a disadvantage since it would halt development of the MX, Midget and D-5 missiles. The Soviet Union, however, would be allowed to freely expand its already-deployed SS-24, SS-25 and other nuclear missiles.

Third, the proposal demands that the United States stop development of the Strategic Defense Initiative (SDI). The US says, however, that it needs the SDI to offset the Soviet 2:1 numerical advantage over the United States in land-based intercontinental ballistic missiles.

On October 6, US National Security Adviser Robert McFarlane summed up official America's displeasure with the plan, saying it essentially enhanced the Soviet Union's first-strike capability.

What is noteworthy in this round of political sparring is that the United States did not immediately turn down the Soviet proposal, fueling hopes that the Soviet Union and the United States may get nearer now to the marrow of the disarmament issue than ever before.

Part of the Soviet plan included a suggestion that the number of SS-20 missiles deployed in Europe be reduced to 243. That suggestion was intended to stop the deployment of the US cruise missiles in the Netherlands. The Dutch government has said that if the Soviet government holds steady on its number of SS-20 missiles, it will refuse to deploy 48 US cruise missiles in Holland.

In order to further consolidate backing from its allies, the United States called for a meeting between the Western industrial nations to be held in New York on October 23-24. Indications are that the Geneva summit will focus on Reagan's SDI, despite senior US officials' repeated denials that the United States will ever concede on the SDI issue or allow SDI to become a bargaining chip. But whether the summit will produce any substantive results remains to be seen.

Poland

High Voter Turnout for Parliament

Despite a call for a boycott by the banned underground Solidarity trade union, the Polish people turned out in great number to vote for their candidates in the new parliament, indicating a consensus of views on the major issues of the country.

by WEN YUREN

M ORE than 20 million of the 26 million Pols registered to vote during the 9th parliamentary elections turned out October 13 to vote in the 50 national candidates,

who ran unopposed, and to fill the remaining 410 parliamentary seats with candidates from around the country.

The elections, originally set for March 1984, had been postponed by the government because of the political unrest at that time. It was not until August that the 21st plenum of the Polish Party Central Committee decided to hold paliamentary elections in October.

Under the new electoral law, the parliament will consist of 460 members as was the case before. The 50 national candidates, one for each seat as before, had been nominated by the National Council of the Patriotic Movement of Rebirth. The remaining 410 members of parliament were to be elected from among 820 regional candidates in their respective electoral districts.

At the beginning of August, several thousand people were nominated by grass-root political organizations throughout the country as "potential candidates." From these, 1,800 were chosen in the second round of consultations. After more public debate and consultation, a final list of 820 candidates was selected.

Candidates — including the president of the Council of State and the marshal of the 8th parliament, and all the vice-premiers — had been meeting the voters in their respective constituencies to answer questions and reply to criticisms. Most complaints and suggestions focused on economic reforms, maintenance of living standards, the agricultural policy, housing problems, the position of intellectuals in society, religious policy and the activities of political opposition groups.

In the meantime, activists of the underground Solidarity trade union movement had been distributing leaflets urging voters to boycott the general elections.

However, Polish leader Wojciech Jaruzelski noted recently that in a country where old and new contradictions exist and divergent ideological inclinations abound, the Party's objective was to seek mutual understanding out of such divergence through con-

sultations on the most pressing issues in the nation.

More than 20 million persons out of the 26 million registered to voted went to the polls, accounting for about 79 percent of the electorate, a 4 percent increase over last year.

Jerzy Urban, the government

spokesman, said that it was "very satisfied" with the voter turnout. The results were "proof of an increasing confidence in the basic principles of government policy," he stated. Urban added that from now on, the Polish people could devote their strength and energy to the future development of the country.

Madagascar

Economic Situation Shows Hope

After 25 years of effort, the future of Madagascar's national economy looks bright.

by SHI JINGFANG

MADAGASCAR, a large island in the western Indian Ocean, is situated to the west of the Mozambique Channel, looking east across the channel to its motherland, the African continent.

The island has a total area of 590,000 square kilometres; and a population of 9 million. More than 90 percent of Madagascar's people are agricultural and animal farmers.

Its top export is coffee, with an annual export volume of 50,000 tons. The quantity and quality of its vanilla make it the finest in the world. About 1,000 tons of vanilla are exported each year, accounting for 80 percent of the world export volume. Madagascar is also rich in minerals resources, which includes graphite, quartz, mica, crystal, chromium, nickel and copper.

Since 1983, the government has placed greater emphasis on agriculture, especially on raising grain yields in order to become self-sufficient.

Through measures of co-operation and nationalization, Madagascar has strived for gradual economic independence with the state economy as the mainstay.

Several significant economic

measures have been adopted since 1983.

First, the government cut down its budget, raised interest rates on bank savings, and encouraged export, while at the same time reduced the number of imports. Another measure taken by the government was an effort to win international financial aid.

It then began to adjust the price of goods and the purchasing price of industrial crops.

In 1983 the government decided to turn the state monopolies on the grain and oil markets into a system of free trade, allowing farmers to sell their own grain. In 1984 this free trade policy was extended to animal husbandry.

Madagascar's govenrment modified its land policy by handing over government lands for farmers to use, which encouraged them to keep busy. Private investment has also been encouraged to make the enterprises more competitive.

In 1983 Madagascar's economic situation took a turn for the better. Its GNP increased, while the inflation rate and trade and national deficits went down. Although the nation suffered a severe drought in 1984, a good agricultural harvest was still brought in, allowing the government to decrease its rice import to 300,000 tons.

Boosting Sino-L. American Trade Relations

by WEI YUMING

A T the invitation of the governments of Colombia, Brazil, Argentina and Venezuela, Zhao Ziyang, premier of the People's Republic of China, will begin a Latin America tour at the end of the month. The first visit by a Chinese premier, it constitutes an important chapter in the annals of Sino-Latin American relations.

'Silk Road' on the Sea

Friendly relations and trade exchanges between China and Latin America date back to the 1570s. At that time, the Ming Dynasty had trade exchanges with the Philippines. Every year dozens of Chinese junks shipped large amounts of silk, ceramics, spice, paper and textiles to Manila, which would then be relayed to Acapulco in exchange for wax, timber, cocoa, olive oil and wine to be sent back to China. In Latin America. China's commercial fleet was known as "Nao de China," or "Ship of China." The sea route from China via Manila to Acapulco was called the "silk road" on the sea as silk was the most valued of all Chinese commodities. This floating "silk road" contributed much to the cultural, economic and technological exchanges between Latin America and China. It was at this time that tomatoes, tobacco, potatoes and other crops were introduced to China, and China opened its doors

The author is Vice-Minister of Foreign Economic Relations and Trade.

on advanced technology in textile and porcelain production to Latin America. Mexico paid Chinese merchants in silver coins. The coin, with a design of an eagle standing on a cactus with a snake in its mouth, known in China as the "eagle dollar," influenced the development and circulation of China's currency.

The floating "silk road," at its zenith during the Ming and Qing dynasties, flourished for about two and a half centuries.

Current Developments

Since the founding of the People's Republic of China in 1949, its economic relations with Latin America have come a long way. China now has trade relations with all Latin American countries. It has signed long-term trade agreements with nine Latin American countries; agreements on economic and technical co-operation with Latin American countries: and agreements with Brazil and Argentina regarding the peaceful use of nuclear energy. The People's Republic has established commercial agencies in 13 Latin American countries in addition to the China United Trading Corporation Ltd., in Panama. These efforts have helped the value of Sino-Latin American trade to skyrocket from US\$1.96 million in 1950 to US\$1.64 billion in 1984.

In the 1950s, China actively promoted its trade with Latin American countries in accordance with the principles of equality and

mutual benefit. Argentina was the first Latin American country to establish direct non-governmental trade relations with China when. in 1953, the Melati S.A. began contacting officials of the China import and export corporation in Berlin about wheat export. Uruguay was the first Latin American country to send a government commercial representative to China. In 1959 when Sino-Latin American trade had not yet reached the governmental level, the trade value already stood at US\$7.69 million, nearly four times that of 1950.

In 1960 China established diplomatic relations and signed a governmental trade agreement with Cuba that resulted in US\$1.57 billion of trade for the decade, accounting for 77 percent of China's total with all Latin American countries.

In the 1970s, with the establishment of diplomatic ties with many Latin American countries, China's trade with the continent reached an all-time high. China had established diplomatic relations with 12 Latin American countries by 1977. and trade relations with 36 countries and regions by the turn of the decade. Consequently, trade increased considerably, to US\$1.26 billion in 1979, or almost 10 times that of 1969. During this period, China's export increased from US\$78 million to US\$280 million and its import from US\$50 million to US\$980 million. A breakdown shows that China's trade was valued at US\$110 million with Mexico, US\$290 million with Argentina and US\$220 million with

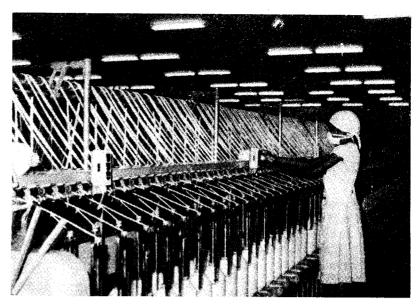
Brazil. During this period a considerable change took place in the composition of the export and import commodities. The variety of commodities increased greatly from the 1950s to the 1960s, with hundreds of different items in the 1970s. China's import of partially processed wool and tannin extract during the 1950s and 1960s gradually petered out and the 1970s saw greater imports of copper, lead, zinc, iron ore, pig iron, rolled steel and sulphur, wheat, cotton, soybean, fish meal, sugar and corn. China's exports included textiles. arts and crafts, food, cooking oil, chemicals, medicines and machinery.

Economic aid and co-operation actually serve as the basis of Sino-Latin American trade. Since 1970, China has offered economic assistance to Peru, Jamaica, Ecuador, Surinam, Barbados and Guyana. Though limited because China was economically underdeveloped, the assistance was sincere and with no political strings attached.

New Channels

With the restructuring of the economic system and the introduction of China's policy of opening to the world since 1978, China's economic relations and trade with Latin American countries have become all the more dynamic, and the methods of trade even more flexible and diversified. Before the policy of opening to the world was introduced, China's economic relations with the continent centred on the exchange of commodities in a traditional. often monotonous fashion. Since then, Latin American trade with China's import and export companies has become stateof-the-art, conducted through cash and credit trade and methods of barter.

In recent years, China has sent



A Guyana textile mill.

out dozens of teams to Latin America to investigate oil, water conservation. energy, mining. chemical production, agriculture, forestry, animal husbandry and fishing production. Likewise, many Latin American countries have sent their representatives to study China's methods of agriculture, animal husbandry, fisheries, acupuncture, methane and hydropower generation. Labour service is also on the increase. For example, China and Brazil have built highways in a third country. The China Harbours Engineering Company is helping Mexico and Colombia dredge their waterways. Chefs from Sichuan and Liaoning provinces have gone to Mexico, Peru and Barbados to share their world-famous cuisine.

China also has made notable progress by importing Latin American investment and investing in the continent. For example, Brazil's Petrobras Internacional S.A. is now drilling oil on the South China Sea together with the British BP Petroleum Development Ltd. The China International Forestry Corporation has invested in the establishment of the CIFEC Madeiras Industria E Comercio Ltda.

to make plywood in Manaus, Brazil. The China National Metals and Minerals Import and Export Corp. has established a trading company in Rio de Janeiro, dealing mainly in rolled steel, pig iron and iron ore. Moreover, the Bank of Brazil and several Brazilian companies have set up offices in Beijing in order to expand business in China.

China's policy of opening to the world not only has opened up new channels for further economic cooperation between China and Latin America, but also has encouraged the development of their trade. Between 1980 and 1983, three more Latin American countries established diplomatic ties with China, and Sino-Latin American trade in those four years rose to US\$6.1 billion, or US\$1.12 billion more than in the entire decade of the 1970s.

Mutual Respect

The quick pace of economic cooperation and trade between China and Latin America is due, in part, to the mutual respect of the gov-

ernments and economic organizations. A case in point is the cooperation between China and Brazil. In 1974 when Brazil and China established diplomatic relations, the bilateral trade for that year was valued at only US\$17.42 million. After efforts by both sides, that figure shot up to US\$840 million (China's import was worth US\$440 million and Brazil's was worth US\$400 million), accounting for more than 50 percent of the total Sino-Latin American trade. The bilateral trade reached US\$770 million for the first eight months of 1985 and is expected to reach US\$ 1 billion by the end of the year.

The normalization of relations between China and Brazil has paved the way for the smooth development of their bilateral trade. Brazil bought oil from China on a trial basis in 1978, and then began importing great quantities the following year. At that time,

China had a limited amount of oil for export, but it did everything it could to produce enough to fulfil Brazil's needs. Brazil imported 1.2 million tons of crude oil in 1980 and 2.5 million tons in 1984. As a result, Brazil's import from China promoted its export to China. Brazil's export stood at US\$440 million in 1984 and climbed to US\$540 million in the first eight months of this year.

It is hard for any two countries to secure an absolutely balanced sheet in their bilateral trade. Any changes in the world economic situation or in domestic policies can influence trade with other It is common that countries. one country may have favourable balance of trade at one time and unfavourable at another. China and Brazil do not adopt a passive approach towards the temporary imbalance which at times had been serious, by reducing their

imports. Rather, they look for new commodities or trade channels that will even the scale. That is cooperation -- a co-operation based on mutual trust between the two largest developing nations in the world.

China and Latin America, though separated by many miles of land and sea, are both part of the same third world. They take similar stands on important international issues. They have much to learn from each other in the area of economics, trade and technology. Though much progress has been made there is still great potential in these fields.

Premier Zhao's visit to the four Latin American nations will do a great deal to promote the friendship between China and Latin America and to strengthen dialogue between the third world countries.

China, L. America Expand Technical Links

by HUANG YING

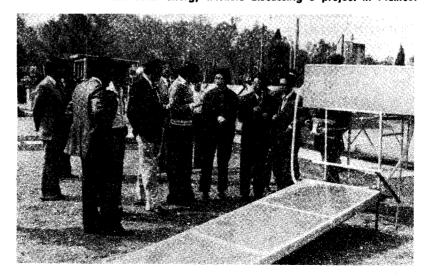
Our Correspondent

I N recent years China has made a concerted effort to develop its scientific and technological ties with Latin American countries. According to an official from the International Scientific Technological Co-operation Bureau under the State Science and Technology Commission in Beijing, China now has scientific and technological agreements with six Latin American countries. namely, Brazil, Mexico, Argentina, Venezuela, Chile and Colom-

Among these countries, China's scientific co-operative ties have progressed the furthest with Brazil, Latin America's largest nation.

Since China and Brazil established diplomatic relations in 1974, contacts between the two countries' scientific and technological circles have increased steadily. After 1980, when China and Bra-

Chinese and Mexican solar energy workers discussing a project in Mexico.



zil exchanged seven study groups, the pace of the development of Sino-Brazilian links markedly quickened. By 1982, the two nations had signed co-operation agreements and have since that time exchanged groups concerned with such 'fields as computer technology, rubber production and patent laws.

During this period, exchanges of visits between Brazilian and Chinese leaders have also further promoted trade and the development of their economic, scientific and technological co-operation.

With the introduction of its open policy, in the last few years, China has witnessed the rapid growth of both official and unofficial co-operation with Brazil. Several Chinese government departments, including the Ministry of Agriculture, Animal Husbandry and Fishery, the Ministry of Water Resources and Electric Power and the Ministry of Forestry have signed nine letters of intent and agreements with their Brazilian counterparts. Among these agreements is one authorizing an exchange between the two on the peaceful utilization of nuclear power.

In December 1984, China and Brazil held their first scientific and technological co-operation meeting in Beijing, during which a further increase in the co-operation between the two countries was predicted.

Soon after establishing diplomatic relations with China in 1972, Mexico became the first Latin American country to cooperate with China in the fields of science and technology. In September 1975, China and Mexico signed a scientific and technological co-operation agreement and have since held seven related meetings and taken part in 120 exchange programmes, involving more than 300 people.



Dr. Edmundo Flores, minister in charge of the Mexican State Science and Technology Commission, meeting with members of a study group from China.

In addition to promoting friendly relations between the two countries, the scientific and technological exchanges between Mexico and China have contributed to both countries' economic development. Through technological exchanges, the Chinese have benefited from Mexican instruction on coal mining and orange growing techniques. In return, Mexico has profitted from the exchanges by learning about China's traditional medicine, its freshwater silkworm breeding and methods, its production and utilization of marsh gas, and its irrigation and ceramics processes.

with China's co-operation Argentina, which began in 1974, has been equally as successful as its efforts in Mexico and Brazil. After signing a scientific and technological co-operation agreement in 1980 in Beijing, China and Argentina held a scientific and technological meeting in 1983 in Buenos Aires, during which delegates agreed on a co-operative plan for fiscal year 1984. In that year, China sent study groups to Argentina to inspect the country's wool-spinning equipment and techniques, its cattle raising and slaughtering methods, its dairy processing techniques and its plant protection methods. Argentina has reciprocated by sending representatives to China to investigate its production and utilization of ` marsh gas, its railway design and construction methods. its freshwater breeding techniques its methods for treating burns.

Because of the success of its exchanges with Brazil, Mexico and Argentina in the fields of science and technology, China will continue to seek additional co-operative ties with these and other Latin American countries in accordance with the principles of "equality and mutual benefit, stress practical results, diversity in form and common prosperity." Both China and Latin America have their assets and their liabilities. In continuing to learn from each other about those things that each does well, it is hoped that sides' weaknesses hoth dwindle while by the interaction, their strong points continue to flourish.

China and Latin America Cross Cultures

by LI TINGYU

A S China's door has opened wider to the rest of the world since 1979, cultural exchanges between China and various Latin American countries have been booming.

In 1983, to commemorate the 200th anniversary of the death of Simon Bolivar, two books about the Venezuelan national hero were translated into Chinese, and China sent over a song and dance ensemble from Guizhou Province and a Beijing opera troupe from Iinzhou to Venezuela and other Latin American countries. Then China also sent a group of dramatists and a delegation of poets, playwrights, editors, essayists and novelists to these countries. reciprocate, Venezuela sent the famous Yolanda Song and Dance Ensemble and conductor Manuel Chong to China.

The last two years saw more frequent exchanges of cultural delegations between China and Latin America. Besides sending the Chengdu and Guangdong acrobatics troupes to perform, China also organized film makers and journalists to visit this part of the world. China Reconstructs, a monthly published by the same publication and distribution bureau as Beijing Review, also sent some of its staff on a tour of Latin American countries. At the same time, the Chinese were entertained with talented performances by Latin American artists, including the very famous Amalia Hernandez Folk Song and Dance Ensemble from Mexico and an orchestra of traditional Colombian instruments. A Colombian culture

and art show and paintings by Mexican artist, Gabriel Guadalupe, were on exhibit here. Viky, a well-known Argentine writer, visited China as well.

This year Chinese acrobats, TV and radio personalities, journalists and a film delegation streamed into Latin America for performances and visits. In return, Chile sponsored a modern painting exhibition in Beijing and Argentine painter Garavaglia came to meet some of his Chinese counterparts.

It is well known that China is willing to develop cultural links with all countries, big or small, on the Five Principles of Peaceful Coexistence. In 1980 a brass band from Trinidad and Tobago came to perform in China, and the following year the Chinese Hebei Acrobatics Troupe visited Mexico, Guyana, Surinam and Jamaica.

Since the founding of the PRC, Chinese translators have turned out more than 100 brilliant Latin American literary works and more than 400 pieces of prose and poetry into Chinese. They include works by Colombian writer Gabriel Garcia Marquez, Peruvian writer Vargas Llosa, Argentine

writer Jorge Luis Borges, Mexican writer Juan Rulfo and Brazilian writer Jorge Amado.

At the same time, many Chinese literary works were translated into Spanish, including some 280 novels, scripts and pieces of drama, folk-tales and poems. Among them were works by Lu Xun, Mao Dun and Ba Jin. Movies from Latin America, dubbed in Chinese, have become favourites among Chinese film fans.

China's efforts to expand academic links with Latin American countries were renewed in the 1950s when Latin American experts were invited to teach Spanish in Chinese schools, and Chinese students were sent to study in Latin America. Altogether, more than 300 Chinese students have been sent to study in Latin America and 160 Latin American students have studied in China.

In 1956, an exchange programme between Chinese and Latin American medical workers was set up. So far, such exchanges have involved more than 200 doctors and specialists. In 1980, China began sending some of its medical specialists to hold training classes in Latin America.

Mexican dancers performing a tribute to Sino-Mexican friendship.



The author is a staff member of the Ministry of Culture.

October 28, 1985

China's Foreign Exchange Control Policies

In a recent exclusive interview with "Beijing Review," Tang Gengyao, director of the State General Administration of Exchange Control, answered questions raised by our correspondent Zhang Zeyu. The following are the main points of the interview. — Ed.

BR: On September 1, the People's Bank of China published for the first time statistics on China's balance of payments (see our issue No. 35). The publication has caught the attention of people abroad. Would you please say something about what reforms China has introduced in foreign exchange control in the past years?

Tang: In the past years, in order to meet the needs of co-operation and exchange between China and other countries, we have carried out the following reforms in foreign exchange control:

- 1. China has relaxed its policies on foreign exchange control over Sino-foreign joint ventures, which, with approval, are allowed to use foreign currencies to quote prices and settle accounts for part of their products to be sold on the Chinese domestic market. These measures help the joint ventures to achieve a balance of foreign exchange.
- 2. China has granted some financial organizations the right to handle foreign exchange business and has allowed the Industrial and Commercial Bank of China and the Agricultural Bank of China to engage in part of the foreign exchange business in the Shenzhen, Zhuhai and Xiamen Special Economic Zones.
- 3. In order to collect foreign capital, the Bank of China and the



China International Trust and Investment Corporation have been allowed to issue bonds in Japanese yen, Deutsche mark and Hongkong dollar on the Japanese, West German and Hongkong money markets.

4. China has enlarged the business scope of four foreign and banks --- the overseas Chinese Hongkong and Shanghai Banking Corporation, the Charted Bank of India-Australia and China, the East Asian Bank and the Overseas Chinese Bank. The People's Bank of China has approved the establishment of a branch of the Hongkong-Guangdong Bank in the Shenzhen Special Economic Zone and a branch of the Macao Nantong Bank in the Zhuhai Special Economic Zone. Recently, it also permitted the Hongkong and Shanghai Banking Corporation to set up a branch in Shenzhen.

5. In order to attract idle foreign exchange and use it to meet the needs of the four-modernization programme, the Bank of China has begun to accept deposits of personal foreign currencies in some major Chinese cities.

BR: What are the basic policies for foreign exchange control?

Tang: For a long time, China has adopted the policy of exercising "centralized control" over foreign exchange. This means the state is responsible for formulating and promulgating the principles, policies, decrees and regulations for foreign exchange control; all foreign exchange income and expenditures are placed under centralized state control; and the exchange rate of Renminbi (PRC's currency) to all foreign currencies is to be defined, adjusted and published by the state. This principle was formulated in the light of China's specific conditions. Because China is a developing country, it is rather backward economically and technically and it does not have much foreign ex-In order to change currency. guarantee a balance of payments for the state, it is necessary to develop a plan of foreign trade, organize foreign economic exchanges and absorb foreign capital, and work out overall planning for the distribution and use of foreign exchange, so that the limited amount of foreign exchange will be used in what is most needed for the four-modernization programme. Only when centralized control is exercised over foreign

exchange is it possible to increase foreign exchange earnings, and reduce foreign exchange expenditures, to facilitate the development of the national economy and safeguard the rights and interests of the state.

Practice has proven this principle to be effective, and therefore it will be carried out in the future.

BR: What are the basic principles for foreign exchange control?

Tang: According to the Interim Regulations on Foreign Exchange Control published by the State Council, the basic principles include:

- 1. Foreign exchange income and expenditures in all Chinese government offices, units and enterprises, including foreign credit and the use of foreign capital, must be incorporated into the state plans and implemented accordingly.
- 2. All foreign exchange earning accounts must be settled by money transfers. Except for separate state provisions, all foreign exchange earned by Chinese units, enterprises and individuals must be sold to the Bank of China. When one needs foreign exchange, he may buy it from or be granted by the bank in accordance with state approved plan or related regulations.
- 3. Foreign currencies are forbidden to be circulated and used directly within China. The settlement of foreign exchange accounts can only be handled by the bank; negotiable securities in foreign exchange or foreign currency as a mortgage is not allowed.
- 4. It is forbidden to engage in the illegal trade in foreign exchange. In China, all deals in foreign exchange must be done by the bank; no unit, enterprise or individual is allowed to trade in foreign exchange among them-

selves; foreign exchange must be purchased or sold at the prices prescribed by the state; and no unit, enterprise or individual is allowed to buy and sell foreign exchange at high prices or prices in a disguised form.

5. It is forbidden to illegally procure foreign exchange or evade exchange controls. No Chinese or foreign unit, enterprise or individual is allowed to procure, retain or misappropriate foreign exchange or to evade exchange controls by any means.

BR: What is the correct approach towards the circulation of foreign currencies in the special economic zones?

Tang: Since this creates special problems, they should be dealt with according to special conditions. Chinese leader Deng Xiaoping recently stated that the Shenzhen Special Economic Zone was "an experiment." This means that the policy for running the special economic zone is already fixed and will not be changed. But as. to what specific policies and appropriate measures should be implemented in the special zones, we still lack experience and therefore these zones must go through trial periods. In line with the principle of running the special zones in accordance with special policies, the Shenzhen city government has adopted a series of measures, one of which is to allow some shops to sell commodities to be paid with foreign currencies. As to the results, they remain to be seen. It is hard to come to make an accurate judgement at this point.

BR: How has China's foreign exchange reserve been in the past few years?

Tang: With the growth of industrial and agricultural production and the development of foreign economic and trade relations since China adopted its open policy in

1979, China's foreign exchange reserve has recorded a continued, substantial annual increase. was US\$2,262 million at the end of 1980, US\$11.13 billion in late 1982 and US\$14.42 billion in 1984. In a short space of four years, China's foreign exchange reserve increased six times over, topping all former records US\$14 billion in foreign exchange reserve is enough to meet for seven months of import. This, plus the 12.67 million ounces of gold reserve, adds to China's capability to pay US\$20 billion worth of imports. This amount is obviously a bit too much for a developing country like China. Therefore, it is necessary to reduce the foreign exchange reserve in an organized manner.

BR: What are the reasons for the continual growth of China's foreign exchange reserve?

Tang: The reasons can roughly be summed up as follows:

Since the beginning of 1979, China has adopted a series of external and internal policies, which have given great impetus to industrial and agricultural production and have dramatically increased the country's financial resources. That is the major reason.

In the past few years, great advances have also been made in foreign trade. The state encouraged enterprises to earn more foreign exchange and to increase their exports. For example, the state has taken measures so that enterprises can retain a certain amount of the foreign exchange earned from exports. In 1980, the value of exports ran to US\$18.3 billion --that figure jumped to US\$24.4 billion by 1984, a 33 percent in-At the same time, the crease. state reduced the scale of imports to suit the needs of economic readjustment. With the amount of exports outdoing that of imports,

there was an increasing trade surplus. That was the immediate reason for the increase in foreign exchange reserve.

During the same period, foreign exchange earnings from China's tourist industry and other nontrade business also rapidly increased.

BR: It is reported that the foreign exchange reserve has decreased this year. What are the development prospects?

Tang: The foreign exchange reserve for the first quarter of this year dropped from US\$14.42 billion at the end of 1984 to US\$11.2 billion. The main reason for this was that China used more foreign exchange to import a record amount of goods, it is therefore only normal that there is a decrease in the foreign exchange reserve. The increase of imports reflects from one facet the development of China's economic and technological co-operation with other countries. In the days ahead, with the steady expansion of foreign economic exchange, imports will continue to increase on the basis of the growth of exports, as will the amount of foreign exchange used for the import of goods.

The foreign exchange reserve for the second quarter may have dropped a little compared with that for the first quarter. Generally speaking, there was a big trade deficit in the first half of this year due to import outdoing export. But with the increase in foreign exchange earned from the tourist industry and other non-trade businesses, and thanks to the appropriate measures taken by the state in the second quarter to balance the delivery of imported goods and cut down on unnecessary imports, we have been able to offset a portion of the trade deficit. As a result, the foreign exchange reserve dropped only a little. The situation for the entire year is expected to be normal and there will not be any dramatic fluctuations.

China will begin its Seventh Five-Year Plan (1986-90) next year. During that period, a large amount of foreign exchange will be needed for developing the energy, communications, port and transportation industries, and for the import of advanced technology and equipment to upgrade existing enterprises. We will need to import more than we did in the previous five-year plan. From the long-term point of view, China has a shortage of foreign exchange funds. That being the case, it remains one of China's long-term goals for economic development to collect foreign funds through different channels and import foreign capital (including direct investment), and welcome foreign businessmen to set up joint ventures, co-operative enterprises and even entirely foreign-owned enterprises in China.

BR: What are the current problems in foreign exchange controls?

Tang: There are some problems regarding the control and use of foreign exchange that merit our attention. For example, officials in some departments who lack an overall point of view, one-sidely pursued high-speed production and spent large amounts of foreign exchange to import raw and semi-finished materials and assembly parts; some imported already existing technology and equipment; for a while they imported an excessive quantity of high-grade goods. Some units concerned themselves only with the export of their products without giving thought to receiving payment. They did not adopt any effective measures to press for the overdue payments for their exports. Other units, in disregard of the state's interests, banked their export earnings and foreign exchange in other countries and still others, in the name of invigorating the economy, engaged in illegal trade in foreign exchange or sold foreign exchange at high prices. These problems, though local and few, can upset the state plan for foreign exchange income and expenditures, disrupt financial order and even tarnish the country's reputation abroad. To overcome this, it is necessary to tighten controls over foreign exchange.

To control the use of foreign exchange, we should use a limited amount of foreign exchange for the most necessary aspects of production so as to obtain the maximum economic benefits. we must strengthen overall control over foreign exchange. Borrowing from other countries or issuing bonds abroad by various regions and departments must be incorporated into the state plan, and these can be done only with the approval of the People's Bank of China. Finally, violations of law in the field of foreign exchange must be firmly dealt with. Once illegal activity by any unit is uncovered through investigations, the unit will be punished according to the Detailed Regulations for Punishing Those Who Violate Foreign Exchange Control.



Visit to Xishuangbanna

A Jewel Set in the Southwestern Frontier

by HUANG SHUYUN
Our Correspondent

C EVERAL months ago, I guided a group of foreign experts working for our magazine and the foreign languages bureau on a trip to Xishuangbanna in southwestern China's Yunnan Province. Xishuangbanna, an area of about 25,000 square kilometres bordering on Burma to the west and Laos to the south, is widely considered a nature reserve. The locals call it their "jewel in the crown of the fauna and flora kingdom." Its picturesque countryside and dense forests filled with elephants, deers and peacocks - all set among the traditional customs of the minority ethnic groups of the area - attract visitors from other parts of China and from around the world.

It took three and a half hours to fly from Beijing to Kunming, the capital city of Yunnan Province. As we waited to change flights at the airport, a native came up and told us that "Xishuang" in the local dialect meant "a dozen." while "banna" meant "ten thousand paddyfields." In January 1953 when it was formed into an autonomous prefecture, it had a population of 200,000, which more than tripled to 646,445 by 1983 according to the national census that year. Xishuangbanna is composed mostly of Dai people and is also inhabited by Han, Hani, Bulang, Lahu, Yao, Yi, Hui and Va nationalities.

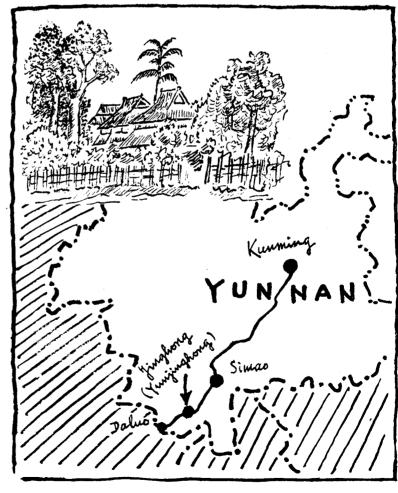
When the weather cleared up, we flew for another hour to Simao, a small town offering the only way to our destination.

Before the founding of the People's Republic in 1949, Xishuangbanna was almost inaccessible because of its steep mountains and thick forests and most people had to enter through a detour bordering Burma.

In September 1951 the provincial authorities approved the construction of the 873 km-long Kunming-Dalo Highway, via Simao and Xishuangbanna. It was opened to traffic in 1954 and became an asphalt road in 1976. The highway, now tree-lined and heavy

with traffic, plays an important role in the economic and cultural exchanges between this border area and other parts of the country and in the continuing development of the area.

After supper at Simao, we drove towards Jinghong, seat of the government of the Xishuangbanna Dai Autonomous Prefecture. The road zigzaged, up steep mountains and then down into deep ravines. A Japanese tourist counted 3,200 turns in less than 200 kilometres before we arrived at one o'clock



in the morning, only 30 kilometres from the Burmese frontier.

Jinghong — "City of Dawn"

Jinghong, also known as Yunjinghong, means "city of dawn" in the Dai dialect. Legend has it that long ago, a brave and clever young man seized a jewel from a demon and hung it high on a coconut tree. The jewel shed its light in all directions, turning the city's darkness to dawn

The history of Jinghong is both tragic and sanguine. Twice it was destroyed by foreign invaders who burnt down houses and buildings. Malaria and other diseases ran rampant and when it was liberated in February 1950 it was reduced to a scene of terror: Rank weeds and scrub grew among the few missionary buildings and two dozens or so thatched huts that were left, and roars of tigers and leopards amid clusters of graves penetrated the eerie night.

But it has gradually grown out of ruins into a bustling hub of political, economic and cultural activities.

The morning after our arrival, we drove along the streets feasting our eyes on the beautiful city spiced with distinctive local flavour. The wide paved roads are lined with mango, coconut, betel nut and oil palm trees, which offer shade to the shops, hotels and apartment buildings. In many of residential courtyards, bright flowers sprawling over bamboo fences were alive with greetings to passers-by.

We drove out of the city to visit a Buddhist temple in suburban Manguanglong. We took off our shoes as we entered as required by Buddhist custom, and saw giant Buddhist statues, devout monks and would-be children monks studying. We were told that during the busy farming seasons these children would return home to

help their parents and then return to the temple.

Ethnic Traditions

After we visited the temple, we drove towards a Dai village. As we approached we fell upon yet another idyllic scene: a cluster of pyramid-like structure amid luxurious coconut, papaya and banana trees or cactus plant, where brightly costumed Dai women were washing clothes and fetching water from a well in the shade.

As we entered the village, a native - as hospitable and straightforward as the Dai people are known — invited to home. It was a two-storey structure made of bamboo. The first floor was used as a barn to store farm equipment, the living quarters, a sitting room and several bedrooms, were upstairs. The sitting room was spacious and covered with wall-to-wall bamboo mats. A balcony and corridor lead to the kitchen and bedrooms. There were several mosquito nets in the bedrooms and our host explained that according to Dai customs, young people slept in the dark-coloured nets while the elders slept in the light ones.

We then drove along the turbulent Lancang River to visit another village where Hani people live. It was located on a bank across the river, so we ferried across in groups of three and four on a bamboo raft. Just offshore was a kiln. where several technicians from Sichuan Province were teaching the locals how to make bricks. Nearby was a bamboo house used as a workshop to make bean curd for the entire village. Most of the Hanis in the village work in rubber plantations. We were told that an average family of rubber workers made as much as 7,000 yuan a vear.

Hani women wore beautiful clothes, laced in velvet flowers and

A Buddhist pagoda in Jinghong.



decorated with coins, and some were even wearing silver bracelets.

Next to some of the houses we saw small clay cottages. They were "rendezvous houses." When a young man is old enough to marry, his parents build him such a house so that he can meet girls there and eventually choose a wife. After marriage, the groom will lead his bride to his parents' home where they will live together. According to Hani tradition, children are obligated to support their parents, therefore parents love their children very much and they usually live harmoniously from generation to generation.

Women in Xishuangbanna are becoming better clad and more and more are wearing hair ornaments. This has much to do with the rapid development of local industry. Before the founding of the People's Republic, there was no industry at Now bourgeoning local industries and handicrafts are turning out goods such as silverware, garments, shoes, porcelains, bambooware, small farm tools and dyed cloth. The development of power, machine-building chemical fertilizer, tea-processing, sugarrefining and rubber industries also have made much headway.

Traditionally, Xishuangbanna has been an agricultural area. The rapid advance of agro-technology in recent years has greatly boosted grain production, making the crude slash-and-burn cultivation method something of the past.

Every April the Dais hold a water-sprinkling festival that usually lasts three days. Villagers get together, sprinkling basins of water on one another while singing and dancing. Local tale has it that long ago there was a cruel and ferocious demon that terrorized the villagers and captured seven of the village girls as his wives. The youngest girl swore she would one day kill the demon, and one night when the demon fell sound

asleep, the girl pulled one hair from his head and twisted it tightly around his neck with all her strength. The head snapped off and rolled down to the ground. But just when she thought her fellow villagers were saved, flames burst out all around then. She discovered, however, that when she picked up the head, the flames died down. In order to save their lives,

trees when we were there. Clusters of fragrant orchids showed off their beauty along streams and trees.

In the dense forests, herbs used for medicines grew in abundance such as those that are said to have an effect on blood diseases, high blood pressure, and in the treatment of cancer. Many of these



In the botanical garden (from left to right) Miss Blance Riascos, Mrs. Pilar Arcos and the author.

the girls took turns carrying the head. So every April when it comes her turn, villagers have water sprinkling on her to wash away the pain and cool her off. People say that in their quest for peace and happiness, the Dai people have been as brave and intelligent as these legendary girls.

Botanical Garden

Not far from Jinghong is a 200-metre row of oil palm trees—the entrance to a botanical garden which also serves as a research centre on tropical plants and rubber. It covers an area of more than 334 hectares and has about 1,000 employees working in a dozen scientific areas.

The garden boasts many flowers and plants rarely seen in other parts of the country. Magnolias were blooming like Christmas herbs, which have been scientifically processed into pills and tablets, sell very well at home and abroad. An institute to the southwest of Jinghong conducts experiments on the cultivation of medicinal herbs.

Many of these tropical plants have interesting histories. For example, there is a kind of tree local natives call "the god of death." When painted on an arrow, its toxic latex can kill an animal at once. Hunters in the old days used it to make poisonous arrows.

In Xishuangbanna, there are also many valuable cash crops, such as tea, coffee, cocoa, sugar cane and rubber. At a rubber plantation we were told that rubber from the Amazons in Brazil had been transplanted to Xishuangbanna in 1904. However, there were only 90 rubber trees remaining in 1950. There are now more



Dinner at a Dai home.

than 600 strains of rubber plants growing in the area. Many foreign rubber experts once believed rubber could not grow above 17 degrees north latitude. After many years of experiment, employees at the institute have succeeded in growing rubber trees between 18 and 24 degrees north latitude and are working on methods to plant it even further north.

A Dai Home

One day we were invited to dinner at a Dai home. Our hostess was Yujiao, a 32-year-old house-wife and pig farmer. Her husband was a trucker who transported local specialties such as tea, sugar, fruit, medicinal herbs and handicrafts in exchange for industrial goods. Yujiao's family had become quite affluent. Last year she built a new bamboo house furnished with wardrobes, a sewing machine, TV set, cassette-recorder and other such items.

The dinner had a distinctive flavour cooked in the local style.

We had roast pork, roast chicken, and what is called green moss, a delicacy that grows on the bank of the Lancang River. The purple glutinous rice was also said to be a local specialty, good for the health. The "crossing the bridge noodle" - a kind of rice-flour noodle our hostess served - has a story behind it. It is said that in ancient times, there was a scholar studying on a small island. His wife sent him meals every day. Since it was a long way and there was a long bridge in between, the meal got cold by the time she arrived on the island. One day she prepared a chicken soup and then fell asleep. When she awoke she found there was a layer of grease on the soup and it was still warm. She realized that grease could keep the meal warm. From then on, she brought her husband riceflour noodles in warm soup to the That was why natives island. called the local food "crossing the bridge noodle."

Our hostess served us selfbrewed wine, mellow and semitransparent. We exchanged toasts to friendship and health. After dinner, we chatted over tea. Fernando Pastrano, a Spanish journalist and expert in Asian affairs who is now working for the monthly *China Reconstructs*, said: "I have been to many countries, but no place is as natural and authentic as Xishuangbanna. It not only keeps its ancient traditions and habits intact, but embraces modern achievements."

Evening Party

Jinghong's cultural palace was brightly lit and crowded that evening. Men and women in their colourful costumes were either listening to music near the fountain or playing chess or dancing in the recreational rooms.

In the courtyard two Dai girls were dancing to drums. Blanca Riascos, a Colombian expert working for our magazine was tempted by their graceful dance and pleasant songs and joined them, picking up a drum and playing a famous Colombian cumbia melody. She sang:

On the white beach
Of hot sand
There is sound of cumbia
And smell of wine
The night in its black dress
Has millions of stars
And under the moonlight

The fishermen's songs of my land burst out.

In the hall was the echo of Auld Lang Syne, a Scottish folksong by Robert Burns. The melody was as sweet and pleasant as Xishuangbanna was tranquil and exotic under the moonlit sky:

Should auld acquaintance be forgot,

And never brocht to mind?

Should auld acquaintance be forgot,

And days of auld lang syne?

Astronautics Industry Takes Lead

from "SHIJIE JINGJI DAOBAO"

(World Economic Herald)

C HINA should give priority to the development of its astronautics industry. Otherwise, China will lag behind in the wake of the coming space exploration and development, according to several dozen specialists in world economics, politics, science and technology at a September forum.

They said China should, and is able to carve out its own niche in the development and utilization of outer space. China's astronautics technology, these specialists said, is nearer to advanced world levels than China's other new technologies and industries. The development of the astronautics industry in China, they said, is bound to encourage the development of other new technologies, including microelectronics, energy and biological engineering.

At present, all countries with the potential to allocate funds and manpower for the study of outer space have placed high priority on the development of their astronautics industry.

Even some developing countries have not given up efforts, and have begun looking into the possibility for a local astronautics industry. They said that astronautics, like education, is an investment that may be expensive. Its benefits, however, can be enormous.

According to the specialists, the economic returns from astronautics industry can be high. Using the United States as an example, they said that the ratio between invest-

ment and returns in the industry for a period of ten years was 1:54. Moreover, the development of astronautics industry can bring enormous changes to various aspects of human life — politics, economics and science.

The specialists held that the scale of China's astronautics industry in the period of the Seventh Five-Year Plan (1986-90) should be larger than that in the period of the Sixth Five-Year Plan (1981-85). Without an increase, they said, China could find itself lagging far behind the rest of the astronautics pack.

Environment Polluted by Rural Works

from "RENMIN RIBAO" (People's Daily)

SIGNED article by Qu Geping, director of the State Environment Protection Bureau. While China's said: rural. towns have been allowed to operate collective industries. they also have neglected environmental protection guidelines, and have, as a result, seriously polluted local air and water, endangering the health of local residents.

In 1984, China had roughly 4.5 million township factories with 40 million workers and these enterprises created an output value of 130 billion yuan. As the rural industries have developed they have employed rural workers and have helped raise the standard of living in many rural areas.

These industries, however, face some serious problems. Because they have not developed according to a plan, their product mix is inappropriate and their geographical distribution not so rational. In addition, production techniques in many of these factories are often backward and their equipment is poor. It is largely because of the out-of-date equipment that these factories have caused a substantial amount of pollution in the areas

in which they operate.

Many lakes and rivers around these factories have been contaminated with their aquatic resources being ruined. In other places, forests have withered, crops have gone bad and the supply of potable water has dwindled sharply. During a check of 1,989 cattle in Dengfeng County, Henan Province, 57.8 percent were found weakened and less productive because of their exposure to pollutants. It was also reported that in the northern part of Guangdong Province, grass refused to grow in a 500-metre radius stretch of land around a factory where arsenic was melted. Waste from the factory also contaminated the area's river, killing its fish and increasing the cancer incidence rate among local residents.

Today, to prevent the spread of pollution into other areas of the countryside, three measures have been adopted and put to work in various areas. First, the rural factories have been directed to choose only those products that give off no or little pollution. It is intended that those factories that produce no or little pollutants will account for 80 percent of all rural industries. Second, no offensive industries are to be opened near residential areas, water resources,

obligated to purchase environmental protection equipment.

What Beijing People Work For?

from "BEIJING RIBAO" (Beijing Daily)

A LTHOUGH many would contend that people only work for money, a recent survey shows that a majority of Beijing residents work so they might make a contribution to society.

The survey showed that 32.1 percent of those surveyed worked because they wanted to do something for society; 30.87 percent said they worked to support their families; 17.49 percent said they wanted to be economically independent; 7.92 percent said they worked to use their talents and 4.64 percent said they wanted to stay among friends and in collectives. Less than 2 percent of them gave other answers.

The survey also discovered that the more education people received, the more likely they were to work for non-economic reasons. Of those who received at least a college education, 75 percent worked for non-economic purposes, while 55 percent said they wanted to contribute to society and more than 10 percent said they wanted to use their talents. Those who said they wanted to earn money to support their families or be economically independent accounted for less than 15 percent. Conversely, more than 60 percent of those who received only primary school education or were semiliterate said they worked for economic purposes, with people from this group who said they worked to support their families accounting for 50 percent.

There is also a great deal of difference between reasons for work in various professions. For instance, 62.22 percent of leaders in state organs, 45.83 percent of staff members in government offices, and 43.2 percent of technical personnel in various fields said they worked to contribute to society. By contrast, 47.83 percent of commercial workers, 39.7 percent of productive and transportation workers and 33.93 percent of service people said they worked to support their families.

China's Diet Needs Improvement

from "NONGMIN RIBAO" (Peasants' Daily)

RICE, wheat and vegetables continue to make up 94 percent of the average Chinese's diet. Meat, eggs, milk and so on account for a rather low percentage, roughly one-third of the world's average per-capita consumption.

According to the second national diet survey conducted in 1982, the calorie intake of a typical Chinese diet is sufficient for growth and productivity. The shortcoming of the diet in China, however, is that only a very small part comes from proteins,

The survey compared the composition of the Chinese diet with that of the United States and Japan. The US diet is high in

calories and protein, and needs to be supported with large amounts of grain and an advanced fodder industry. As this diet has also been considered a possible cause for the high incidence of cardiovascular diseases, high blood pressure, obesity and rectal cancer, it is not one for China to emulate.

.twa

The Japanese eat less meat, eggs and milk but more aquatic and bean products. This is a typical oriental diet and closer to Chinese living habits and standards. Therefore. China might learn something from it.

Nutritionists in China suggest that the Chinese diet should be augmented with more meat, eggs and milk. They say, however, that rice, wheat, soybean and vegetables should stay the main part of the diet in China.

Improvement in Endocrine Research

from "JIAN KANG BAO" (Health Newspaper)

CHINA has made considerable progress in heart endocrinology — one of the ten great new discoveries in recent years in world medicine. Specialists at the Heart and Lung Endocrine Laboratory of the Basic Medical College under the Beijing Medical University further confirmed the theory that the heart is not only a circulation organ, but also plays a function in endocrine production. The researchers analysed the changes of plasma auricle and study its in-

fluence in the mechanism of the incidence of high blood pressure and other cardiovascular diseases as well as the clinical significance induced therefrom.

The experts also discovered that the lung contains many auricle immuno-active substances and receptors.

Many foreign experts in the annual Conference of the Experimental Biology Union held in California, USA, last April, were surprised to find that Chinese scientists have completed such a systematic research during a short period of time.

China Modernizes Rails With Loans

Since 1980 China has used Japanese loans totalling 289.02 billion yen and World Bank loans of US\$450 million for renovating its railway facilities.

Railway construction is the main aspect of China's investment during the Sixth Five-Year Plan period (1981-85). Loans provided by Japan in two batches have been used for five projects: the double tracking of the Beijing-Qinhuangdao, Yanzhou-Shijiusuo and Hengyang-Guangzhou lines; the double tracking and electrification of the Zhengzhou-Baoji railway; and the construction of the Dayaoshan railway tunnel in Hunan Province. The Beijing-Qinhuangdao railway opened in July 1984, and the other projects will be completed in the next two to three years.

In 1984 China started using World Bank loans, which were granted in two batches and earmarked for the electrification of the Datong-Taiyuan railway, the double tracking and electrification of the Xinxiang-Heze and the Zhengzhou-Wuchang railways, the technical transformation of the Zhuzhou Electric Locomotives Plant and the experimental centre of the Academy of Railway Sciences.

The Datong-Taiyuan line will be electrified by the end of 1987. The work on the laying of the railway track of the Xinjiang-Heze line will be completed this month, and the updated section from Heze to Yanzhou will become operational next year. After the construction is completed, the transport capacity of the line is expected to reach 17 million tons in the near future.

Work on the double tracking and electrification of the Zhengzhou-

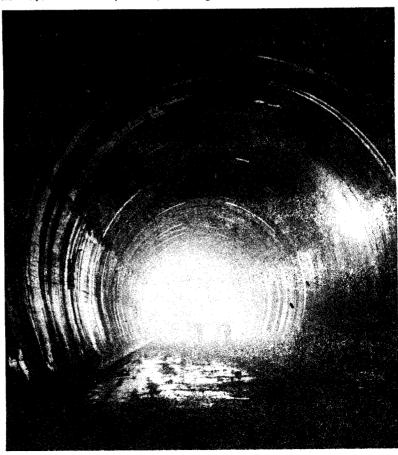
Wuchang railway started this year and is expected to be completed by 1991. The completion of this project will raise the line's annual transport capacity from 35 million tons to 50 million tons, while the daily number of passenger trains running on this line will increase from 16 pairs to 26 pairs.

The completion of these new railways and the improvement of the infrastructure facilities will enhance China's rail network, boost its railway transport capacity and improve its passenger train transport.

During the Seventh Five-Year Plan period (1986-90), the World Bank will grant China the third batch of loans worth US\$259 million. These funds will be used for four projects involving the updating of the single track and electrified railways and the mechanization of the rail maintenance equipment.

These four projects are: the electrification of the railway from Sichuan Province to Guizhou Province, which will be completed by 1990 and will raise the line's annual transport volume from 9 million tons to 20 million tons; the electrification of the railway from Yingtan in Jiangxi Province to Xiamen in Fujian Province which will be due by 1992 and will increase its annual transport capacity from 6.6 million tons to 14 million tons; the equipping of 10,000 km of rail lines with large maintainers; and the updating of the Xian Railway Signal Factory.

The Dayaoshan railway tunnel, the longest in China, is under construction.



October 28, 1985

New Policies on Port Building

On September 30 the Chinese government announced its provisional regulations for preferential treatment for joint ventures in harbour construction in China.

The regulations stipulate that in accordance with the Chinese laws foreign companies, enterprises or individuals who invest in harbour construction in China in co-operation with the Chinese will be given preferential treatment according to the size of their investment, the length of their construction period and their profit rate.

According to the new set of regulations, the period of joint operations may exceed 30 years. Upon expiration of the contract, the term may be extended with the agreement of the parties concerned and the approval by the relevant government organization. The following are the bases of the preferential treatment:

- The joint ventures may recover their investment by the method of accelerating the depreciation of fixed assets.
- The joint ventures will be exempted from customs duties and industrial and commercial consolidated tax when they use funds from total investment to import raw and semi-finished materials, loading and unloading equipment and the transportation equipment for harbour construction. Joint ventures will be entitled to preferential exemptions and reductions.
- The rate of loading and unloading fees in harbours constructed by the joint ventures will be decided by the joint ventures themselves.
- These joint ventures may undertake other projects that re-

quire less investment and a shorter period of construction but yield a higher rate of profit. Other related matters will be carried out according to the regulations already in force.

Joint Ventures Prove Profitable

Among the 36 joint ventures in Tianjin, 31 have turned a profit. In the past few years the cumulative sales volume for these ventures amounted to 98.74 million yuan, while their profit rate reached 24.54 percent and their foreign exchange earnings came to US\$5.77 million, or 17 percent of their sales volume.

These joint ventures have not only maintained a balance between their income and expenditure of foreign exchange, but have also acquired a foreign exchange surplus.

The amount of investment in Tianjin's 16 industrial joint ventures involved with textiles and light industries, medicine and building materials, and four other ventures dealing with farming and ocean shipping accounts for 77 percent of the total investment the city has absorbed for its joint ventures.

The operation of other joint ventures involved with service trades, such as hotels, restaurants and taxi companies, has helped improve the city's investment conditions.

China Exports Live Sheep -

China's first batch of 40,000 live sheep exported to Kuwait reached their destination on October 2. China expects to export 160,000 sheep to Kuwait this year.

Only 1.5 percent of the sheep died during the 16-day overseas journey.

A Kuwaiti official responsible for the transport and trade of live animals said China's sheep, though small, were sturdier than those of Australia and compare favourably with Kuwaiti, Iraqi and Syrian sheep.

News in Brief

• The 1985 Beijing International Packaging Symposium and the Sample Products Exhibition, in which 270 firms from 16 countries and regions participated, was held from October 22 to 28 in Beijing.

More than 250 packaging, processing, inspecting and printing machines were displayed at the fair, during which both Chinese and foreign business people held talks on trade and technological co-operation.

The exhibition is the second of its kind in Beijing and was planned in order to speed up the technological transformation of China's packaging industry and accelerate its import of new packaging technologies.

• According to the Ministry of Foreign Economic Relations and Trade, China will no longer process imported cotton yarn, grey cloth, cotton-polyester yarn and cotton-polyester grey cloth nor will it sign any new contracts with foreign suppliers of such goods.

Those enterprises that have signed contracts with foreign businesses to export or resell the abovementioned textile on the markets of related countries and regions should apply to the ministry for new licences.

To ensure unified management and the stability of China's market, the Ministry of Foreign Economic Relations and Trade has exercised export licence control over those textiles scheduled for export to Hongkong, Macao and Japan.

Chinese Dancers Bring Latin America to Life

The Dongfang (Oriental) Song and Dance Ensemble gives wonderful performances. All their songs and dances are rich and colourful. The "Samba," a Brazilian dance, is particularly fun to watch. It is bold and creative, always working its way to a rhythmic climax. After the "Samba," audiences always applaud wildly, shouting "well done," "well done." People of all ages get a thrill from these performances because Latin American songs and dances simply make people happy.

— Quoted from a letter sent to the Beijing Dongfang Song and Dance Ensemble by a spectator

Proposed by the late Premier Zhou Enlai, the Dongfang Song and Dance Ensemble was established on January 13, 1962, in Beijing. An artistic group specializing in Asian, African and Latin American folk songs and dances, this ensemble not only introduces Chinese songs and dances to foreign audiences, but also demonstrates Asian, African and Latin American songs and dances for Chinese audiences.

Xing Dehui, head of the art section of the Dongfang ensemble, had been an accomplished dancer and has visited Latin America twice. "I love Latin American songs and dances," Xing said in a recent interview.

"They have unique artistic features that have evolved over years. Mexican folk dances for example encompass both local and European artistry while Mexican music combines traditional and modern features. The Latin American people excel in singing and dancing, which they do to express their love for their lives and nature. Latin America is truly a continent of music," Xing said.

Xing said his ensemble has performed dozens of different Latin American songs and dances. In order to keep track of the various performances, the ensemble keeps a "song and dance reference room," where the songs and dances from different nations are catalogued. Among these in the reference room are the Argentine dance Festival on the Highland and other dances from Cuba, Brazil, Chile, El Salvador, Venezuela and Jamaica. Songs such as Brazil's Wonderful City, Mexico's Beautiful Sky, Colombia's Friendship are also recorded for the Dongfang's ensemble research.

Because most of the ensemble's members have not visited Latin America and only know very limited Spanish, learning the songs and dances can require weeks of study. Xing said in order to further promote quality performances, the ensemble encourages exchanges between Chinese and Latin Americans. Since the founding of New China in 1949, many Latin American music and dance groups and artists have visited China. Their excellent performances, moving music and exciting dances have deeply impressed many Chinese audiences.

In addition, many Chinese have been sent to Latin American countries. Xing has been to Peru and visited a folk art school, where he learnt about Incan literature—the bases of much Peruvian folk art.

Xing's study group watched a performance given by the Peruvian state song and dance ensemble and learnt how to do Peru's Solis. Returning to China, members of the group performed the Peruvian

A Chinese trio singing a Latin American song.





Performing the dance "Colourful Brazil."

Solis in Beijing for an enthusiastic audience. In addition, Xing's group choreographed and performed the Colourful Brazil, a dance based on the Samba.

In addition to its dances, the ensemble also has vocalists who specialize in Latin American songs. One of these singers said he likes Latin American songs because they are a source of inspiration, make people happy and give them strength. In order to sing these songs correctly, they invite teachers from the Beijing Linguistics Institute to correct their pronunciation.

This singer said before each performance, his group sings the songs to Latin American people working in Beijing and to Chinese people who understand Spanish. Not long ago, they sang a Bolivian song for the Bolivians who participated in the First International Football Federation Under-16 Kodak Cup World Tournament held in China and received a warm reception.

According to Xing, although the ensemble has worked hard and done well, there is always room for improvement. "Latin American songs and dances are like a torch and are full of enthusiasm," he said. "To our young performers it is difficult to express the full meanings of these songs. We must

practise hard in the days to come and perform more Latin American songs and dances in order to help the Chinese people better understand the art of the Latin American countries."

New Tree-Planting Method

A new mechanical method of planting trees and grass has turned a 2,000-hectare desert into an oasis in about three years.

The method, applied at an experimental station in the Ningxia Hui Autonomous Region, was developed by Liu Yinxia, general manager of the Ningxia Tree and Grass Development Corp., and involves a tractor-drawn machine that digs a Y-shaped ditch, loosens the soil, plants the sapling, covers the hole, and rolls and ridges the ditch, all in one operation.

The corporation began using the new method in 1982 in the Jinshan area to the east of the Helan Mountains, where annual precipitation is less than 200 mm and evaporation is more than 2,000 mm—an environment where growth is nearly impossible.

With this method, the corpora-

tion has succeeded in transforming the once-barren desert to an oasis now teeming with plant and animal life. In addition to planting 400,000 trees of more than 20 species, the corporation has also dug 24 wells and raised 2,400 sheep.

The poplar trees planted three years ago by the corporation have grown four metres and now measure five to ten centimetres in diameter. The sweet clover, also planted in 1982, is now about 1.6 metres tall and yields an average of 45 tons per hectare.

"Wonderful, wonderful," exclaimed Dr. Bernd v. Sydow, an agricultural expert and counsellor for the Embassy of the Federal Republic of Germany in China, during his visit to the experimental station last autumn.

A Chinese ecologist Hou Xueyu said the new method is a breakthrough that might revolutionize traditional farming methods for the whole arid region of northwest China.

The corporation also has introduced a variety of tree and grass species, including a dozen kinds of grasses such as Sudanese grass, US and Australian alfalfa and Mongolian waterweeds, all of which are doing well and yielding good harvests.

Tang Lujun, an associate research fellow of the Ningxia Forestry Scientific Research Institute, said the success of the corporation in greening the desert is of important significance for other deserts throughout China.



Contest Seeks Complete Angler

With sunglasses and beer coolers firmly in place, 140 steely-eyed competitors from 24 provinces squared off early this month in a keen competition — China's first national fishing contest.

The four-day tournament began with a mighty splash of hooks on September 1 at a pond in the northeastern suburbs of Beijing. When the last ripples had receded from the shore and the last angler had retreated from beneath the weeping willows, the winner was Liang Shaobin, a young steel worker from Guangdong Province who netted 8 kg of the scaly creatures in three hours.

According to Xie Bingyuan, who is secretary-general of the Chinese Angling Association and a deputy editor-in-chief of its magazine, *Chinese Angling*, fishing has been growing in popularity. "Our statistics tell us that there are now about 30 million fishermen in China," he says. "And the number could go as high as 100 million by the end of the century."

Those figures are reflected in the circulation of *Chinese Angling*. Each of its four issues has sold out, and sales have risen from 8,000 copies at its launch in October 1984 to 80,000 today.

The interest the Chinese are showing in the sport should surprise no one. Cao Cao, a celebrated statesman who lived from 155-220, wrote often on the joys and agonies of angling, as have authors and poets throughout the centuries. And Li Shizhen (1518-73), a Ming Dynasty (1368-1644) physician, in his massive Compendium Medica even recommended a visit to the fishing hole as a cure for

the nervous complaints of his age. Doctors today believe fishing is of curative effect for high blood pressure and other chronic diseases. Yan Han, 61, was a deputy editorin-chief of the Jiefangjun Daily in the 1950s. An angler for over 30 years, Yan used to suffer from depression and headaches caused by the pressure of work. "I took Chinese medicine for years, but got no relief. At that time, I often saw one of my neighbours going out fishing. This got me interested. and before long I was hooked," he Sitting by the riverside is relaxing and fishing has also helped him in other ways. "Sometimes I have to ride my bicycle 50 kms to find a good spot. So I'm quite healthy now and sleep very well," he added.

Yan was given a special invitation to take part in the tournament. He rewarded the organizers by winning the singles' consolation event with 8 kg of fish in the regulation three hours, and then went on to capture another award for the biggest single catch of the meet — a finny monster that tipped the scales at 1.7 kg.

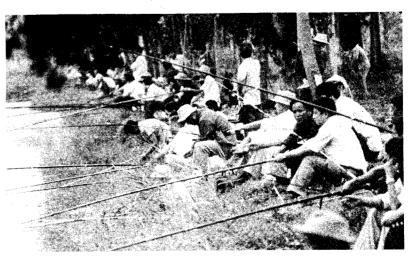
Not all of the country's fisher-

folk are at Yan's age, however. About half of Beijing's estimated 250,000 to 300,000 anglers are young people. A number of municipal factories and workshops have set up their own clubs, and pass their weekends and vacations in rapt contemplation of the local deeps.

This has led, in turn, to the sport's biggest single problem: a lack of streams and ponds to accommodate its True Believers. Part of the answer has come from the Beijing fishing association, which is hatching plans to dig its own pond. In other areas, though, it is the responsibility system to the rescue. Some rural families which dug ponds intending to go into fish farming have now begun to open their properties to local anglers. This has enabled the wilier of them to do well by doing good.

To keep the odds fair, and to protect the country's piscine population, the national Angling Association has made a few rules for the Faithful. Anything smaller than 0.25 kg must be set free to grow a little larger; female fish with roe and rare species are also not "keepers." And to inhibit the more ingenious angler, the use of poison, electricity or explosives is strictly forbidden.

Competitors at the meet.



Tibetan-Chinese Dictionary Comes Out

The Tibetan-Chinese Dictionary, an encyclopedia-style dictionary of Tibetan language and information with Chinese translation, was published by the Nationalities Publishing House in Beijing last month and already has been distributed in Beijing, Lhasa and other Chinese cities.

Compiled by the late Zhang Yixun, who had been a professor at Sichuan University, the dictionary is meant to serve those who intend to study Tibetan language and read Tibetan classics.

The dictionary also includes an extensive glossary, with about 53,000 Tibetan words and terms arranged in an alphabatical order.

Each entry is supported by citations based on, among other things, the daily life, literature and culture.

The facts and figures section is a medley of special features about Tibetan grammar, literature, history, geography, religion and medicine, as well as synonyms and terms rooted in Tibetan poems, ancient official documents, feudal codes, agriculture, animal husbandry, arts and crafts, architecture and taxes.

In addition, the dictionary has a list of irregular verbs and a brief chronology of Tibetan history, plus more than 100 coloured illustrations. To compile the dictionary, Prof. Zhang and his colleagues made a special trip to Tibet to look for special terms that came into existence after Tibet's peaceful liberation in 1951.

The Tibetan-Chinese Dictionary is widely held in China to have outpaced the well-known Tibetan-English Dictionary, compiled by the Indian scholar, Das, some 80 years ago, in its content and citation files. Das' dictionary was printed for the sixth time in Japan in 1983. Although some Tibetan language dictionaries have been published in and outside of China, no one is in a position to challenge that of Das'.

- Zhou Shu

'Collected Works of Nie Er' Published

Nie Er lived only 23 years (1912-35), but distinguished himself by composing China's National Anthem, March of the Volunteers, in 1931 when Japan was invading China.

This song, together with other songs Nie Er composed during the few years of his career — songs such as the *Pathbreakers* and the *Downtrodden Singer* — sparked the patriotic resolve that ultimately led to the Japanese defeat by the Chinese, who had sent thousands upon thousands of their sons and daughters to form the new Great Wall with their flesh and blood.

When China won her rebirth in 1949, the March of the Volunteers was adopted as New China's National Anthem. This October, commemorating the 50th anniversary of his drowning in 1935, the Bei-

jing-based Culture and Arts Publishing House and the People's Music Publishing House have jointly published the Collected Works of Nie Er.

The de luxe two-volume collection contains the score of the National Anthem, the resolution making March of the Volunteers the National Anthem adopted at the First Plenary Session of the Chinese People's Political Consultative Conference, a portrait of Nie Er, and inscriptions by the late Marshal Zhu De and the incumbent Party General Secretary Hu Yaobang.

The first volume contains all Nie Er's musical works and is divided into four sections. These sections are: 27 photos of original scores, some made public for the first time; 34 sets of sheet music for

choruses, 31 of them having piano or traditional instruments as accompaniment; three orchestral scores; and two cassettes of Nie Er's songs performed by famous singers from the 1930s and today. The volume ends with a chronology of Nie Er's works and their reference materials.

The second volume is composed of Nie Er's written works. They are divided also into four parts: 43 stories, criticisms and plays written between 1925-35; 51 letters and 20 photos Nie Er sent to relatives and friends from 1928 to 1935; a 400,000-word illustrated diary and notes Nie Er kept between 1926 and 1935; and 48 pictures depicting various tributes in memory of Nie Er from 1935 to 1985. The volume also contains a chronology of Nie Er's works and a chronology of his life.









Clay Sculptures by Zhang Xihe

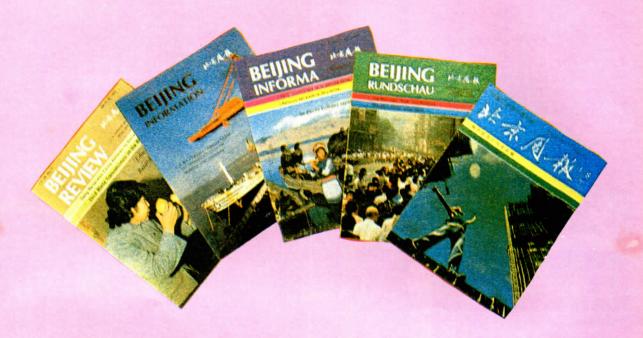
Zhang Xihe, born in 1941 in Xunxian County, Henan Province, now works at the Xunxian Cultural Centre.

Learning from the folk art of Henan, the monkey, the cowboys and the legendary figures Zhang creates are at once simple, vivid and resplendent with the qualities of rural life.



ART PAGE

Know China Through a Chinese Source



Airmailed direct to you every week from Beijing.

- Keeps you abreast of political, theoretical, economic and cultural developments in China.
- Acquaints you with Chinese views on major international issues.
- Carries translations of important Party and government documents.
- Standing columns and regular features include: "Notes From the Editors"; "Letters"; "Events & Trends"; "International"; "Special Report"; "From the Chinese Press"; "Business & Trade"; "Culture & Science"; "Sports"; "Books" and "Art Page."

Also available in French, German, Spanish and Japanese editions

Advertisements to be printed on back cover of BEIJING REVIEW are cordially invited

SUBSCRIPTION RATES

	19-	1 year	2 years	3 years
USA	US\$	22	37	52
England	£	12	22	30
Other				
Countries				
in Europe	US\$	16	27	37
Australia	A\$	22	37	52
New Zealand	NZ\$	30	52	72
Canada	C\$	21	36	50
Switzerland	SF	45	77	108
W. Germany	DM	50	90	125
Austria	Sch	330	560	780
•Italy •	Lire	29,000	49,000	68,000