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BEIJING REVIEW



NEW LEADERS OF CHINA

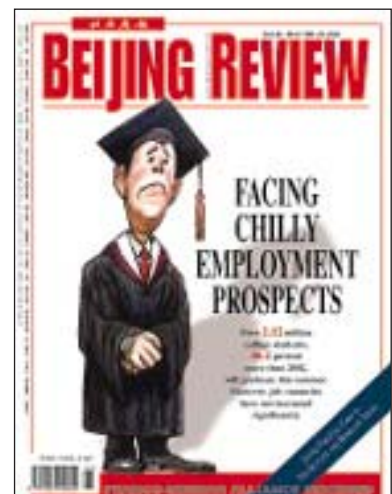
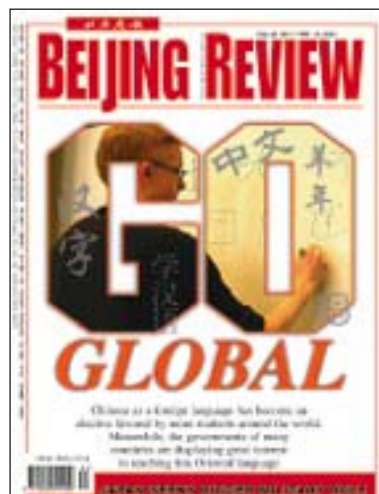
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U.S. Begins War Against Iraq

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PROTECTING CHINA'S OIL INTERESTS

China's new leaders have a lot on their minds, and the U.S. war on Iraq has created an instant crisis for them to deal with. The newest reports say China is losing \$10 million a day due to the skyrocketing cost of oil imports. President Hu Jintao and other leaders must decide how to best secure national oil interests, and building up the strategic reserve is the first goal. **p.16**

Profiles of New Leaders: Meet the new faces of China's government in our in-depth reports **p.10-35**

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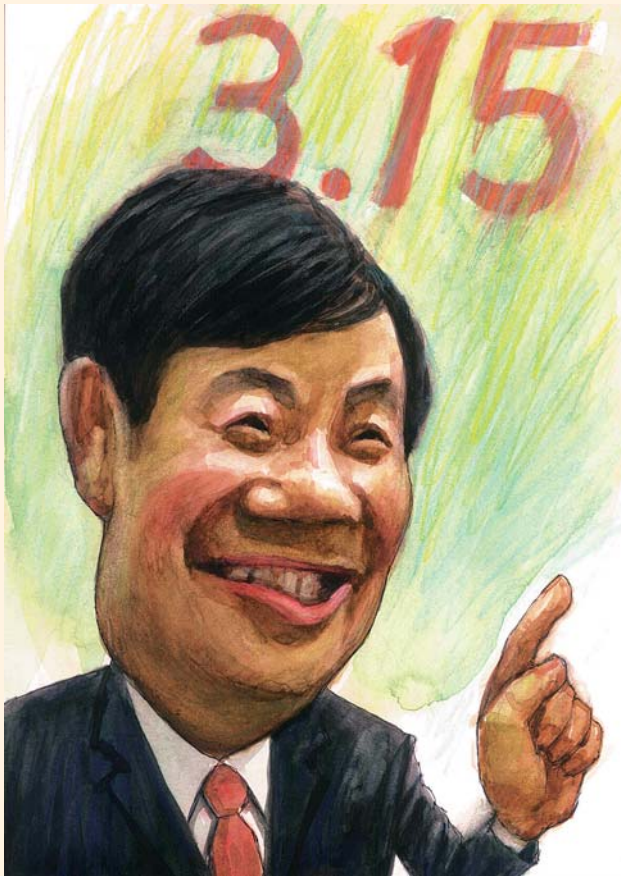


BEIJING REVIEW

Launched in 1958, *Beijing Review* is China's only English weekly magazine specializing in domestic and international news and events. An all-color publication, it is now available in more than 150 countries and regions throughout the world.

Published every Thursday, the news review is geared to the international situation and the needs of foreign readers. It reports the latest news from China, focusing on their background and significance; provides authoritative information; presents timely reviews of important affairs of both national and international interest; and incorporates the opinions of Chinese and foreign journalists, experts, scholars and celebrities, while maintaining China's stands. It also portrays a true picture of China through news reports and exchanges of views.





Consumers' Hero

Wu Shilin, a self-employed businessman in rural Anhua County, Hunnan Province, became a national consumers' hero on the International Consumer Rights Day, March 15. He was given a Special Contribution Award by the China Consumers' Association for voluntarily protecting rural consumers' rights for nine years.

Wu has his own wholesale business in non-staple food, and has a reputation for being honest and trustworthy. He established a consumers' complaints station in his hometown in 1996, which now has four other branches and 64 volunteers. Since then, Wu has handled over 10,000 consumer complaints and helped them win back more than 1.5 million yuan in compensation for fake and inferior products.

He has also compiled a Consumers' Guide, at his own expense, giving tips on how to distinguish real products from fakes and how to claim compensation after being cheated. The guide has been offered to consumers in rural areas for free.

Wu said he has been shadowed and retaliated against for his efforts to protect consumers' rights, but he will not shrink from his goal. "Consumers must be conscious of self-protection and expose fake and inferior goods," Wu said.

“Rectifying and regulating the order of the market economy is a long-term and demanding task, but we must persevere. We should continue to focus on special areas and key links and crack down severely on the making and selling of counterfeit and shoddy goods and other illegal and criminal activities.”

Zhu Rongji

Former Chinese Premier of the State Council, delivering the Government Work Report at the First Session of the 10th National People's Congress on March 5

“It is the responsibility of our whole society to protect consumers' rights and interests. It must be done and accounted for by our entire society. I hope more people will participate in the work and show their concerns on consumers' rights and interests.”

Suo Liansheng

Vice Chairman of the Standing Committee of the Beijing Municipal People's Congress, speaking at the inauguration ceremony for the Complaint and Legal Support Center of the Beijing Consumers' Association

“The entire society must work together to create a sound consumption environment. Sellers should be honest and trustworthy, consumers should enhance their consciousness of protecting their own rights and interests and law enforcers should work justly in accordance with the laws.”

Mu Jianhua

Director of the Consumers Department of the State Administration for Industry and Commerce, in his speech “Strengthening Law Enforcement to Create a Sound Consumption Environment”

“Despite great improvements in China's commodity and service markets, the work of protecting consumers' rights is facing new challenges. The China Consumers' Association should strengthen ties with its local branches to conduct actions together to protect consumers against fake and inferior goods, inflated prices, formatted contracts, exaggerated promotions and forced exchanges.

Yang Shude

Deputy Director of the State Administration for Industry and Commerce

NEW PRESIDENT APPROVED

The First Session of the 10th National People's Congress (NPC) has elected new Chinese president, premier and other senior leaders in Beijing March 5-18.

Hu Jintao was elected new Chinese president and vice chairman of the Central Military Commission of the People's Republic of China, Wen Jiabao was approved as premier, and Wu Bangguo as chairman of the Standing Committee of the 10th NPC. Meanwhile, four vice premiers and five state councilors were also approved.

Xiao Yang was re-elected president of the Supreme People's Court, while Jia Chunwang became the procurator general of the Supreme People's Procuratorate.

U.S. AIMS TO CREATE UNIPOLAR WORLD BELIEVED

The United States aims to create a unipolar world through the Iraq issue, said Shen Jiru, Chief of the Division of International Strategies of the Institute of World Economics and Politics.

Shen said the Iraq issue has caused an apparent split on peaceful resolution and military action in the international community and organizations, such as the North Atlantic Treaty Organization (NATO), the EU and the UN.

The reason for the current situation goes deeper than a dispute over oil or economic interests, he said. It actually concerns the future model of international order: A multipolar and democratic one, or the U.S. strategic goal of a unipolar world.

If the U.S. military strike on Iraq is carried out smoothly and ended quickly, the United States could strengthen the trend of unilateralism.

HU JINTAO ON TAIWAN ISSUE

At a panel discussion of the Taiwan delegation to the First Session of the 10th NPC, Hu Jintao, new Chinese President, reiterated an unwavering stand on the basic principles of "peaceful reunification," "one country, two systems" and the eight-point proposal put forth by former Chinese President Jiang Zemin in resolving the Taiwan issue and realizing reunification of the motherland.

Hu went on to express four points on the issues: To always adhere to the One-China policy, to spare no efforts to promote economic and cultural exchanges across the Taiwan Strait, to further implement the principle of "placing hopes on the Taiwan people," and to unite compatriots on both sides of the strait to jointly push forward the great rejuvenation of the Chinese nation.

UNEMPLOYMENT INSURANCE COVERS MORE

The number of people receiving unemployment insurance rose from 580,000 in December 1998 to 4.4 million in December 2002, and 12 million people have received unemployment insurance over the past five years, said Minister of Labor and Social Security Zhang Zuoji on March 12 in Beijing.

Zhang said that the government plans to make more efforts to promote employment, and in this year's budget, 4.7 billion yuan is earmarked for promoting employment in western areas and traditional industrial bases, in addition to fiscal subsidies to the social security fund and assistance for laid-off workers.

INVITATION TO TAIWAN LEADER OPPOSED

A spokesman of the First Session of the 10th NPC in Beijing on March 15 said

that China deeply regrets and firmly opposes the Conference of Presidents of the European Parliament (CPEP) inviting Taiwan leader Chen Shui-bian to attend its meeting and make a speech on March 26.

The Taiwan issue concerns China's sovereignty and territorial integrity and all Chinese people, said the spokesman, CPEP's decision is against the positive development of Sino-European relations and is actually conniving with the forces advocating "Taiwanese independence." It is also in defiance of China's sovereignty and territorial integrity.

The spokesman said that NPC members ardently hope their counterparts at the European Parliament can clearly recognize Chen's real attempts for "Taiwan independence," and sabotaging Sino-European relations, and revoke their invitation to Chen.

ATYPICAL PNEUMONIA TO BE CONTROLLED

The Hong Kong Hospital Authority (HA) has set up a task force to curb the spread of a special form of pneumonia that has infected 38 medical staff members in several public hospitals, a spokesman for the HA said on March 14 in Hong Kong.

The HA said the Hong Kong Special Administrative Region (HKSAR) Government has been closely working with neighboring countries to exchange information, and has invited the World Health Organization to provide technical support and advice.

Director of Health Margaret Chan said there was no major outbreak of the disease in the community. Secretary for Health, Welfare and Food Yeoh Eng-kiong said the HA has further strengthened infection control measures in public hospi-

tals while the Department of Health enhanced its education and preventive efforts in the private health care sector and community.

AIDS AND DRUG EDUCATION IN SCHOOLS

China is set to educate school children on AIDS and drugs, as well as environmental protection, announced the Ministry of Education recently in Beijing.

The ministry said that it will open courses on AIDS prevention, anti-drug programs and environmental protection in primary and middle schools across the country starting this spring semester.

AIDS prevention education will be offered in junior middle schools and the first two grades of senior middle school, both of which have three grades in China.

TOP 10 TRADE PARTNERS

The top 10 partners of the Chinese mainland economy were revealed recently in the latest trade figures for January 2003 from the General Administration of Customs.

The top 10 trade partners include Japan, the United States, European Union, Hong Kong, ASEAN, Taiwan Province, the Republic of Korea, Russia, Australia and Canada.

With a total import and export volume of about \$9.2 billion, Japan is the Chinese mainland's top trade partner, followed by the EU and the United States with volumes of \$9.18 billion and \$8.87 billion respectively.

BANKING DEPOSITS

Individual banking deposits in China topped 10 trillion yuan by the end of February, the Beijing Morning News reported recently.

The figure was almost equivalent to the country's



WANG JIANMIN

CHINESE WEAPONS INSPECTOR DIES AT HIS POST Chinese weapons inspector Yu Jianxing's body is sent back to Beijing on March 19. Yu was the first weapons inspector to die on duty since the UN started arms inspection in Iraq in 1991.

Yu, a chemical weapons specialist, was seriously injured in a car accident during an inspection task on March 13. He died of his injuries soon after arriving at the hospital. Yu took part in UN inspections several times and made great contributions to the work.

GDP in 2002, said Professor Zhao Xijun, of the People's University of China.

While reflecting increasing incomes and living standards, the huge deposits also revealed problems with China's economic development, Zhao said.

It shows a shortage of products to meet consumers' current consumption levels and a lack of satisfactory investment opportunities, which lead people to keep their money in banks, said Zhao.

CAAC WELCOME TAIWAN PLANES

A Civil Aviation Administration of China (CAAC) spokesman said on March 21 that CAAC welcomes planes from aviation companies in Taiwan

Province to fly through Chinese mainland airspace in the event of an emergency.

The spokesman said that as the U.S.-Iraq War is on, planes are welcome to pass over the Chinese mainland to Central Asia and Europe when they need to secure their routes.

"We are willing to provide qualified service of flight guarantee, and we suggest aviation companies in Taiwan apply to relevant departments in the Chinese mainland and discuss details of this service as early as possible," added the spokesman.

HSBC AND BANK OF SHANGHAI IN COOPERATION

Global banking giant HSBC (Hong Kong and Shanghai Banking Corp.)

and the Bank of Shanghai recently reached a cooperative agreement aimed at expanding their business in Shanghai.

According to the deal, the two parties will boost their cooperation over developing financial services for both individuals and corporations and improving their credit card customer base in the city.

A team has been established to conduct a feasibility study on the proposed cooperation and work out a detailed plan.

Dicky Yip, President of HSBC in China, and Fu Jianhua, President of the Bank of Shanghai, said that the two banking groups would create a sound cooperation pattern, flexible and beneficial to both parties.

INTERNATIONAL TOURISM FESTIVAL

A one-month international tourism festival is scheduled to begin on April 18 in Suzhou, a scenic city in Jiangsu Province.

The festival, jointly sponsored by the China National Tourism Administration and the city government, will include some 30 programs to showcase the unique landscape and culture of the old city known as the "Venice of the Orient."

A food fair, an art show, a dragon boat contest, an international photography exhibition, a tourism trade fair as well as other programs are planned.

Famed for its old Chinese gardens with delicate designs, Suzhou hosted some 890,000 foreign and 20 million domestic tourists last year, making it the eighth most popular tourist city in China.

APE-WOMAN SKULL SHOWS LINKS WITH EUROPE

A well-preserved skull of a 600,000-year-old ape-woman, discovered in 1992 in Nanjing, Jiangsu Province, has been used to investigate links with European counterparts, reported China Daily recently.

The ape-woman, living roughly in 200,000-700,000 years ago, had a high nose bridge and a mound-like bulge at the lower part of her mouth, which are rarely seen in China, but are common in European fossils, especially in Neanderthal lineage, said Xu Hankui, a researcher with the Nanjing Institute of Geology and Paleontology, "These features in the Nanjing skull might suggest a small amount of gene exchange between China and Europe at the time."

At that time, the lands of Asia, Europe and Africa were connected and interaction among the ape-men populations was possible, added Xu. ■



HE JUNCHANG

FIRST CHINESE WOMEN'S DAY Leaders of women's federations at various levels talk during the inauguration of the first Chinese Women's Day in Beijing on March 17. At the invitation of the French city of Campbel, the All-China Women's Federation held activities introducing the achievements made by Chinese women and their rising status in France on March 21-22.



LI PENG

ACTION FOR VISION An ophthalmology bus, acting as a roving eye-examination clinic, offers free checkups in Hong Kong on March 15. It will provide free service to 30,000 people in 18 districts over the next five years, as part of the Action for Vision program.



XU JIALUN

INTERNATIONAL VASALOPPET SKI FESTIVAL Two Chinese women kiss the Finnish champion of the women's 36-km cross-country ski race following the China Changchun Jingyuetan International Vasaloppet Ski Festival, which took place in Changchun, Jilin Province on March 15.



XINHUA

PRECIOUS PHOTOS OF YUANMINGYUAN A photo taken from a recently discovered album shows part of Yuanmingyuan (Old Summer Palace) before its destruction. Antique collector Wang Jinchang found the photo album in an antique market. More than 170 photos show Yuanmingyuan before and after its destruction by the British-French allied army in 1860.

SPECIAL NEW IMMIGRANTS Chinese giant panda Yangyang patrols around his new residence on March 14 in a Vienna zoo where he will live for the next 10 years. Two 30-month-old pandas, Longhui and Yangyang, moved to the zoo from the Sichuan Wolong Natural Reserve.



LIN CHUAN



XINHUA

TURKISH AIRSPACE OPENED TO U.S. Turkish Prime Minister Tayyip Erdogan and Deputy Prime Minister and Foreign Minister Abdullah Gul discuss letting the United States use Turkish air and land to launch attacks on Iraq at a parliament meeting held on March 20. During the meeting, the Turkish Parliament approved a resolution permitting the United States to use Turkish airspace during the U.S.-Iraq War.

U.S. PROTESTERS OPPOSE WAR ON IRAQ Hundreds of American people hold an anti-war demonstration in front of the White House, Washington D.C., in the rain to show their opposition on the war the United States has launched on Iraq.



LU HONGXIANG



XINHUA/APP

COMMERCIAL PLANE HIJACKED A commercial plane headed out of Cuba was hijacked by six men and landed safely at the Key West Airport, Florida on March 19, under an escort of fighter jets and a U.S. Customs helicopter. The six Cuban hijackers surrendered to the U.S. Government. There were six crew and 25 passengers, including five children, on the plane. The six men each face a charge of conspiracy to seize an aircraft by force and violence, which is punishable by a minimum of 20 years in prison.



XINHUA/AF

FUNERAL FOR SERBIAN PRIME MINISTER March 15, tens of thousands of Belgrade citizens pay respect to assassinated Serbian Prime Minister Zoran Djindjic before his funeral.



XINHUA/AF

GULF DEFENSE CONFERENCE 2003 March 16, soldiers pass a display at the inauguration of the Gulf Defense Conference in Abu Dhabi, capital of the United Arab Emirates. Military product manufacturers from 46 countries braved the looming war in Iraq to attend the exhibition that was held as scheduled. The conference, the largest military exhibition in the Middle East, is distinct in its practice of firing missiles with a range below 25 km.

KOREAN WAR MEMORIAL March 14, army, navy and air force troops of the Republic of Korea perform at the Peace Square before the War Memorial Hall in Seoul. The troops have staged performances there every Friday from March to September since 1997.



ZHANG LI



XU XIANHUI

ILLEGAL GUNS DESTROYED March 15, police guard thousands of illegal guns slated for destruction in suburban Nairobi, Kenya. The new Kenyan government has intensified efforts to crack down on illegal gun possession since it took office at the end of 2002. In early 2002, the UN degraded Nairobi's security level from B to C due to serious gun smuggling and frequent armed robbery in the city as a result of continuous conflicts in neighboring countries.

INTERIM AFGHAN PRESIDENT INSPECTS MILITARY

March 15, interim Afghan President Hamid Karzai (left) inspects the Afghan National Army (ANA) troops in Kabul, capital of Afghanistan, at a ceremony activating two ANA Brigades, composed of 2,400 soldiers trained by the United States and France.



WANG LEI

ATYPICAL PNEUMONIA ARRIVES IN VIET NAM

March 14, a medical worker with a respirator passes a hospital in Hanoi, capital of Viet Nam. According to an official in charge of the Vietnamese health department, four employees in a private clinic in Hanoi have contracted atypical pneumonia.



XINHUA/AF



XINHUA/AF



XINHUA/AF

CeBIT COMPUTER EXPO March 15, a visitor tries out a computer equipped with a webcam made by the Philips Company at the world's biggest computer exposition held in Hanoverian, Germany. A total of 600,000 people are expected to visit the exposition this year.

EUROPEAN TIES March 14, Hungarian army engineers set up a raft bridge over the Danube near the Hungarian National Assembly in Budapest. The 413-meter-long and 6.5-meter-wide raft bridge symbolizes the tie between Hungary and the EU.



Who's Hu? China's Loyal, Modern Leader

Hu Jintao, the newly elected President of the People's Republic of China, is described as an outstanding graduate from a distinguished Chinese university. He is also known as a low profile politician, prudent and pragmatic, with rich grassroots work experience but an unusually tough spirit.

By **ZHANG WEN and SUN YAFEI**

Besides his good education, Hu Jintao has very rich experience in grassroots work and knows well the reality of China. He has done his work in the Party Central Committee with utmost propriety over the years." This view of China's new president by Professor Wang Guixiu, from the Party School of the Central Committee of the Communist Party of China (CPC) is shared by many people.

Born in December 1942, Hu is from Jixi, Anhui Province. Although Jixi is his hometown and was his father's birthplace, Hu spent his childhood in Taizhou, a small town in Jiangsu Province, hometown of Peking Opera master Mei Lanfang. In senior middle school, Hu demonstrated talent in arts, especially the theater.

Liu Bingxia, 88, vividly remembers how modest Hu was. Liu, whose sister-in-law was Hu's grandmother, said, "Once he was elected class monitor, but

the family only heard the news from his classmates."

As class monitor, Hu did much to maintain the unity of his class, recalled his former teacher.

In the summer of 1959, 17-year-old Hu was admitted to Beijing's Tsinghua University, a distinguished university known as "China's MIT." His major was concerned with key power stations on rivers in the Hydraulic Engineering Department. That was a turning point in his life. During his six years at Tsinghua, Hu was awarded five points (a full score) in all courses except one, in which he was awarded four points. At the university, he was also active in student recreational activities and enjoyed ballroom dancing, especially the foxtrot. Hu's election as secretary of the Youth League Branch of Tsinghua Students' Song and Dance Ensemble is regarded as the beginning of his involvement with the Communist Youth League of China (CYLC).

While at Tsinghua, Hu met Liu Yongqing, who later became his wife. Both Hu and Liu were among the

youngest students in their class. After their marriage, Liu gave up her work and life in Beijing to be with her husband in northwest China, an area known for its harsh conditions.

In 1964, Hu joined the CPC and was appointed political instructor of students at Tsinghua. This experience laid a good foundation for his political career in the ensuing years.

After graduation from the Hydraulic Engineering Department in 1965, Hu became a faculty member of Tsinghua, and continued to be the political instructor. In 1968, he began working at the Liujiaxia Hydropower Station in northwest China's Gansu Province, where he remained until 1982, before returning to Beijing as member of the Secretariat of the Central Committee of the CYLC.

In 1984, Hu took office as the first secretary of the CYLC Central Committee. While in this position, he encouraged young people to emancipate their minds in various ways.

In 1985, Hu left the CYLC Central Committee to serve as secretary of the



Hu Jintao at a group discussion during the First Session of the 10th National Committee of the Chinese People's Political Consultative Conference

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NPC Special

CPC Guizhou Provincial Committee. In the first year after taking office, the committee and the Guizhou Provincial Government made a Decision on Promoting Reform of the Education System, which called for the development of education as the fundamental strategy for invigorating Guizhou's economy and enabling Guizhou people to become wealthy. Due to the province's tight financial situation, he vehemently advocated slashing expenditures, and consequently added 40 million yuan for education. Later, he proposed earmarking 240 million yuan over three years to repair 2.2 million square meters of dilapidated primary and middle school buildings in the province.

In autumn 1987, following the 13th CPC National Congress, China took its first steps to reform its political system. Hu also took actions in Guizhou. In 1988, the CPC Guizhou Provincial Committee successively devised the Implementation Plan for the Separation of Functions of the Provincial Party Committee and Government in Guizhou, and the Near-Term Implementation Plan for the Reform of the Provincial Party Committee in Guizhou. The two docu-

ments focused on the separation of functions of the Provincial Party Committee from the Provincial Government, with the organizational form and working bodies of the Provincial Party Committee being adjusted accordingly.

Under Hu's direction, Guizhou initiated a large-scale institutional reform and a chief executive responsibility system was gradually established in the government. Leading Party members groups in 11 provincial government departments were withdrawn. The departments were the Provincial Personnel Bureau, Labor Bureau, Statistics Bureau, Audit Bureau, Administration for Industry and Commerce, Price Bureau, Office for Foreign Trade and Economic Cooperation, Family Planning Commission, Office for People's Air Defense, Education Commission and Office of Science, Technology and Industry for National Defense.

In October 1988, a fight broke out among some Guizhou University students, leading to a street demonstration by thousands of students. Hu immediately called for an emergency meeting, requiring relevant departments of the provincial government to talk with the

students. Hu himself went among them, and listened to their opinions. With authorities taking such a mild and responsible approach, the students quickly calmed down, and Hu's ability to deal with crisis was fully displayed.

At the end of 1988, Hu was transferred to Tibet, where living conditions were harsher and the political environment more complicated. At that time, some people were attempting to split Tibet from China. As secretary of the CPC Committee of the Tibet Autonomous Region, Hu made efforts to develop the local economy and improve people's lives on the one hand, and firmly proposed the adoption of tough measures for separatists on the other.

"He liked to hear voices from below," said Lobsang, a Tibetan deputy to the National People's Congress (NPC). Lobsang, Party Branch Secretary of the Chengguan District Neighborhood Committee in Lhasa, had seen Hu many times, because while working in Tibet, Hu "often went to the countryside and visited grassroots units, including many small villages in farming and pastoral areas."

On October 19, 1992, Hu, at the age



OLONGPHOTO

Hu Jintao talks with herdspeople in Inner Mongolia during one of his inspection tours



of 49, became the then youngest member of the Standing Committee of the Political Bureau of the CPC Central Committee.

Hu was the president of the Party School of the CPC Central Committee From 1993 to 2002. "He did a lot of work, especially in respect to theoretical research," said Professor Lu Xianfu of the school's Teaching and Research Section for CPC Construction. "He encouraged scholars to conduct extensive ideological and theoretical exploration on many occasions, and enjoyed a high reputation among faculty members."

Ye Duchu, another professor at the Central Party School, said Hu is pragmatic and innovative. "Hu impressed me as being alert and resourceful. He listened to different views and was good at thinking through major issues concerning the Party and state affairs."

Hu invited foreign experts, scholars and officials to give lectures, introduced material concerned with market theories as textbooks, and encouraged scholars to conduct research on democracy and freedom. Under Hu's leadership, the Central Party School, known as the training base for senior Chinese officials, became a major place for research on political reform.

Entry into Zhongnanhai signaled the real start of Hu's political career. A member of the Secretariat of the CPC Central Committee, Hu was intelligent and capable of handling numerous and complicated Party affairs. Thanks to his work, the Party's internal affairs were in good order and innovation methods introduced in ideological education.

Going to grassroots units to obtain information about local conditions was another focus of Hu's work. Each year he toured and inspected a number of localities.

In early 1999, when the government institutional reform confronted setbacks, Hu was authorized to establish a special team to assist the State Council to implement institutional reform.

In the process of promoting the reform, Hu proposed that bold moves be taken to use young cadres. He also summed up four criteria for selecting cadres: Ideological and political quality, work style, work performance, and popularity among the people. Some members of the media commented that Hu's proposals "indicate that China's reform in the construction of democratic politics is deepening."



Hu Jintao and his wife Liu Yongqing in San Francisco during their May 2002 U.S. visit, which signaled Hu's entry into the world political arena

Some people voiced worries that as Hu had been in charge of Party affairs and seldom visited other countries, he would find the diplomatic arena unfamiliar, but in 1998, shortly after being elected Vice President of the People's Republic of China, Hu made a string of visits to neighboring countries, including the Republic of Korea and Japan.

In October 2001, Hu visited Europe for the first time, but the event that marked his real entry into the world political arena was his U.S. tour in early May 2002. While meeting with President Bush and other U.S. officials in Washington, he resolutely upheld China's diplomatic principles. He said, "The proper handling of the Taiwan issue is the key to enhance the two countries' constructive and cooperative relationship. If any trouble arises in the Taiwan issue, the China-U.S. relationship cannot develop further, and may even suffer setbacks."

On November 15, 2002, Hu was elected General Secretary of the CPC

Central Committee at the First Plenary Session of the 16th CPC National Congress.

At the press conference held afterwards, Hu indicated that the CPC would continue to present itself before the world as a pioneering party that advances with the times. "The whole Party and people from all ethnic groups will unite more closely and concentrate on construction and development, so as to continue pushing forward China's reform and opening up and modernization drive. China's tomorrow is bound to be more beautiful and China's development is bound to make greater contribution to world peace and development."

Hu, backed by proof of his actions over a long period of time, has earned a reputation as a prudent, loyal and flexible leader of a Communist country to the rest of the world. He will take over the relay baton and push China's economic construction, reform and opening up to new heights. ■



By TIAN XU

China's new premier, Wen Jiabao, is a native of the town of Yixingfu in Tianjin's Beichen District. Most neighbors have never seen Wen or his family, though some older people here know he was born here in 1942 and his family had lived in the place for six generations, in Wen's ancestral home, at No.8 (then No.2) Wenjia Hutong. The family moved to the Nankai District of Tianjin in 1949. Wen went back to his hometown in 1982 to visit a local senior citizen's association.

Wen studied at Nankai Middle School, from which the late Premier Zhou Enlai and former Vice Premier Zou Jiahua both graduated. Like Zhou

Quiet geologist, family man, pragmatic hero of the people—China's new premier, Wen Jiabao, has a heart for helping the nation's poor. Wen's soft-spoken strength and easy demeanor have comforted flood disaster victims in Jiujiang and encouraged coal miners in Fuxin. No matter how high Wen rises in the government ranks, his pragmatic approach to problems, and his vision of balanced development has never wavered.

Getting to Know Wen Jiabao



NEWSPHOTO

Wen talks with disaster victims in Sichuan Province



and Zou, Wen is also the pride of his alma mater. Some of the files and dossiers about his high school life are still kept in the school.

Later, Wen enrolled in the Beijing Institute of Geology. One of his college classmates recalls that Wen was an excellent student and was later admitted as a graduate student, majoring in geological structure.

In February 1968, Wen went to Gansu Province, a remote region in northwest China, serving as for the Jiuquan Geological Prospecting Team. Later, he became deputy head of the team. In 1979, he was promoted to the Geological Bureau of Gansu Province.

While working with the geological team in Gansu, Wen met Zhang Peili, a native of Lanzhou. As a graduate in geological geography from Lanzhou University, Zhang did mineral authentication work with the Geological Bureau of Gansu Province. They got married in the 1970s.

Those years hold a very important place in Wen's heart. A Mr. Wang, with the No.4 Geological Prospecting Institute of Gansu Province, said that when Wen inspected Jiuquan in September 2002, he went to the institute specially to call on his old workmates.

An official with the Geological Bureau of Gansu Province said that Wen still keeps in touch now with many of his old colleagues and friends in Gansu, which offers him a channel to know the grass-roots conditions.

"My elder colleagues said Wen and his wife were very friendly to people. Back then, there were few postgraduate students among cadres of his level. But, Wen was quite modest and always discussed technological renovation plans with new graduates," he added.

In the spring of 1985, Wen was appointed deputy director of the General Office of the CPC Central Committee. In 1986 he became the seventh director of the General Office of the CPC Central Committee since the founding of the People's Republic of China.

After he assumed the position, he seldom returned home. Some of his subordinates recalled that he got thinner each day due to his hard work.

"We often worked together, and meetings and inspections were routine. He not only worked hard, but also very carefully. Almost every document we drafted for him was carefully revised, including punctuation and wording,"

one of his subordinates said.

Respect for his leaders and easy approachability are typical of Wen. "In daily work, he was very respectful for every leader, also very kind to common workers," said one of his subordinates in the General Office of the CPC Central Committee.

He added that Wen has a happy family. He had visited Wen's home once, a plain four-bedroom house very close to Zhongnanhai, the seat of the Chinese Government.

Wen participated in the drafting of the political report to the 13th CPC National Congress in 1987. One of his workmates who had discussions with him face to face was deeply impressed by Wen's vision, prudent style and amiability.

Wen became an alternate member of the Political Bureau of the CPC Central Committee in 1992. This meant more and more duties, from which he has gradually accumulated experience in national macro-economic regulation.

The 1998 Yangtze River flood was an ordeal for China and for Wen Jiabao, who was the head of the national draught and flood control group. That year, Wen visited the frontline in Jiujiang five times in three months.

An official from the city of Jiujiang still remembers clearly that Wen was very soft-spoken. His words were full of meaning and his analysis logical, despite his slow and smooth voice.

During his inspections, Wen visited disaster areas, going door to door, chatting with flood victims. Walking nearly 10 km on muddy paths, he checked the dykes on river, paid calls on the soldiers combating the flood, and discussed with hydraulic experts and local officials to find solutions.

An official at the Hubei Flood Control Headquarters said, "The fight against the Yangtze River flood in the summer of 1998 let people learn Wen Jiabao's demeanor. His pragmatic style can't be stressed enough."

Wen values rural research and surveys. A former deputy secretary of the CPC Fengning County Committee of Hebei Province said that Wen deeply felt the huge urban-rural gap when he visited the county. "Wen Jiabao did not follow the arranged route and saw the real rural situation," he said.

An official close to Wen said that during his inspection tours, he often made unexpected calls to local residents

without being arranged in advance, hoping to learn their real ideas and thoughts.

Soon after the 16th CPC National Congress concluded, Wen went on an inspection tour to the poor, mountainous areas in Guizhou Province. "Though Wen was elected member of the Standing Committee of the Political Bureau of the CPC Central Committee at the 16th National Party Congress and charged with more and more duties, his pragmatic style and amiable image has never changed a bit," said Guo Meng, Director of the Department of Civil Affairs in Guizhou Province.

Qiao Jianguo, with the Conference Affairs Department of the CPC Shanxi Provincial Committee, recalls that on the day following the New Year's Day this year, Wen visited Luliang Prefecture in Shanxi Province, where he met with poor farmers and low-income urban residents, in spite of the freezing cold with the temperature coming under minus 20 degrees Celsius.

Wen talked to the villagers while sitting on a *kang*, a heated brick bed used in north China. He asked about their harvest, the burdens they face, forestation programs, school education, and their problems and requests.

According to tradition, the Spring Festival, the Chinese New Year, is for family reunion. On the eve of the 2003 Spring Festival, Wen traveled to Fuxin in Liaoning Province to pay calls to coal miners and extend his regards to poor employees.

At the Aiyou Mine, Wen went down into a 720-meter-deep pit, asking the frontline workers about production and safety conditions in the transformer substation, water pump substation and underground control center. He also took a tramcar to visit workers in the mining sites and extend season's greetings to them. In the evening, he shared dumplings with the coal miners to celebrate the Chinese New Year.

The Fuxin Mineral Group has laid off over 10,000 workers, a quarter of its total employees. Wen's visit made the coal miners feel excited, and they took it as an encouragement to the whole coal mining industry. They said Wen's visit proved the country has never forgotten them during a time when the situation was severe in Liaoning and the whole northeastern region as the reform of state-owned enterprises has entered a crucial stage. ■



New Government Faces Tough

By ZHOU SHANCAI

China's new government faces many questions: Whether the 7 percent economic growth rate can be realized, how to increase rural incomes, how to relieve unemployment pressures, how to promote balanced development between western and eastern regions and how to maintain stability while deepening reform.

The new line-up of leaders took office in a ceremony at the conclusion of the 10th National People's Congress (NPC), on March 18. The previous government completed its historic mission to the long and warm applause of the deputies, and the new government walked onto the stage.

The last government withstood numerous tests during its five-year term, namely the impact from the Asian financial crisis, the slowdown of world economic growth, the prominent contradictions in the domestic industrial structure, and the great number of workers laid off during the reform of state-owned enterprises, as well as the catastrophic flooding in 1998 and 1999. Facing these difficulties, the Central Government, with its extraordinary courage and resolution in leading a developing country with a population of 1.3 billion, adopted a series of countermeasures and implemented established policies, thus maintaining rapid economic development, deepening reform and opening-up, and ensuring that all social undertakings advance in a comprehensive way. China has entered an



Construction of the west-to-east natural gas pipeline is underway



ment Tasks

unprecedented period of sound development. The efforts of the previous government have laid a solid foundation for the new leaders.

However, as China's reform faces complicated and arduous tasks, it is impossible for one term of government to accomplish all of them. With a series of problems remaining in the reform program and a complicated and changeable domestic and international situation, the new government shoulders heavy responsibilities and the road ahead is long.

Achieving Stable and Rapid Economic Growth

The primary task for the new government is to maintain the momentum of economic development.

In his last Government Work Report delivered at the NPC session on March 5 on behalf of the previous government, former Premier Zhu Rongji recalled the main macro-economic policies adopted in the past five years and suggested the new government continue to carry them out. Zhu urged the new government to "persist in maintaining development as the Party's paramount in governing the country, adhere to the principle of expanding domestic demand, continue to implement the proactive fiscal policy and prudent monetary policy, and further deepen reform and raise the opening-up level in a comprehensive way."

The implementation of these policies over the past five years enabled China to maintain a 7-8 percent economic growth rate in spite of various difficulties.

Given the current domestic and international situation, the government will likely continue the macro-economic policy during the early period of its tenure. Economic growth is propelled by investment, consumption and exports. However, the world economy has been in a slump for years and there is little hope for immediate recovery. China still lacks effective domestic demand, and faces the problems of deflation, irrational industrial structure and the declining exports. To cope with these problems, the government will continue to choose an expansion policy to stimulate demand.

The policy to expand domestic demand, which has been carried out in recent years, was given a prominent position in the Government Work Report. Premier Zhu particularly stressed the expansion of consumer demand. "Given the current situation, this is more impor-



LIU GUANGMING

The housing market has surged in recent years—here a senior citizen carefully looks at a model of a new housing complex



tant than greater investment,” Zhu said.

Encouraged by the proactive fiscal policy, investment has played an increasingly important role in China’s economic development, but consumption potentials have not yet been fully tapped. At present, the savings deposits of rural and urban residents have approached 10 trillion yuan. Motor vehicles, housing, tourism and entertainment have become the main items of consumption. Right policy guidance will enable consumption demand to make greater contributions to economic growth.

The year 2003 is the first year in which China set the goal of building a well-off society in an all-round way. The economic growth this year is tied to the

Deepening Reform and Maintaining Stability

Deepening reform has become a prerequisite for economic development.

China’s productivity has developed dramatically after two decades of reform and opening-up. However, the country’s relatively backward production relations have restrained further economic growth. Li Shantong, Director of the Development Strategy and Regional Economic Research Department under the State Council Research and Development Center, said that the new government faces heavy tasks in the reform of banking and financial sectors, rural areas and state-owned enterprises.

the scope of “deepening administrative restructuring,” which involves “changing government functions, adjusting the setup of government organs and smoothing out the division of department functions.” The ongoing reform also calls for strengthening and improving economic regulation, market supervision, social management and public services, as well as perfecting the socialist market economic structure.

The report also stressed the need to push political restructuring and to govern the country by law. Experts say that the current re-division of government institutions’ power is key to democratic politics, as it facilitates the change from an omnipotent government to a government



“The key to help laid-off workers find jobs lies in expanding re-employment channels,” says CPPCC member Xu Deming (left). Laid-off workers (right) push their resumes at a job fair

goal of quadrupling the GDP by 2020. The Government Work Report set the target for 2003 economic growth at around 7 percent, and called for paying adequate attention to raising the quality and efficiency of economic growth by readjusting and optimizing the economic structure.

The proactive fiscal policy, which has been controversial in recent years, has played an important role in China’s economic growth, though whether or not it can play an even greater role in the sixth year since its implementation has yet to be determined. At the same time, it is necessary for the new government to conduct further studies on how to readjust this policy and reduce its side effects as much as possible.

“We should push forward reform in all these fields together,” Li said.

The most prominent reform is the State Council’s institutional restructuring program, approved at the First Session of the 10th NPC. Political expert Xie Qingkui said that the institutional restructuring would provide an organizational guarantee for building a well-off society in an all-round way and for fulfilling the tasks in various fields.

The institutional restructuring especially stresses the needs of adapting to the market economy and of changing the functions of the government. Bai Jinfu, Deputy Director of the Research Center of the former State Economic and Trade Commission, noted that the current institutional restructuring has been listed in

with limited power. The Second Plenary Session of the 16th CPC Central Committee, held at the end of February, proposed that the reform of the administrative system and the institutional restructuring constitute an important part of the political restructuring and an important system construction and innovation to help China’s superstructure better match its economic base. They also represent an objective requirement for building and improving the socialist market economic structure. This is a new view on government institutional restructuring.

Yu An, Professor at Tsinghua University, says that the competition between countries, to a great extent, is a competition of systems. The report to the



16th CPC National Congress said China should “continue to promote the restructuring of government departments following the principle of simplification, uniformity and efficiency, and meet the requirements of coordination in decision-making, execution and supervision.” This should be regarded as the basic principle of the current institutional restructuring, which aims at forming an administrative system featuring standardized behavior, coordinated operation, fairness, transparency, honesty and efficiency.

The ongoing institutional restructuring of the State Council is the fifth of its kind since China introduced reform and opening-up in the late 1980s, and it will not be the last one. Shenzhen and four other cities have started a pilot project for separating government decision-making functions, execution and supervision. The move is widely recognized as a hint of later developments in China’s restructuring of government departments.

Along with economic development, deep-rooted contradictions between the superstructure and the economic basis have been revealed, which add difficulties to reforms in various fields. The new government has to handle with care the question of how to maintain stability while deepening reform. The emphasis of seeking progress through stability is one of the features of the institutional restructuring, which reflects the government’s work style, Xie said.

Top Priority Given to Agriculture, Rural Economy and Farmers

China is a large agricultural country with a population of nearly 1.3 billion, 60 percent of which live in rural areas. The living standards of farmers are obviously lower than urban residents, and the gap is widening. In particular, there are 30 million poverty-stricken people in rural areas. If China fails to accelerate its rural economy, it can hardly realize its goal of building a well-off society in an all-round way by 2020.

Experts say that the problems related to agriculture and the rural economy are the main factors hampering the progress of reform and the modernization drive. They are also historical, social and political problems.

In recent years, the growth in farmers’ incomes has slowed down due to excessive supplies and the low price of farm produce. China’s agriculture needs to raise its international competitiveness to

adapt itself to the post-WTO (World Trade Organization) accession market. At present, the traditional mode of small-scale production by households is still dominant in the countryside. Rural technology, personnel, capital, information, and product processing and distribution markets are universally underdeveloped.

The new government must go all out to raise the farmers’ incomes, establish a social security system for farmers, reduce the population engaged in agriculture,

deal with international competition in the WTO, promote the modernization of agriculture, and formulate policies for the import and export of grain and other farm produce.

The conference on rural work held early this year was the first important meeting of the CPC Central Committee for 2003. The meeting proposed taking the strategic restructuring of rural industry as a central task. This has provided important information for judging the



HAN YUJING

A Farmer in Qinghai Province weaves a carpet in the winter slack season to earn extra cash



NPC Special

new government's policies on agriculture, the rural economy and farmers.

Chen Xiwen, Deputy Director of the State Council Development Research Center, says the "strategic restructuring" covers wide-ranging fields, including the improvement of the quality, variety and regional distribution of farm crops, and the development of animal husbandry, aquaculture and the processing of agricultural products. The restructuring should also focus on upgrading the rural economic pattern as a whole, including the development of township enterprises and secondary and tertiary sectors. In addition, it should promote the employment of farmers in non-agricultural sectors and the development of urbanization. Facing the huge gaps between urban and rural areas, the meeting proposed to further strengthen rural infrastructure construction with priority given to small and medium-sized projects, and to return more farmland to forests.

Improving Employment and Social Security

China is facing an unprecedented high unemployment rate. Some 11.5 million laid-off workers from state-owned enterprises, 10 million new laborers a year and surplus rural workers are all hunting for jobs. During the 10th Five-Year Plan period (2001-05), more than 22 million urban people will be out of work each year. But given the current economic structure, only 8 million new jobs can be provided each year, which suggests an annual shortage of 14 million jobs. Tension between the supply and demand in the labor market will become prominent. Non-skilled workers are finding it difficult to locate jobs, while the demand for skilled labor exceeds the supply. With China's WTO accession, international economic fluctuations and economic restructurings will directly affect China, and a higher demand will be set on the adaptability of laborers.

At the same time, the social security system should be improved. Since 1998, China has set up three types of social security: The basic livelihood for laid-off workers, unemployment insurance and the minimum standard of living for urban residents. Dong Jingwei, a member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), said that the existing social security system has three main problems. First, the coverage of social

security is limited, with individual industrial and commercial households — private enterprise employees and rural residents are excluded. Second, the collection of social security funds is difficult, and the funds strongly depend on financial allocations. Third, the system's endowment insurance, medical insurance and unemployment insurance are under pressure due to the rising number of senior citizens and the unemployed.

These problems, related to the country's economic development level, also involve the legal system, economic structure, policies and other factors.

Improving the social security system is closely related to expanding employment. A sound social security system can help relieve the unemployment problem and social pressure, and raise employment efficiency and quality. The present incomplete social security system adds difficulties to the government's effort to ease the grim unemployment pressures.

This year's Government Work Report views employment and social security issues from the perspective of sustainable economic development.

Propelling Western Development

Of China's 12 western provinces (municipality and autonomous regions), only Sichuan entered the ranks of the top 10 GDP earners in 2002, while eight ranked among the last 10.

The government has tried for years to solve the regional development imbalance in order to achieve social equality and common prosperity, maintain social stability and promote the overall development of the country. In 1999, a series of preferential policies were issued and huge amounts of investment were pooled to assist the development of the western

regions. But turning good intentions into reality is not an easy job.

Many experts suggest setting up a market mechanism to propel western development. Zhang Shuguang, with the Tianze Economic Research Institute, says raising efficiency is the key to narrow the development gap and promote fairness. Success lies in whether market-oriented reform can be pushed forward and if government control can be changed into government assistance or protection of the private economy.

Wei Houkai, Director of the State Council Western Development Research Center, says economic readjustment includes changes in both industrial and regional structures. Western development will boost the central and eastern regional economies as well, so it has the same strategic importance as industrial restructuring.

Li Zibin, Deputy Director of the State Council Western Development Office, says that a solid foundation should be laid for western development, with emphasis on infrastructure construction, environmental protection, ecological development, and the development of science and technology, education and human resources. At the same time, efforts should be made to jumpstart economies with local characteristics and advantageous industries, and to continuously enhance the region's self-development capacity and comprehensive economic strength.

The pace of reform and opening-up should speed up, Li says. Continuing efforts should be made to transform government functions, improve work efficiency, establish and complete modern market systems, so as to create a sound investment environment. ■

Top 10 GDP Earners in 2002		Last 10 GDP Earners in 2002	
	Unit: Billion yuan		Unit: Billion yuan
1. Guangdong	1,167.4	1. Tibet	
2. Jiangsu	1,063.6	2. Ningxia	33
3. Shandong	1,055	3. Qinghai	34.1
4. Zhejiang	767	4. Hainan	60.3
5. Henan	616.3	5. Gansu	116.1
6. Hebei	607.7	6. Guizhou	118
7. Liaoning	545.8	7. Xinjiang	159.8
8. Shanghai	540.9	8. Inner Mongolia	172.5
9. Hubei	497.6	9. Chongqing	197.1
10. Sichuan	487.5	10. Shanxi	200.2

Source: National Bureau of Statistics.



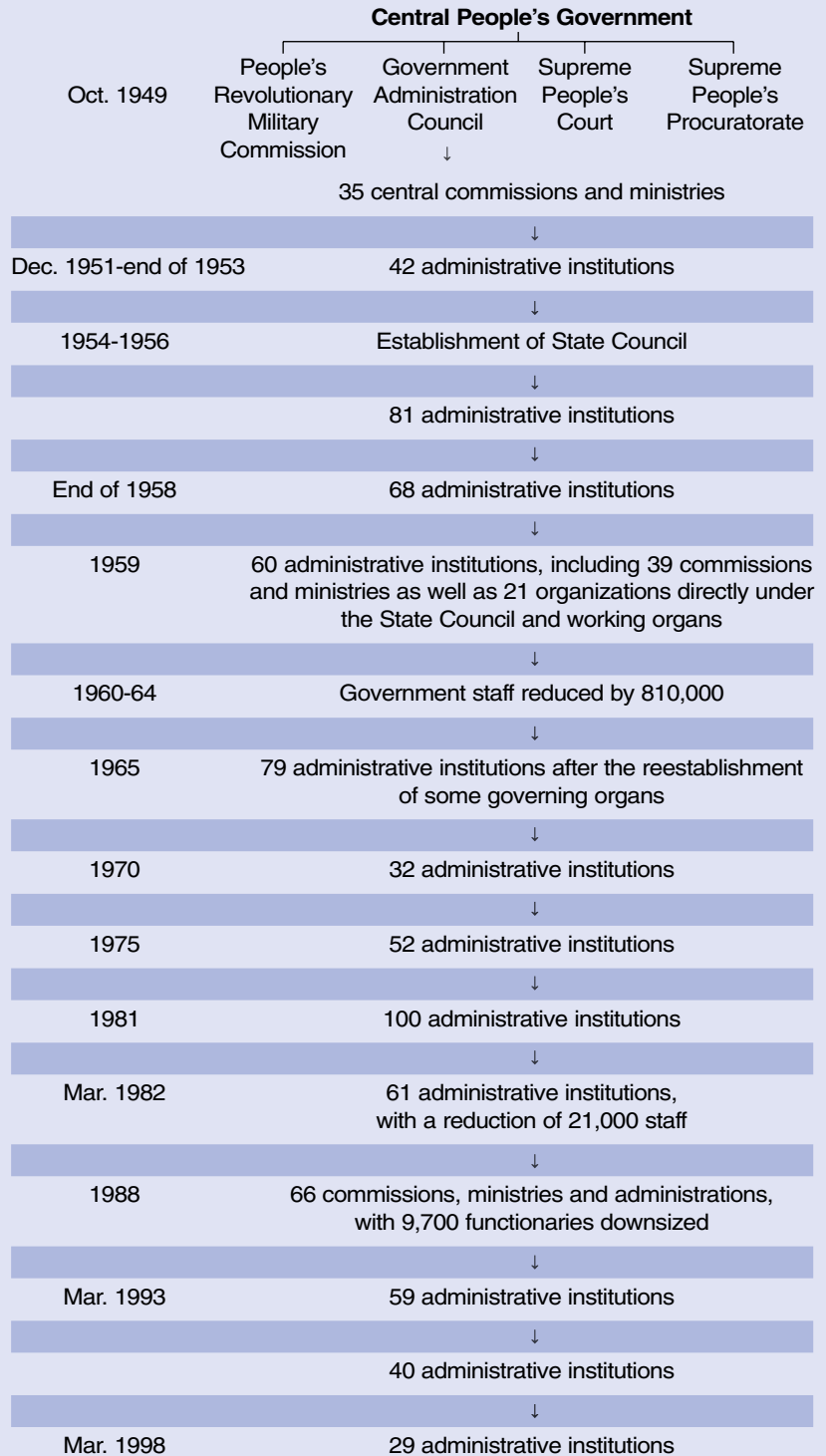
Organizational Setup of the State Council

The following is an unofficial translation of the new organizational setup of the State Council, which was adopted at the third plenary meeting of the First Session of the 10th National People's Congress (NPC), China's top legislature, on March 10.

1. Ministry of Foreign Affairs
2. Ministry of National Defense
3. State Development and Reform Commission
4. Ministry of Education
5. Ministry of Science and Technology
6. Commission of Science, Technology and Industry for National Defense
7. State Ethnic Affairs Commission
8. Ministry of Public Security
9. Ministry of State Security
10. Ministry of Supervision
11. Ministry of Civil Affairs
12. Ministry of Justice
13. Ministry of Finance
14. Ministry of Personnel
15. Ministry of Labor and Social Security
16. Ministry of Land and Resources
17. Ministry of Construction
18. Ministry of Railways
19. Ministry of Communications
20. Ministry of Information Industry
21. Ministry of Water Resources
22. Ministry of Agriculture
23. Ministry of Commerce
24. Ministry of Culture
25. Ministry of Health
26. State Commission for Population and Family Planning
27. People's Bank of China
28. National Audit Office

Timeline of Government Reforms

Since the founding of the People's Republic of China in 1949, the Central Government has never ceased its efforts to build an efficient administrative body with rational structures and capable functionaries. For this purpose, several institutional restructurings have been launched.





INFORMATION

State Leadership

President: Hu Jintao

Vice President: Zeng Qinghong

National People's Congress

Standing Committee Chairman: Wu Bangguo

Standing Committee Vice Chairpersons: Wang Zhaoguo, Li Teying, Ismail Amat (Uyghur), He Luli (female), Ding Shisun, Cheng Siwei, Xu Jialu, Jiang Zhenghua, Gu Xiulian (female), Raidi (Tibetan), Sheng Huaren, Lu Yongxiang, Uyunqing (female, Mongol), Han Qide and Fu Tieshan.

Standing Committee Secretary

General: Sheng Huaren (concurrently)

Chairman of the Ethnic Affairs

Committee: Doje Cering (Tibetan)

Chairman of the Law Committee: Yang Jingyu

Chairman of the Internal and Judicial Affairs

Committee: He Chunlin

Chairman of the Financial and Economic Committee:

Fu Zhihuan

Chairwoman of the Education, Science, Culture and

Health Committee: Zhu Lilan

Chairman of the Foreign Affairs Committee: Jiang Enzhu

Chairman of the Overseas Chinese Affairs

Committee: Chen Guangyi

Chairman of the Environment and Resources Protection

Committee: Mao Rubai

Chairman of the Agriculture and Rural Affairs

Committee: Liu Mingzu

State Council

Premier: Wen Jiabao

Vice Premiers: Huang Ju, Wu Yi (female), Zeng Peiyan and Hui Liangyu

State Councilors: Zhou Yongkang, Cao Gangchuan,

Tang Jiaxuan, Hua Jianmin and Chen Zhili (female)

Secretary General: Hua Jianmin (concurrently)

Minister of Foreign Affairs: Li Zhaoxing

Minister of National Defense: Cao Gangchuan (concurrently)

Minister in charge of the State Development and Reform

Commission: Ma Kai

Minister of Education: Zhou Ji

Minister of Science and Technology: Xu Guanhua

Minister in charge of the Commission of Science,

Technology and Industry for National

Defense: Zhang Yunchuan

Minister in charge of the State Ethnic Affairs

Commission: Li Dek Su (Korean)

Minister of Public Security: Zhou Yongkang (concurrently)

Minister of State Security: Xu Yongyue

Minister of Supervision: Li Zhilun

Minister of Civil Affairs: Li Xueju

Minister of Justice: Zhang Fusen

Minister of Finance: Jin Renqing

Minister of Personnel: Zhang Bolin

Minister of Labor and Social Security: Zheng Silin

Minister of Land and Resources: Tian Fengshan

Minister of Construction: Wang Guangtao

Minister of Railways: Liu Zhijun

Minister of Communications: Zhang Chunxian

Minister of Information Industry: Wang Xudong

Minister of Water Resources: Wang Shucheng

Minister of Agriculture: Du Qinglin

Minister of Commerce: Lu Fuyuan

Minister of Culture: Sun Jiazheng

Minister of Health: Zhang Wenkang

Minister in charge of the State Commission for Population

and Family Planning: Zhang Weiqing

Governor of the People's Bank of China: Zhou Xiaochuan

Auditor General of the National Audit Office: Li Jinhua

Chinese People's Political Consultative Conference

National Committee Chairman: Jia Qinglin

National Committee Vice Chairpersons: Wang Zhongyu,

Liao Hui, Liu Yandong (female), Ngapoi Ngawang Jigme

(Tibetan), Ba Jin, Pagbalha Geleg Namgyai (Tibetan),

Li Guixian, Zhang Siqing, Ding Guangxun, Henry Ying Tung

Fok, Ma Man-kei, Bai Lichen (Hui), Luo Haocai, Zhang

Kehui, Zhou Tienong, Hao Jianxiu (female), Chen Kuiyuan,

Abdul'ahat Abdurixit (Uyghur), Xu Kuangdi, Li Zhaozhao

(Zhuang), Huang Mengfu, Wang Xuan, Zhang Huaixi and

Li Meng

National Committee Secretary General: Zheng Wantong

Chairman of the Committee for Handling Proposals: Fu Jie

Chairman of the Economic Affairs Committee: Liu Zhongli

Chairman of the Population, Resources and Environment

Committee: Chen Bangzhu

Chairman of the Education, Science, Culture, Health and

Sports Committee: Liu Zhongde

Chairman of the Social and Legal Affairs

Committee: Li Qiyao

Chairman of the Ethnic and Religious Affairs

Committee: Niu Maosheng (Manchu)

Chairman of the Committee for Liaison with Hong Kong,

Macao, Taiwan and Overseas Chinese: Guo Dongpo

Chairman of the Foreign Affairs Committee: Liu Jianfeng

Chairman of the Cultural and Historical Data

Committee: Gui Shiyong

Central Military Commission

Chairman: Jiang Zemin

Vice Chairmen: Hu Jintao, Guo Boxiong and Cao Gangchuan

Members: Xu Caihou, Liang Guanglie, Liao Xilong and

Li Jinai

Supreme People's Court

President: Xiao Yang

Supreme People's Procuratorate

Procurator General: Jia Chunwang



Hu Jintao

—President of the People's Republic of China

Hu Jintao, General Secretary of the Communist Party of China (CPC) Central Committee, was elected president of the People's Republic of China (PRC) at the First Session of the 10th National People's Congress on March 15, 2003, becoming the new head of state of a country with a population of approximately 1.3 billion.

Since taking up the post as Party leader last November, Hu has exhibited an outstanding image in leading the new central leadership in earnestly carrying out the important thought of the "Three Represents" and the spirit of the 16th CPC National Congress; promoting democracy and unity; working hard and seeking truth from facts; keeping honest and clean and working wholeheartedly in the public interests; and concentrating on construction and development.

Soon after the 16th CPC National Congress, Hu, along with members of the Secretariat of the CPC Central Committee, made a study tour of Xibaipo, the sacred land of the Chinese revolution in Pingshan County, north China's Hebei Province. It was from there that the then CPC Central Committee left for Beijing on March 23, 1949, to establish state power, a date described by Mao Zedong as the "day to take an exam in Beijing."

Hu made a speech at Xibaipo, calling on the whole Party, leading officials in particular, to review Mao's important remarks on the eve of the founding of New China, bear deeply in mind the great trust by the Party and people as well as the historical mission they shoulder, resolutely carry forward the work style of displaying modesty and prudence while guarding against conceit and impetuosity, resolutely carry forward the work style of working hard and perseveringly, and strive for excellent performance in the new, great practice of building a well-off society in an all-round way.

A native of Jixi County, Anhui Province, Hu was born in Taizhou City, Jiangsu Province, in 1942, where he completed his primary and secondary schooling. In 1959, he was enrolled in Tsinghua University and graduated from the Hydraulic Engineering Department in 1965.

Hu began working at the grassroots level in west China's Gansu Province in 1968 and stayed there for 14 years. From 1985, he was appointed, successively, secretary of the CPC Guizhou Provincial Committee and of the CPC Tibet Autonomous Regional Committee. During his eight years in Guizhou and Tibet, Hu, braving adverse conditions and altitude sickness, visited many remote areas, contacted extensively with people of various ethnic groups, conducted in-depth investigations and study, and worked out economic and social development strategies and long-term programs suit-

ed to local conditions. He made outstanding contributions to the stability and development of the two economically less-developed regions, by uniting members of the leaderships, cadres and people of different ethnic groups to form a strong joint force for great undertakings. His work experiences in west China's harsh areas and at the top echelon of the central authorities have combined to make Hu thoroughly understand the national situation, reinforce his conviction in speeding up economic development and promoting reform and opening to the outside world, helped him cultivate a work style featuring fairness and honesty, an exemplary role, in-depth research, concern for people's joys and sorrows, steadfastness and pragmatism, and a pioneering spirit.

In 1992, Hu, 49, was elected member of the Standing Committee of the Political Bureau of the CPC Central Committee at the First Plenum of the 14th CPC Central Committee, widely considered as an important step the CPC had taken toward generational transition of central leadership. In September 1997, Hu was re-elected member of the Standing Committee of the Political Bureau of the CPC Central Committee at the First Plenum of the 15th CPC Central Committee. In March 1998 and September 1999, he became vice president of the PRC and vice chairman of the Central Military Commission. A member of the Standing Committee of the Political Bureau of the CPC Central Committee for 10 years, Hu directly participated in mapping out policies and guidelines of the Party and the state, and exhibited his outstanding ability in handling Party, government, military and diplomatic affairs.

Hu has perused many classics by Marx, Lenin and Mao Zedong, arriving at a profound understanding of Deng Xiaoping Theory and the important thought of the "Three Represents," and laying a solid foundation for his theoretical attainment. From 1993 to the end of 2002, Hu was concurrently president of the Party School of the CPC Central Committee, which has been the training base for senior CPC cadres and backbone of theoretical studies over the past 70 years. Sources with the school say that Hu attended almost all the school's opening and closing ceremonies and analyzed international and domestic situations, interpreted the central authorities' theoretical lines and policies, and made a point of providing guidance to students. He made painstaking efforts toward the building of the school, the Party's top institution of higher learning, and gave many important instructions on the school's educational guidelines, teaching reform, textbook compilation, theoretical research, and the update of teaching facilities.



As a member of the Standing Committee of the CPC Central Committee Political Bureau taking charge of Party and personnel affairs, Hu earnestly implemented the important thoughts of Jiang Zemin on Party building and the building of the contingent of Party cadres, and did a great deal of pioneering work. He put forward many propositions on promoting the study of Deng Xiaoping Theory and the important thought of the "Three Represents," raising the Party's ideological and theoretical level, deepening reform of the cadre and personnel systems, fostering a contingent of qualified cadres, strengthening the building of the Party's grassroots organizations, reinforcing the cohesiveness and competence of the Party organizations at various levels, improving the work style of leading groups at all levels, and promoting Party building in a systematic and standard manner. Under his guidance, related departments took a series of effective measures and made marked progress in Party building.

When he was secretary and first secretary of the Central Committee of the Communist Youth League of China (CYLC) and chairman of the All-China Youth Federation, Hu organized unique, effective and youth-friendly activities that gained a strong and positive response from young people and society. In his capacity as a member of the Standing Committee of the CPC Central Committee Political Bureau, Hu was in charge of affairs relating to trade unions, the CYLC, and the women's federation. He gave useful instructions on mass-related work under new circumstances, and earnestly acted as he advocated. He maintained close contact with people from all walks of life, and won their respect.

In July 1998, the CPC Central Committee made a decision to steer the country's armed forces, armed police and law-enforcement authorities out of business activities. Hu was entrusted to take charge of implementing the decision. With close cooperation from all parties concerned, Hu smoothly accomplished the complicated task.

Hu has also demonstrated his wisdom, courage and competence in foreign affairs. He met with many political figures and dignitaries from other countries, and has headed a number of Chinese delegations on foreign tours. His trips to five European nations in 2001 and the United States in 2002 caught extensive attention, and was dubbed as his successful "diplomatic debut." What is worth noting is that Hu impressed the local media and people with his easy-going manner and convincing answers to queries from the press, and won wide acclaim during his European visit.



NPC Special

Upon his arrival in New York, Hu braved the rain to extend thanks to overseas Chinese greeting him at the hotel gate with a deep bow. Eyewitnesses were deeply touched by his affable personality.

Hu has shown great concern for the livelihood of the broad masses. Soon after he was elected general secretary of the CPC Central Committee, Hu presided over a meeting of the CPC Central Committee Political Bureau to discuss measures to solve difficulties people were facing in their production and daily life. Wherever his inspection tour took him, Hu called at local poor families to gain better knowledge of their situations. In early 2003, Hu went to Inner Mongolia Autonomous Region to visit needy people despite freezing temperatures of minus 30 degrees Celsius. There he

urged officials at all levels to fully recognize the great significance of using power for the welfare of the people and a quick solution to practical problems.

Hu is a principled man with a strategic vision; he is good at riding on the overall situation and making innovations in a pioneering spirit; he is quick-minded and attentive to details; he does solid work and dares to take decisions at critical moments; he is democratic in his style of work, easy to approach, sedate and modest, with a strong personal charisma; he is informative and has a good memory; he works selflessly night and day. All these have left a deep impression on people since he took to politics.

Hu and his wife Liu Yongqing were schoolmates at Tsinghua University. The couple have a son and a daughter, who are

was sent to the Stalin Automobile Works in Moscow as an intern and returned the following year to serve as a factory director and a research institute director in Changchun, Shanghai and Wuhan. Later he headed the foreign affairs bureau of the No.1 Ministry of Machine-Building Industry.

For nearly a decade after 1980, Jiang served successively as vice chairman of the State Commission for the Administration of Import and Export Affairs and the State Commission for the Administration of Foreign Investment, vice minister and minister of Electronics Industry, mayor of Shanghai, secretary of the CPC Shanghai Municipal Committee and member of the Political Bureau of the CPC Central Committee.

With the whole world in view and keen on reform and progress, Jiang made significant contributions to the opening and development of China's special economic zones (SEZs). Toward the end of the 1970s and at the beginning of the 1980s, he led a delegation on a foreign study tour and devised the thought and plan and took it upon himself to direct the opening of special economic zones in China, thus translating Deng Xiaoping's conception into reality.

While in Shanghai, Jiang enjoyed a high reputation among local officials and the people alike for his able leadership. After June 1989, Jiang became the core of the third generation leadership of the CPC following Mao Zedong and Deng Xiaoping, serving as general secretary of the CPC Central Committee, president of the PRC and chairman of the CMC.

During his 13 years as general secretary of the CPC Central Committee, Jiang experienced precariously changing situations abroad and momentous progress in reform, opening up and modernization drive at home. In the face of opportunities and challenges, Jiang exhibited staunch political courage and superb art of leadership of a Marxist statesman. The correct leadership of the CPC Central Committee with Jiang at the core enabled China to realize the transition from a planned economy to a

socialist market economy, create a new situation and achieve historic successes in economic, political and cultural development after coping calmly with a series of international events that concerned the sovereignty and security of the state and overcoming all kinds of natural disasters and difficulties and risks cropping up in political and economic areas.

The 13 years are commonly acknowledged as a period that witnessed the biggest leap in the growth of the overall national strength and the biggest benefits to the people, a period that witnessed lasting social stability and unity, logical administration and

The important thought of the "Three Represents" presented by Jiang Zemin in February 2000 says that the Communist Party of China must always represent the development trend of China's advanced productive forces, the orientation of China's advanced culture and the fundamental interests of the overwhelming majority of the Chinese people.

Jiang Zemin

—Chairman of the Central Military Commission of the PRC

Jiang Zemin was re-elected to the post as chairman of the Central Military Commission (CMC) of the People's Republic of China (PRC) at the First Session of the 10th National People's Congress (NPC) on March 15, 2003.

Jiang was relieved of his official duty as general secretary of the CPC Central Committee that he had held for 13 years and bowed out of the CPC Central Committee at the 16th CPC National Congress held in Beijing last November. He passed on the state presidency he had held for 10 years at the NPC session.

In the run-up to the 16th CPC National Congress, Jiang offered to leave his posts as general secretary of the CPC Central Committee and member of the CPC Central Committee to make way for younger people to accelerate the pace of generational transition of the high-level leadership of the Party and the state for the sake of long-term development of the Party and state, and for the sake of long-term peace and stability.

The offer demonstrated Jiang's foresight for the development of the cause of the Party and the state and his exemplary conduct, nobility of character and broad-mindedness as a Marxist statesman. The Party and state owe their smooth top leadership transition to his correct leadership. This is widely held as a "hallmark of the sophistication of the world's largest ruling party that has a history of 81 years."

But, in view of the complex and changing international situation and the arduous tasks for the building of China's national defense and the army, the First Plenum of the 16th

CPC Central Committee took the decision to let Jiang stay on as chairman of the CPC's Central Military Commission. Jiang pledged full support for the work of the new collective leadership of the CPC Central Committee with Hu Jintao as general secretary.

"I love my motherland and my people," he often says. "It's my never-ending pursuit to serve the motherland and the people."

Born in August 1926 of an intellectual family in Yangzhou, a culturally famous city by the Yangtze River in east China's Jiangsu Province, he received a good family education from his early childhood, laying a solid foundation for his cultural attainment. His uncle, Jiang Shangqing who was also his foster father, had a major influence on Jiang on his way to becoming a professional revolutionary. Jiang Shangqing, an activist in the War of Resistance Against Japanese Aggression (1937-45), laid down his life for the motherland during a battle in 1939. Four years later, in 1943, Jiang Zemin threw himself into the student movement led by the Communist Party of China and joined the CPC in 1946 when studying at Shanghai Jiaotong University, one of China's leading polytechnic universities, majoring in electrical engineering. He graduated from the university in 1947.

After the founding of New China in 1949, Jiang worked as an associate engineer, a workshop director and a deputy director of a foodstuff factory in Shanghai. In 1955, he





harmonious people, and a period that witnessed significant growth of China's international influence. The achievements are the result of common efforts of the entire Party and the people of all ethnic groups throughout the country. In these achievements are embodied the wisdom and painstaking work of the third-generation central collective leadership, which are inseparable from the key role Jiang has played.

During his decade as president of China, Jiang engaged himself in a lot of diplomatic activities in the name of the head of state. He has left his footprints in many countries and regions across the world. He often appeared at important international meetings and activities. Thanks to the independent foreign policy of peace, China made fruitful achievements in diplomatic affairs and its international status and influence on international affairs have been enhanced and have grown steadily.

Being steadfast to the principles of emancipating the mind, seeking truth from facts, keeping pace with the times and respecting the practice of the people, Jiang has put forward a series of important thoughts and theories that have given a big impetus to socialism with Chinese characteristics, thus carrying forward and developing Marxism-Leninism, Mao Zedong Thought and Deng Xiaoping Theory.

On the basis of in-depth investigation and study and by pooling the wisdom of the entire Party, Jiang presented the important thought of the "Three Represents" in February 2000, namely, the CPC must always represent "the development trend of China's advanced productive forces, the orientation of China's advanced culture and the fundamental interests of the overwhelming majority of the Chinese people." The important thought aroused great repercussion at home and abroad. The important thought of the "Three Represents" put forward at the 16th CPC National Congress is regarded as developing Marxism-Leninism, Mao Zedong Thought and Deng Xiaoping Theory in contemporary China; the attainment of the "Three Represents" will provide the "foundation to build the Party, the cornerstone for the Party to exercise political power and the source of strength of the Party." The 16th CPC National Congress established it as a guiding ideology for the Party.

Since he took the post as CMC chairman, Jiang has had a thorough insight and good command of major changes in domestic and international situations and new development trends of changes in the military world. He has put forward a series of new thoughts, new propositions and new measures for solidifying national defense and building the army, thus enriching and developing the military thinking of Mao Zedong and Deng Xiaoping's concepts on army building in the new period of development.

Jiang stressed that the Chinese army must remain steadfast in following the road of keeping fewer but better troops with Chinese characteristics in compliance with the gener-

al requirements of "being qualified politically and competent militarily, with a fine style of work, stringent discipline and adequate logistic support," and by holding fast to the two historical subjects of fighting winning battles and never degenerating.

He also stressed the Party's absolute leadership over the army and the necessity of implementing the strategic principle of active defense, building a strong army by relying on science and technology, raising the level of commanding the army according to law and carrying on with reforms in national defense and army building, and exerting greater efforts to make the army more revolutionary, modernized and standardized.

Jiang commands a wide range of knowledge and is solidly grounded culturally. He does extensive reading, especially the latest

economic, scientific and technical, political and cultural literature. He has a good command of English, Russian and Romanian, and knows a little German, Japanese and Spanish. He often recites famous quotes from ancient Chinese philosophers or lines from ancient Chinese poetry. He loves Chinese music and is also fond of symphonies by Mozart, Beethoven and other Western masters of music.

In his leisure time, Jiang tries his hand at such traditional Chinese musical instruments as *erhu* (two-stringed instrument) and *dizi* (bamboo flute) and at such Western musical instruments as piano. Masterpieces of the arts, both Chinese and foreign, are the common wealth of humanity, he says.

Jiang has a warm, harmonious and happy family. He and his wife Wang Yeping have two sons, one grandson and one grand-

Wu Bangguo

—Chairman of NPC Standing Committee

Wu Bangguo was elected chairman of the Standing Committee of the 10th National People's Congress (NPC) to succeed former Chairman Li Peng as leader of China's supreme legislative organ.

Reviewing the history of his career, Wu has taken steady steps from positions in a state-owned enterprise technician, factory director and manager to provincial and municipal leading member and to state leader.

Wu, born in 1941, is from Feidong County, Anhui Province. After graduating from the Radio Electronics Department of Tsinghua University in 1967, he was assigned to work in the Shanghai No.3 Electronic Tube Factory as an operator, potter and furnaceman, toiling day and night together with ordinary workers. Until assuming his post as a standing committee member of the Shanghai Municipal Committee of the Communist Party of China (CPC), his five-member, three-generation family lived in an 11-square-meter apartment.

These work and life experiences have enabled him to nurture profound feelings for the grassroots and to foster a work style of handling concrete matters in a down-to-earth manner for ordinary people and the grassroots units, ready to communicate with commonfolk. After becoming secretary of the CPC Shanghai Municipal Committee, he was affectionately referred to in the country's largest municipality as a "secretary of the common people."

After 1978, Wu was promoted to be deputy manager of the Shanghai Electronic Component Industrial Co., deputy manager of the Shanghai Electronic Vacuum Component Co., and deputy secretary of the Party committee of the Shanghai Meters, Instruments and Telecommunications Industry Bureau.

In early 1983, Wu, 42, became a Standing Committee member of the CPC Shanghai Municipal Committee and concurrently secretary of the CPC Shanghai Municipal Committee in charge of science and technology affairs. In 1985, he assumed the position of deputy secretary of the CPC Shanghai Municipal Committee, assisting the work of Jiang Zemin and Zhu Rongji.

From March 1991 to September 1994, Wu was secretary of the CPC Shanghai Municipal Committee. He inherited the basic thoughts of Jiang Zemin and other former leaders of Shanghai. On the basis of the good groundwork laid down by his predecessors, he seized opportunities resulting from the important speech made by late Chinese leader Deng Xiaoping during his trip to south China and opportunities for the development of Pudong, and scored the goal of "bringing about great changes in Shanghai within three years" set forth by Deng Xiaoping under the leadership of the CPC Central Committee with Jiang Zemin at the core and with the CPC Central Committee's support.

During this period, he always bore in mind issues of concern to people, such as inadequate toilet and heating facilities, and raised funds through land leasing and other channels to solve the housing shortages of Shanghai residents.





NPC Special

In October 1992, having been a CPC member for 28 years, Wu was elected member of the Political Bureau of the CPC Central Committee at the First Plenum of the 14th CPC National Congress, and was augmented as member of the Secretariat of the CPC Central Committee and transferred to work in the central leadership. The following March, he was appointed vice premier of the State Council, involved in decision-making and managing major issues of the Party and the state.

In September 1997, he was re-elected member of the Political Bureau of the CPC Central Committee at the First Plenum of the 15th CPC National Congress, and appointed for another term as vice premier in March the following year.

For a long period of time, Wu took charge of work in economics and trade, transport and communications, energy, information industry, national defense industry, labor and social security, production safety and the Three Gorges Project. He also served concurrently as secretary of the Central Work Committee of Large Enterprises.

During his eight-year tenure as vice premier, Wu scrupulously kept to his commitment of "serving the grassroots, doing practical and substantial things for the people, never seeking personal gain, never being lazy, and never evading responsibility," and was always dedicated to his work.

His 16-year work experience in state-owned enterprises (SOEs) enabled him to understand the advantages and disadvantages of SOEs that hold a dominant position in the Chinese economy. The most difficult period for China's SOEs was in the first few years after he assumed the duty of supervising the work concerning SOE development. In 1998, the aggregate profit of all state-owned and state-controlled industrial enterprises fell to a historical low of just 52.5 billion yuan.

To save SOEs from impasse with reforms and development—the most knotty problem in China's economic development, Wu conducted extensive investigations. In a few years, he visited more than 80 percent of China's oil and gas fields, inspected all backbone SOEs that are critical to national economy and the people's livelihood, and entered coal mine shafts almost every year.

In 1999, he accompanied CPC General Secretary Jiang Zemin on investigative and research trips to various localities throughout the country to find solutions for invigorating large and medium-sized SOEs, which contributed to the formulation of decisions by the CPC Central Committee on major issues relating to SOE reform and development.

He resolutely carried out directives from the CPC Central Committee and focused on the work of turning losses into profits and getting rid of difficulties facing various industries. With concerted efforts of the entire country under the central leadership, the aggregate profit of state-owned and state-controlled enterprises reached 240.8 billion yuan in 2000, which quadrupled profits of SOEs in three years, fulfilling the three-year

target for SOEs as scheduled for them to get rid of difficulties through reforms. In 2002 the figure reached 263.6 billion yuan, a record high for three consecutive years. To accomplish these achievements, Wu had made painstaking efforts and spent many sleepless nights.

Wu is deeply concerned about the masses of workers and staff members in need and always bears their well-being in mind. He went to mines with depleted resources, military and civil industrial enterprises in outlying mountains and deep forests, and visited families of needy workers and miners. When formulating policies and giving guidance, the first thing he takes into account is how to ensure that the laid-off workers and retirees can timely and fully get their basic living allowances or pensions, and that urban residents in want and need are guaranteed basic living standards.

He well understands what Jiang Zemin meant by saying that "employment is the foundation of people's livelihood." So he once again led chiefs of a dozen central government departments on special investigative tours of five provinces and municipalities

in 2002 in an effort to promote reemployment, thus contributing to the formulation of China's first proactive employment policy.

In November 2002, Wu was elected member of the Standing Committee of the Political Bureau of the CPC Central Committee, and became a member of the new-generation central collective leadership. Since then, he has been even busier with his work than ever before. Looking at public reports from December 28 to 31 last year, he was seen conferring with leaders of large enterprises on the SOE reform, hearing reports from the Ministry of Railways, going to the launch site of the Shenzhou 4 spacecraft, and chairing a meeting of the State Council's Safety Production Committee. All this indicates that he is a diligent and pragmatic leader with rapid work rhythm and high efficiency.

Moreover, Wu is strict with his children and other family members. When his son and daughter were at school and when they began working, no one knew who their father was, except for a few classmates or colleagues. He is also highly principled with the staff around him. ■

Wen Jiabao

—Premier of the State Council

The National People's Congress (NPC), China's top legislature, picked Wen Jiabao to succeed Zhu Rongji as premier of the State Council, or the "chief executive" of the Chinese cabinet, on March 16, 2003.

A vice premier in Premier Zhu's cabinet for five consecutive years since March 1998, Wen was assigned to take charge of work related to agriculture, rural areas, development planning and finance. For his superb performance in office, he was widely cited as a "pragmatic, prudent and all-competent leader."

Wen became an alternate member of the Secretariat of the Communist Party of China (CPC) Central Committee and director of the General Office of the CPC Central Committee at the age of 45. Five years later he was elected an alternate member of the Political Bureau of the CPC Central Committee and also a member of the Secretariat of the CPC Central Committee. It took just another five years for him to become a full member of the Political Bureau.

When he turned 60, Wen entered the Party's top decision-making body, the nine-person Standing Committee of the Political

Bureau of the CPC Central Committee, at the 16th CPC National Congress held in Beijing in November 2002.

As the CPC has, since the 1980s, begun the process of placing more younger and promising officials in its leading positions, Wen, once a geologist, was promoted after having undergone strict selection and examination.

Born in September 1942 in Tianjin, a coastal city in north China, Wen graduated from Beijing Institute of Geology with a Master's degree after eight years of study. He then went to the remote Gansu Province in northwest China and worked in the Provincial Geological Bureau for 15 years. Proceeding from a mere technician and deputy office division chief, he became deputy director of the bureau.

In 1982, Wen was transferred to Beijing, where he worked in the Ministry of Geology and Mineral Resources as head of the Policy and Law Research Office and then vice minister.

In 1985, Wen was appointed deputy director of the General Office of the CPC Central Committee. In the following year, he was promoted to be director of the General Office, where he stayed for another eight years. He began to serve as secretary of the Financial and Economic Leading Group of the CPC Central Committee in 1992 and did so for 10 years.





Wen is often seen in a casual jacket and sneakers, chatting amiably and cordially with local folk in villages or disaster-afflicted areas.

As China has a huge rural population of some 900 million, the work related to agriculture and rural areas has always been very complicated with a range of challenges. As vice premier, Wen has successfully promoted agricultural development and rural economic restructuring, as well as experiments with the fee-to-tax reform in rural areas.

He also played a vital role in mapping out a series of policy documents concerning rural reforms and development, which include the Outlined Programs for Poverty Alleviation and Development in China's Rural Areas and the Outlined Programs for the Development of Agricultural Science and Technology, both of great significance to the development of Chinese agriculture in the new century.

As part of its effort to ease farmers' economic burden, the Chinese Government launched rural fee-to-tax reform on an experimental basis in 2000, and Wen has made painstaking efforts to promote this reform in the past two years. In order to constantly improve this reform program, Wen paid many visits to east China's Anhui Province, which was selected to be one of the first experimental bases, and was often seen sitting side by side with local farmers having heart-to-heart discussions regarding this reform. By 2002, 20 provinces in China had begun experimenting with this reform, bringing substantial benefits to hundreds of millions of farmers.

At the First Session of the 10th NPC, Wen also conferred with legislators from central China's Hubei Province on the fee-to-tax reform. Many of China's ancient imperial dynasties had also tried to introduce similar reforms, said Wen, but restricted by the social and political environment at their times, their reforms had all ended in failure.

"After some initial success, the reforms centuries ago unexceptionally went to their opposite end and farmers' economic burden became even heavier than before," explained Wen. "This was what people called 'the law of Huang Zongxi,' named after a prestigious thinker and philosopher living more than 300 years ago."

"However, the Communists will definitely break the yoke of this law as we always devote ourselves to seeking benefits for the masses of people wholeheartedly," said Wen in an affirming voice, drawing enthusiastic applause from all lawmakers present.

Wen is famed for his in-depth, down-to-earth style of work. While holding leading positions in central authorities, he has trekked to almost every part of the country, visiting more than 1,800 of China's 2,500 counties. Apart from frequently going to villages and crop fields to acquaint himself with the actual situation of agriculture, rural development and farmers' life, it has also become routine for Wen to go to areas hit by floods, droughts and other natural disasters, to direct rescue and relief missions and comfort disaster-affected people.

During this year's Spring Festival, or Chinese Lunar New Year, a traditional occasion for family reunions, Wen went to Fuxin Coalmine in northeastern Liaoning Province to send season's greetings to miners on behalf of the central leadership. The state-owned mine is currently at a difficult stage of restructuring process.

On the eve of the Spring Festival, on January 31, Wen went to the bottom of a working shaft 720 meters underground, chatted with miners and sat with them on coal-shipping tracks, eating Chinese dumplings to celebrate the New Year.

Sources close to him say that the sober-minded Wen is a very thoughtful and considerate person, but is also agile and resolute while making decisions. In 1998, when many regions along the Yangtze, China's longest river, were menaced by a monstrous deluge, worst in a hundred years, Wen was entrusted by central authorities to stay in the forefront and direct all flood-fighting efforts.

The situation was extremely grave as the sixth flood crest of the Yangtze arrived. After inspecting endangered sections of the embankment, hearing reports from various sectors and soliciting opinions of meteorological and water conservancy experts in detail, Wen made quick decisions and appropriate, meticulous arrangements that saved lives and property and led to the eventual victory over the floods.

Following the outbreak of the Asian financial crisis in 1997, Wen also did a lot of effective work in carrying out in-depth financial reforms, rectifying financial order as well as preventing and minimizing financial risks. These efforts contributed tremendously to China's success in coping with the Asian financial crisis and exercising a proactive fiscal policy to bolster the national economic growth.

At a series of recent meetings which aimed to map out the course for China's

social and economic development in the future, Wen has made noticeable performances: while presiding over the Central Economic Work Conference, he urged the nation to maintain a steady economic growth, speed up economic restructuring, further push forward reform and opening-up and improve the socialist market economic system; at the Central Conference on Work in Rural Areas, he made arrangements for work related to agricultural and rural development, calling for accelerated efforts to boost well-off rural areas and stressing a well-planned and balanced economic and social development for both cities and the countryside.

In charge of a new round of institutional reform of government organs, he has set forth the principle of "cutting personnel, raising efficiency and unifying thinking." He has prompted governments at all levels to transform their functions, introduce a democratic and scientific decision-making mechanism, keep to administration by law and subject themselves to the supervision by the people.

A very knowledgeable person, Wen has a solid command of political and economic theories and profound attainments in natural sciences. While serving in the CPC Central Committee, he was the main drafter of some keynote documents of the Party, including the Decisions on Certain Issues Regarding the Establishment of a Socialist Market Economic System and the proposals on formulating the country's ninth and 10th five-year plans (1996-2005).

In diplomatic and foreign exchange activities, Wen has left on people a deep impression with his steady and prudent manner and familiarity with world affairs.

Almost everyone who knows or has met Wen would come to the same appraisal: he really cherishes deep affections for the people.

Wen and his wife have a son and a

INFORMATION

Successive Presidents of the PRC

September 1954-April 1959: Mao Zedong

April 1959-1966: Liu Shaoqi

May 1981: Soong Ching Ling (honorary)

June 1983-April 1988: Li Xiannian

April 1988-March 1993: Yang Shangkun

March 1993-March 2003: Jiang Zemin

March 2003-: Hu Jintao

Successive Premiers of the State Council

September 1954-January 1976: Zhou Enlai

February 1976-September 1980: Hua Guofeng

September 1980-November 1987: Zhao Ziyang

November 1987-March 1998: Li Peng

March 1998-March 2003: Zhu Rongji

March 2003-: Wen Jiabao



Jia Qinglin

—Chairman of CPPCC National Committee

Jia Qinglin, a member of the top decision-making body of the Communist Party of China (CPC), was elected new head of China's top political advisory body, the Chinese People's Political Consultative Conference (CPPCC), on March 13, 2003.

Jia, who entered the nine-member Standing Committee of the Political Bureau of the CPC Central Committee at the First Plenum of the 16th CPC Central Committee in November 2002, succeeded Li Ruihuan as chairman of the 10th CPPCC National Committee.

With the participation of the CPC, eight non-Communist parties and personages without party affiliation, the CPPCC is regarded as the best representation of China's "broadest patriotic united front." The CPC has called the united front one of the three "magic weapons" contributing to its past successes.

Many see Jia as a qualified leader of the CPPCC, as his first major assignment as a senior Party official was deputy secretary of the Party committee of southeast China's coastal province of Fujian, the ancestral home to numerous Taiwan residents and overseas Chinese.

A native of north China's Hebei Province, Jia was born in March 1940 in Qingdao, east China's Shandong Province. After graduating from Hebei Engineering Institute in 1962, he came to Beijing and worked in the former No.1 Ministry of Machine-Building Industry as a technician. He was appointed general manager of China National Machinery and Equipment Import and Export Corp. in 1978, and became manager of Taiyuan Heavy Machinery Plant in north China's Shanxi Province in 1983.

Jia devoted more than two decades of his life to the development of China's machine-building industry.

In 1985, Jia was dispatched to work in Fujian and stayed there for 11 years, serving successively as deputy secretary of the CPC Fujian Provincial Committee, the provincial governor, and Party chief of Fujian.

In his tenure, Jia attached great importance to the united front work and earnestly implemented the Party's policies concerning overseas Chinese. Thanks to Jia's efforts to befriend overseas Chinese and win their hearts, many overseas Chinese invested in Fujian and contributed greatly to the local economic development. He also did much to strengthen ties between the people of Fujian and Taiwan.

In October 1996, Jia returned to Beijing

and served successively as acting mayor, mayor and Party chief of the capital city.

Jia put forth a hi-tech-based "capital economy" concept and development strategy, which he believes would help bring into full play Beijing's unique advantages in education, science and technology, human resources, and information.

By October 2002, when Jia was transferred to work in the CPC Central Committee, Beijing's financial revenue had risen to 53.4 billion yuan (\$6.4 billion) from 18.23 billion yuan (\$2.2 billion) in 1997, and the city's annual per-capita GDP had reached \$3,355. The new and hi-tech industry, spear-headed by the rapidly growing Zhongguancun Sci-Tech Park in northwest Beijing, had contributed nearly 70 percent of the city's overall industrial growth, indicating a major improvement in local industrial structure.



In a display of his down-to-earth style of work, Jia visited grassroots units and local households 267 times during his six-year tenure in Beijing, mostly on the weekends and in all weathers, to learn the actual situation in the city. With a deep affection toward the common people, he frequently went to the homes of local needy residents, many of whom lived in worn-out and unsafe buildings, to listen to their problems and convey concerns of the Party and the government. In six years he paid 11 visits to the Niujie area, a traditional Muslim neighborhood in the capital, to help local residents solve problems.

When he was in office, Jia also required the CPC Beijing Municipal Committee and the municipal government to do 60 "concrete things" directly linked to the interests of the general public every year. In five years, a total of 648,000 new jobs were created in Beijing, while most worn-out and unsafe buildings in the old city proper were renovated or rebuilt, bringing the per-capita housing space for urban residents up to 18 square meters.

Jia and his colleagues pursued a human-centered course in urban construction and strove to turn Beijing into a city with a blue sky, clear water, broad roads and plenty of green land. By 2002, Beijing residents had enjoyed a good air quality for 203 days of the year. Major progress was also made in afforesting the city's outskirts and in clearing and desilting local waterways, while the unique scenery of Beijing as an ancient capital was well preserved.

As head of the leading group for Beijing's 2008 Olympics bid, Jia played a key role in bringing the 2008 Olympic Games to the Chinese capital. After designing and carrying out a successful bidding strategy along with his colleagues, Jia also initiated the idea of "New Beijing, Great Olympics," which many

believe would guide Beijing's development in a new stage.

With an outstanding capability to command the overall situation in highly complicated circumstances, Jia is quick to put forward feasible ideas and policies with a creative thinking, and help usher in a brand new situation for reform and development, sources said.

A typical man of north China, Jia is known for his modesty and prudence. Sources close to him say that he is always strict with himself but tolerant of the others, and is easy to approach.

Those who worked with him said that they were often impressed by Jia's superb ability to unite people, appreciate a person's capability and always assign the person to the most appropriate job.

Owing to his excellent skills for mobilizing positive factors and combining the efforts of all people, local officials say, Beijing has ushered in an exciting new situation, with citizens concentrating on development and working hard to seize every opportunity.

The united front work remained a focus of attention for Jia while he served in Beijing. Actually, many of the leaders of China's eight non-Communist parties, as well as noted figures in religious and non-Communist circles, regarded him as their "bosom friend."

After he became a member of the Standing Committee of the Political Bureau of the CPC Central Committee last November, Jia immediately started to busy himself with affairs related to the united front work across the country and made an in-depth study of China's non-Communist parties.

In late December 2002, Jia accompanied Hu Jintao, General Secretary of the CPC Central Committee, to visit the eight non-Communist parties and the All-China Federation of Industry and Commerce. Shortly after this year's Spring Festival, or Chinese Lunar New Year, in February, he paid visits to various religious groups and met with the country's prominent religious figures, including the 11th Panchen Lama from Tibet.

"The system of multi-party cooperation and political consultation led by the CPC is our country's basic political system, which we will always adhere to regardless of any possible difficulties and troubles," Jia repeatedly told non-Communist figures.

Many said afterward that these visits convinced them of the CPC's attitude of "treating each other with all sincerity and sharing weal and woe" in developing relations with non-Communist parties and organizations.

Like many of his fellow Party members, Jia, a veteran Communist with a 43-year Party standing, tends to attribute all his achievements to the Party and the people. He often says, "I caught up with the good times in my six years of work in Beijing."

Jia and his wife Lin Youfang, a classmate during his college years, have a son and a daughter. Lin, who returned to Beijing in early 1997 after retirement, is now leading a happy life. ■



Zeng Qinghong

—Vice President of the People's Republic of China

Zeng Qinghong, member of the Standing Committee of Political Bureau of the Communist Party of China (CPC) Central Committee, was elected vice president of the People's Republic of China at the First Session of the 10th National People's Congress (NPC) on March 15, 2003.

Zeng became one of the nine Standing Committee members of the Political Bureau at the First Plenum of the 16th CPC Central Committee in November 2002, and concurrently a member of the Secretariat of the CPC Central Committee. One month later, he began to serve concurrently as president of the Party School of the CPC Central Committee.

Attending panel discussions of deputies to the First Session of the 10th NPC, Zeng repeatedly stressed that leading cadres at all levels should take the lead in holding high the great banner of Deng Xiaoping Theory, earnestly carrying out the important thought of the "Three Represents" and the spirit of the 16th CPC National Congress, carrying forward the style of hard work in a down-to-earth way and the spirit of building the country through hard work and frugality, improving the style of Party work, and building a clean government.

He urged cadres to always exercise their power for the people, tighten the flesh-and-blood ties between the CPC and the masses, hold together closely around the CPC Central Committee with Hu Jintao as general secretary, and strive to build a well-off society in an all-round way and realize the rejuvenation of the Chinese nation.

A native of Ji'an, Jiangxi Province in east China, Zeng was born in July 1939, and joined the CPC in 1960. After graduation from Beijing Institute of Technology in 1963, he served as a technician in the No.743 Unit of the People's Liberation Army (PLA), and then in the No.2 Department of the Second Academy under the No.7 Ministry of Machine-Building Industry, gaining rich work experience at grassroots levels.

From 1979 to 1982, he was a secretary of the General Office of the State Planning Commission and then deputy division director of the General Office of the State Energy Commission.

Between 1983 and 1984, Zeng held a number of positions in the oil industry, as deputy manager of the Liaison Department of the China National Offshore Oil Corp., deputy director of the Foreign Affairs Bureau of the Ministry of Petroleum Industry, and secretary of the Party committee of the South and Yellow

Seas Petroleum Corp.

In 1984, he was transferred to China's largest city Shanghai, where he served successively as head of the Organization Department, member of the Standing Committee, secretary general and deputy secretary of the CPC Shanghai Municipal Committee.

As the organization chief of the CPC Shanghai Municipal Committee, Zeng initiated a weekly "intellectuals reception day," during which he would personally listen to complaints from local intellectuals and extend a helping hand to them. Zeng also frequently visited local universities and research institutes to talk to experts and scholars, to hear their opinions and make friends with intellectuals.

People who have worked with Zeng say that he has clear thoughts, tends to be creative in his work and often displays "strategic farsightedness" in planning things and handling issues.

In 1989, Zeng was transferred from Shanghai to Beijing to serve as deputy director of the General Office of the CPC Central Committee and promoted as director of the office in 1993.

As office chief, Zeng arranged and organized many large meetings and

properly dealt with important events under the direct leadership of the CPC Central Committee, winning trust and high appraisals.

In September 1997, Zeng was elected alternate member of the Political Bureau and a member of the Secretariat of the 15th CPC Central Committee at the committee's First Plenum. In 1999, Zeng began serving concurrently as head of the Organization Department of the CPC Central Committee.

The main function of this department is to train, examine, select and appoint Party officials and also make recommendations on their promotion.

In his tenure, Zeng served as a link between past and future, keeping pace with the times. He united staff members of the department, bringing a brand new look to it. He strictly followed the Party's principle of "making the ranks of cadres more revolutionary, younger, better educated and professionally more competent" and achieved conspicuous success in pushing forward reform of the personnel system and strengthening the education and training of cadres.

In July 2002, the CPC Central Committee promulgated the Regulations on the Work of Selecting and Appointing Leading Cadres for the Party and Government, which are regarded as a significant outcome of the Party's personnel system reform and an institutional guarantee for the selection of honest and competent officials.

The modification of the regulations was sponsored by Zeng. The implementation of the regulations enlarges people's right to be informed of and participate in the selection and





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supervision of the appointment of cadres, and makes the personnel work more scientific, democratic and standardized.

Zeng was one of the officials in charge of the political and ideological education and the education of the important thought of the "Three Represents" in China's rural areas. He went to grassroots levels many times, doing investigation and research, summarizing experience and giving instructions.

Based on experience from grassroots levels and the practice of the masses, he put forward the mechanism of providing frequent education to cadres and long-term benefits to farmers to consolidate the outcome of education activities, and the mechanism has become very influential.

After he assumed office of the president of the Party School of the CPC Central Committee, Zeng made investigation tours to Yan'an and Jinggang Shan (mountain), China's old revolutionary bases, as well as the economically advanced Pudong New Area in Shanghai, in order to explore an effective method for cadres education in the new era.

He pushed forward the construction of cadres education bases, requiring that in arranging courses and training plans for education work, "We must stick to the ideological and political line of seeking truth from facts, carry forward the creative spirit of keeping pace with the times, carry on the fine tradition of hardwork, and implement the principle of exercising state power in the interest of the people."

Zeng also displayed his capability in foreign affairs. When China and Japan commemorated the 30th anniversary of the normalization of diplomatic ties between the two countries in 2002, Zeng led a friendship delegation of the CPC to visit Japan, making active efforts in the development of Sino-Japanese friendship.

According to officials working with the General Office and the Organization Department of the CPC Central Committee, Zeng is bold and resolute in his work, with strong awareness of innovation. Zeng, frank and honest, modest and gentle, is adept in uniting people with high cohesiveness.

He always says, "We should attract talented people with career, affection and proper treatment." He excels at dealing with people from all walks of life, and loves to make friends with young people, keeping a wide connection with youths from all circles.

Sources close to Zeng say that he is capable of explaining profound things in a simple way and loves to weave popular sayings into his talks. For example, while commenting on the achievement of cadres, Zeng said, "Gold or silver prizes are not as good as compliments from the people." His popular speeches are wide spread, evoking favorable responses.

Zeng's father, Zeng Shan, was a revolutionary veteran who had served as minister of internal affairs after the founding of the People's Republic of China in 1949. His mother, Deng Liujin, was one of the few women soldiers in the Chinese Workers and Peasants' Red Army to survive the famous Long March in the 1930s. ■

Huang Ju

—Vice Premier of the State Council

Huang Ju, a native of Jiashan, Zhejiang Province, was born in September 1938. He began working in May 1963 and joined the Communist Party of China (CPC) in March 1966. He graduated from Tsinghua University, where he majored in electrical machinery manufacturing at the Electrical Engineering Department. A university graduate, he holds the title of engineer.

He is now member of the Standing Committee of the Political Bureau of the CPC Central Committee and vice premier of the State Council.

1956-63 Majored in electrical machinery manufacturing at the Electrical Engineering Department of Tsinghua University.

1963-67 Technician at the Power Workshop and Cast Steel Workshop of the Shanghai Artificial-Board Machinery Plant, and secretary of the plant director.

1967-77 Technician at the Power Workshop of the Shanghai Zhonghua Metallurgical Plant, and deputy secretary of the workshop's Party branch.

1977-80 Deputy Director of the Revolutionary Committee of the Shanghai Zhonghua Metallurgical Plant and the plant's deputy director and engineer.

1980-82 Deputy manager of the Shanghai Petrochemical General Machine-Building Co.

1982-83 Deputy director of the Shanghai No.1 Bureau of Electrical and Machinery Industry.



1983-84 Member of the Standing Committee of the CPC Shanghai Municipal Committee and secretary of the Shanghai Municipal Industrial Work Party Committee.

1984-85 Standing Committee member and secretary general of the CPC Shanghai Municipal Committee.

1985-86 Deputy secretary of the CPC Shanghai Municipal Committee.

1986-91 Deputy secretary of the CPC Shanghai Municipal Committee and vice mayor of Shanghai.

1991-94 Deputy secretary of the CPC Shanghai Municipal Committee and mayor of Shanghai.

1994-95 Member of the Political Bureau of the CPC Central Committee, secretary of the CPC Shanghai Municipal Committee and mayor of Shanghai.

1995-2002 Member of the Political Bureau of the CPC Central Committee and secretary of the CPC

Shanghai Municipal Committee.

2002-March 2003 Member of the Standing Committee of the Political Bureau of the CPC Central Committee.

Huang was alternate member of the 13th CPC Central Committee and member of the 14th and 15th CPC Central Committees. He was elected member of the Political Bureau of the CPC Central Committee at the Fourth Plenum of the 14th CPC Central Committee and was member of the Political Bureau of the 15th CPC Central Committee. He is member of the 16th CPC Central Committee and Standing Committee member of its Political Bureau. ■

Wu Yi

—Vice Premier of the State Council

Wu Yi, a native of Wuhan, Hubei Province, was born in November 1938. She joined the Communist Party of China (CPC) in April 1962 and began working in August 1962. She graduated from the Oil Refinery Department of Beijing Petroleum Institute where she majored in oil refinery engineering. With a university education, she holds the title of senior engineer.

She is now member of the Political Bureau of the CPC Central Committee and Vice Premier of the State Council.

1956-62 Studied at the National Defense Department of the Northwest China Polytechnic Institute and the Oil Refinery Department of Beijing Petroleum Institute, majoring in oil refinery engineering.

1962-65 Technician at a workshop and staff member of the Political Department of Lanzhou Oil Refinery.

1965-67 Technician at the Production Division of the Production and Technology



Department of the Ministry of Petroleum Industry.

1967-83 Technician, deputy chief and chief of the technology section, deputy chief engineer and deputy director of the Beijing Dongfanghong Oil Refinery.

1983-88 Deputy general manager and sec-



retary of the Party committee of Beijing Yanshan Petrochemical Corp.

1988-91 Vice mayor of Beijing.

1991-93 Vice minister of Foreign Economic Relations and Trade, deputy secretary of the ministry's Leading Party Members Group.

1993-97 Minister of Foreign Trade and Economic Cooperation and secretary of the ministry's Leading Party Members Group.

1997-98 Alternate member of the Political Bureau of the CPC Central Committee, minister of Foreign Trade and Economic Cooperation and secretary of the ministry's Leading Party Members Group.

Zeng Peiyan

—Vice Premier of the State Council

Zeng Peiyan, a native of Shaoxing, Zhejiang Province, was born in December 1938. He joined the Communist Party of China (CPC) in September 1978 and began working in September 1962. A graduate of the Electronics Faculty of the Radio and Electronics Department of Tsinghua University, he had a university education, and holds the professional title of senior engineer (research fellow in rank).

He is now member of the Political Bureau of the CPC Central Committee and vice premier of the State Council.

1956-62 Student majoring in electronics at the Radio and Electronics Department of Tsinghua University.

1962-64 Technician at the Shanghai Electrical Appliances Institute of the No.1 Ministry of Machine-Building Industry and chief of the Research Project Group of the institute.

1964-65 Technician and group leader of the Rectifier Research Office of the Xi'an Switch and Rectifier Factory under the No.1 Ministry of Machine-Building Industry.

1965-82 Group leader, deputy head of the office and deputy chief engineer of the Xi'an Rectifier Institute under the No.1 Ministry of Machine-Building Industry.

1982-84 Second secretary and first secretary of the Commercial Counselor's Office of the Chinese Embassy in the United States.

1984-87 Head of the General Office and concurrently director of the Planning and Construction Department of the Ministry of Electronics Industry.

1987-88 Vice minister of Electronics Industry and member of the ministry's Leading Party Members Group and concurrently director of the ministry's Planning and Construction Department.

1988-91 Vice minister of Machine-Building and Electronics Industry and member of the ministry's Leading Party Members Group (studied at the Party School of the CPC Central



1998-2002 Alternate member of the Political Bureau of the CPC Central Committee, state councilor and member of the Leading Party Members Group of the State Council.

2002-March 2003 Member of the Political Bureau of the CPC Central Committee, state councilor and member of the Leading Party Members Group of the State Council.

Wu was alternate member of the 13th CPC Central Committee and member of the 14th and 15th CPC Central Committees. She is member of the 16th CPC Central Committee and member of the Political Bureau of the 16th CPC Central Committee. ■

Committee from September to November 1989).

1991-92 Vice minister of Machine-Building and Electronics Industry, deputy secretary of the ministry's Leading Party Members Group and concurrently member of the Leading Party Members Group of the China Electronics Industrial Corp.

1992-93 Deputy secretary general (ministerial rank) of the Financial and Economic Leading Group of the CPC Central Committee and vice minister in charge of the State Planning Commission.

1993-94 Deputy secretary general of the Financial and Economic Leading Group of the CPC Central Committee and vice minister in charge of the State Planning Commission and deputy secretary of the commission's Leading Party Members Group.

1994-98 Deputy secretary general and director of the office of the Financial and Economic Leading Group of the CPC Central Committee

and vice minister in charge of the State Planning Commission and deputy secretary of the commission's Leading Party Members Group.

1998-2001 Deputy secretary general of the Financial and Economic Leading Group of the CPC Central Committee, minister in charge of the State Development Planning Commission and secretary of the commission's Leading Party Members Group, deputy director of the Three Gorges Project Construction Committee under the State Council (May 1998), and director of the Office of the State Council Leading Group for West China Development (January 2000).

2001-02 Deputy secretary general of the Financial and Economic Leading Group of the CPC Central Committee, minister in charge of the State Development Planning Commission and secretary of the commission's Leading Party Members Group, deputy head of the State Leading Group for Informationization, director of the Office of the State Council Leading Group for Informationization and secretary of the office's Leading Party Members Group (October 2001), deputy director of the Three Gorges



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Project Construction Committee under the State Council and director of the Office of the State Council Leading Group for West China Development.

2002-March 2003 Member of the Political Bureau of the CPC Central Committee, deputy secretary general of the Financial and Economic Leading Group of the CPC Central Committee, minister in charge of the State Development Planning Commission and secretary of the commission's Leading Party Members Group, deputy head of the State Leading Group for Informationization, director of

the Office of the State Council Leading Group for Informationization and secretary of the office's Leading Party Members Group, deputy director of the Three Gorges Project Construction Committee under the State Council, and director of the Office of the State Council Leading Group for West China Development.

Zeng was alternate member of the 14th CPC Central Committee and member of the 15th CPC Central Committee. He is member of the 16th CPC Central Committee and member of its Political Bureau. ■

Hui Liangyu

—Vice Premier of the State Council

Hui Liangyu (Hui), a native of Yushu, Jilin Province, was born in October 1944. He joined the Communist Party of China (CPC) in April 1966 and began working in August 1964. With a junior college education at the Party School of the CPC Jilin Provincial Committee, he holds the title of economist.

He is now member of the Political Bureau of the CPC Central Committee and vice premier of the State Council.

1961-64 Student of the Agricultural School of Jilin Province.

1964-68 Clerk with the Agricultural Bureau and Personnel Supervision Bureau of Yushu County, Jilin Province.

1968-69 Sent to do manual labor in the "May 7th" Cadre School of Yushu County.



1969-72 Clerk and deputy head of the Office of the Political Department of the Revolutionary Committee of Yushu County.

1972-74 Deputy director of the Organization Department of the CPC Yushu County Committee, and secretary of the CPC Yujia People's Commune Committee.

1974-77 Deputy secretary of the CPC Yushu County Committee.

1977-84 Deputy director of Jilin Provincial Agricultural Department, deputy director of Jilin Provincial Agricultural and Animal Husbandry Department and deputy secretary of its Leading Party Members Group.

1984-85 Deputy secretary of the CPC Baicheng Prefectural Committee, Jilin, and commissioner of the Baicheng Prefectural Administrative Office.

1985-87 Member of the Standing Committee of the CPC Jilin Provincial

Committee and concurrently head of the Rural Policy Research Office and director of Rural Work Department of the CPC Jilin Provincial Committee (taking correspondence courses at the Party School of the CPC Jilin Provincial Committee, majoring in basic knowledge for CPC and government officials from August 1984 to July 1987).

1987-90 Vice governor of Jilin Province.

1990-92 Deputy head of the Policy Research Office of the CPC Central Committee.

1992-93 Deputy secretary of the CPC Hubei Provincial Committee.

1993-94 Deputy secretary of the CPC Hubei Provincial Committee, chairman of the Hubei Provincial Committee of the Chinese People's Political Consultative Conference.

1994-95 Deputy secretary of the CPC Anhui Provincial Committee, vice governor and acting governor of Anhui Province.

1995-98 Deputy secretary of the CPC Anhui Provincial Committee and governor of Anhui Province.

1998-99 Secretary of the CPC Anhui Provincial Committee and governor of Anhui Province.

1999-2002 Secretary of the CPC Jiangsu Provincial Committee.

2002-03 Member of the Political Bureau of the CPC Central Committee and secretary of the CPC Jiangsu Provincial Committee (no longer assumed the post concurrently as of December 2002).

January-March 2003 Member of the Political Bureau of the CPC Central Committee and deputy head of the Rural Work Leading Group of the CPC Central Committee.

Hui was alternate member of the 14th CPC Central Committee and member of the 15th CPC Central Committee. He is member of the 16th CPC Central Committee and member of the Political Bureau of the 16th CPC Central Committee. ■

Zhou Yongkang

—State Councillor of the State Council

Zhou Yongkang, a native of Wuxi, Jiangsu Province, was born in December 1942. He joined the Communist Party of China (CPC) in November 1964 and began working in September 1966. He graduated from the Beijing Petroleum Institute where he majored in geophysical survey and exploration at the Survey and Exploration Department. With a university education, he holds the title of senior engineer with the rank equivalent to professor. He holds the police rank of general police commissioner.

He is now member of the Political Bureau of the CPC Central Committee and state councillor of the State Council.

1961-66 Student majoring in geophysical survey and exploration at the Survey and Exploration Department of Beijing Petroleum Institute.

1966-67 At Beijing Petroleum Institute waiting for job assignment.

1967-70 Intern, and technician of the geo-

logical survey team of No.673 Factory, Daqing Oilfield.

1970-73 Technician, Party branch secretary and brigade leader of the Regional Office of the Geological Survey Regiment of Liaohe Oil Exploration Campaign Headquarters.

1973-76 Director of the Geophysical Survey Division of Liaohe Oil Exploration Bureau.

1976-79 Deputy director of the Political Department of Liaohe Oil Exploration Bureau.

1979-83 Deputy director of Liaohe Oil Exploration Bureau and concurrently secretary of the Party committee of the bureau's Drilling Headquarters, and secretary of the Party committee and commander of the bureau's Geophysical Survey Headquarters.

1983-85 Director and deputy secretary of the Party committee of Liaohe Oil Exploration



Bureau, Deputy secretary of the CPC Panjin Municipal Committee and mayor of Panjin, Liaoning Province.

1985-88 Vice minister of Petroleum Industry and member of the ministry's Leading Party Members Group.

1988-96 Deputy general manager and deputy secretary of the Leading Party Members Group of China National Petroleum Corp. (concurrently commander of Tarim Oil Exploration Campaign Headquarters and secretary of its Party commit-

tee from March 1989 to September 1990, and secretary of the Party committee and director of Shengli Petroleum Administration and secretary of the CPC Dongying Municipal Committee of Shandong Province from August 1989 to June 1990).

1996-98 General manager of China



National Petroleum Corp. and secretary of its Leading Party Members Group.

1998-99 Minister of Land and Recourses and secretary of the ministry's Leading Party Members Group.

1999-2002 Secretary of the CPC Sichuan Provincial Committee.

2002-March 2003 Member of the Political Bureau and member of the Secretariat of the CPC Central Committee, deputy secretary of the Political and Legislative Affairs Committee of

the CPC Central Committee, Minister of Public Security and secretary of the ministry's Party committee, and first political commissar and first secretary of the Party committee of the Chinese People's Armed Police Force.

Zhou was alternate member of the 14th CPC Central Committee and member of the 15th CPC Central Committee. He is member of the 16th CPC Central Committee and member of the Political Bureau and Secretariat of the 16th CPC Central Committee. ■

Cao Gangchuan

—Vice Chairman of the Central Military Commission of the PRC



Cao Gangchuan, a native of Wugang, Henan Province, was born in December 1935. He joined the Communist Party of China (CPC) in July 1956 and the People's Liberation Army (PLA) in July 1954. He graduated from the Military Engineering Academy of the Artillery Corps of the Soviet Union. He holds the military rank of general.

He is now member of the Political Bureau of the CPC Central Committee, vice chairman of the CPC Central Military Commission, vice chairman of the Central Military Commission of the PRC and state councilor of the State Council.

1954-56 Student of Nanjing No.3 Artillery Ordnance Technical School and the No.1 Ordnance Technical School, and teacher of the No.1 Ordnance Technical School in 1956.

1956-57 Student of the PLA Dalian Russian Language School.

1957-63 Student of Military Engineering Academy of the Artillery Corps of the Soviet Union.

1963-69 Assistant of the Ammunition Division of the Ordnance Department of the PLA General Logistics Department.

1969-75 Assistant of Munitions Division of the Armaments Department of the PLA General Logistics Department.

1975-82 Staff and deputy director of the General Planning Division of the Armaments Department of the PLA Headquarters of the General Staff.

1982-89 Deputy director of the Armaments Department of the PLA Headquarters of the General Staff.

1989-90 Director of the Military Affairs Department of the PLA Headquarters of the General Staff.

1990-92 Director of the Office of Military Trade of the Central Military Commission.

1992-96 Deputy chief of staff of the PLA Headquarters of the General Staff.

1996-98 Minister of the Commission of Science, Technology and Industry for National Defense, director of the PLA General Armaments Department.

1998-2002 Member of the CPC Central Military Commission, member of the Central Military Commission of the People's Republic of China (PRC), director of the PLA General Armaments Department and secretary of its Party committee.

2002-March 2003 Member of the Political Bureau of the CPC Central Committee, vice chairman of the CPC Central Military Commission and member of the Central Military Commission of the PRC.

Cao was member of the 15th CPC Central Committee and is member of the 16th CPC Central Committee and member of the Political Bureau of the 16th CPC Central Committee. He was augmented as member of the CPC Central Military Commission at the Third Plenum of the 15th CPC Central Committee and appointed member of the Central Military Commission of the PRC at the Fifth Meeting of the Standing Committee of the Ninth National People's Congress (NPC). He was approved as state councilor of the State Council at the First Session of the 10th NPC. ■

Tang Jiaxuan

—State Councilor of the State Council

Tang Jiaxuan, a native of Zhenjiang, Jiangsu Province, was born in January 1938. He joined the Communist Party of China (CPC) in November 1973 and began working in September 1960. He graduated from Peking University, majoring in Japanese language.

He is now state councilor of the State Council.

1955-58 Student at the Foreign Languages Department of Fudan University in Shanghai, majoring in English language.

1958-62 Student at the Oriental Languages Department of Peking University, majoring in Japanese language.

1962-64 Staff member of Japanese division in Overseas Service Department of the Bureau of Broadcasting Undertakings.



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1964-69 Staff member of interpreters' team of the Ministry of Foreign Affairs.

1969-70 Sent to do manual labor in the "May 7th" Cadre School of the Ministry of Foreign Affairs.

1970-78 Deputy division chief of the Chinese People's Association for Friendship with Foreign Countries, and council member of the Sino-Japanese Friendship Association.

1978-83 Second and then first secretary of Chinese Embassy in Japan.

1983-85 Deputy director of the office of the CPC Central Committee directing group for Party organization rectification in foreign affairs departments of government institutions.

1985-88 Deputy director of the Asian Affairs Department of the Ministry of Foreign Affairs.

1988-91 Minister-counselor and minister of Chinese Embassy in Japan.

1991-93 Assistant to the Minister of Foreign Affairs and member of the Party committee of the Ministry of Foreign Affairs.

1993-94 Vice minister and member of the Party committee of the Ministry of Foreign Affairs.

1994-97 Vice minister and deputy secretary of the Party committee of the Ministry of Foreign Affairs.

1997-98 Secretary of the Party committee of the Ministry of Foreign Affairs and vice minister.

1998-2000 Minister of Foreign Affairs and secretary of the Party committee of the Ministry of Foreign Affairs.

2000-March 2003 Minister of Foreign Affairs and member of the Party committee of the Ministry of Foreign Affairs.

Tang was member of the 15th CPC Central Committee and is member of the 16th CPC Central Committee. ■

Hua Jianmin

—State Councilor of the State Council

Hua Jianmin, a native of Wuxi, Jiangsu Province, was born in January 1940. He joined the Communist Party of China (CPC) in May 1961 and began working in October 1963. A graduate at the Specialty of Gas Turbine of the Power and Dynamics Department of Tsinghua University, he holds the title of senior engineer.

He is now state councilor of the State Council.

1957-63 Student at the Power and

Dynamics Department of Tsinghua University, majoring in gas turbine.

1963-69 Technician, and deputy secretary of the Party branch of the Automatic Control Division of Shanghai Air Turbines and Boilers Research Institute.

1969-75 Technician of the research institute of Shanghai Air Turbine Factory.

1975-79 Deputy director of the research institute of Shanghai Air Turbine Factory.

1979-83 Head of the scientific research office of the Shanghai Design and Research Institute for Whole-Set Power Generating Equipment (receiving technical training on air turbines in the United States from June to September 1982).

1983-84 Deputy director of the Shanghai Design and Research Institute for Whole-Set Power Generating Equipment.

1984-86 Student of a training class run by the Training Department of the Party School of the CPC Central Committee.

1986-87 Official of the General Office of the CPC Central Committee.

1987-91 General manager of Shanghai Shenneng Power Development Corp.

1991-92 Deputy director of the Shanghai Municipal Planning Commission and general manager of Shenneng Corp.

1992-93 Executive deputy director and deputy secretary of the Leading Party Members Group of the Shanghai Municipal Planning Commission.

1993-94 Director and secretary of the Leading Party Members Group of the Shanghai Municipal Planning Commission, deputy secretary of the Shanghai Municipal Committee on Comprehensive Economic Work, and director of



the Shanghai Municipal Planning Commission.

1994-96 Member of the Standing Committee of the CPC Shanghai Municipal Committee, and vice mayor of Shanghai.

1996-98 Deputy director of the Office of the Financial and Economic Leading Group of the CPC Central Committee.

1998-March 2003 Deputy secretary general and office director of the Financial and Economic Leading Group of the CPC Central Committee.

Hua is member of the 16th CPC Central Committee. ■

Chen Zhili

—State Councilor of the State Council

Chen Zhili, a native of Xiyou, Fujian Province, was born in November 1942. She joined the Communist Party of China (CPC) in January 1961 and began working in September 1964. She graduated from the Shanghai Institute of Silicate of the Chinese Academy of Sciences (CAS). With a postgraduate education, she holds the title of associate researcher.

She is now state councilor of the State Council.



1954-64 Student at the Physics Department of Fudan University in Shanghai, majoring in solid-state physics.

1964-68 Postgraduate at Shanghai Institute of Silicate of the CAS (joined the "four clean-ups" work team from August 1965 to January 1967).

1968-70 Labored in Danyanghu Farm affiliated to the No.6409 Unit of the People's Liberation Army.

1970-80 Intern and associate research fellow at Shanghai Institute of Silicate of the CAS.

1980-82 Visiting scholar at the material research institute of the University of Pennsylvania, the United States.

1982-84 Associate research fellow and deputy secretary of the Party committee of Shanghai Institute of Silicate of the CAS.

1984-88 Deputy secretary and secretary of the Party committee of the Shanghai Municipal Science and Technology Work Committee, head of the Publicity Department of the CPC Shanghai Municipal Committee.

1988-89 Member of the Standing Committee and head of the Publicity Department of the CPC Shanghai Municipal Committee.

1989-91 Deputy secretary and head of the Publicity Department of the CPC Shanghai Municipal Committee.

1991-97 Deputy secretary of the CPC Shanghai Municipal Committee.

1997-98 Secretary of the Leading Party Members Group and vice minister of the State Education Commission.

1998-March 2003 Minister of Education and secretary of the Leading Party Members Group of the Ministry of Education.

Chen was alternate member of the 13th and 14th CPC Central Committees and member of the 15th CPC Central Committee. She is member of the 16th CPC Central Committee. ■



Professionals Take Leading Role In Top Legislature

The election of 19 professionals as members of the nation's top legislative body is set to enhance its lawmaking and supervisory capability

From People's Daily Online

The First Session of the 10th National People's Congress (NPC) elected 159 deputies as members of its Standing Committee on March 15.

With an average age of 60, the new members are younger than their predecessors in the Ninth NPC Standing Committee, whose members' average age was 63.4 years, said NPC sources.

The spotlight has also been cast on the backgrounds of the 19 newly elected members and the role they may play in the top legislative body.

Some of these members are leaders in their professions and most have a legal background.

Legislator Xin Chunying, Deputy Director of the Legal Studies Institute of the Chinese Academy of Social Sciences, the nation's top think tank, is one example. Others are Li Lianning, currently Assistant Minister of Education, who holds a Master's degree in civil law, and He Yehui, who served in the Supreme People's Procuratorate before being elected onto the committee.

A number of them also have experience of studying overseas. Legislator Zheng Quan is currently the managing vice president of the Western Returned Scholars Association, a nongovernmental organization formed voluntarily by returned scholars from Europe, the United States and other countries.

Legislator Hou Yibin obtained his doctorate from Eindhoven University in the Netherlands, and is now deputy president of Beijing University of Science and Technology.

"The election of these members onto the NPC Standing Committee will help it devise laws that are more scientific and practical," said Xu Xianming, President of China University of Politics and Law.

He hailed it as a critical reform of the top legislative body, which usually selected legislators from officials soon to retire from their previously held government positions, in improving its personnel structure.

Wang Liming, Deputy Dean of the Law School of the Renmin University of China, echoed Xu's statement. "More professionals are needed in the country because lawmaking is becoming increasingly complicated and technical," Wang said.

He explained that legislators are required to understand not only the domestic market development needs, but also the latest legal theories necessary to support domestic legislation.

Both Xu and Wang were in agreement that the wide range of expertise, including science, economics and arts, possessed by the new members will help ensure that the legislature is much better placed when it comes to drawing up corresponding laws.

As the permanent body of the highest organ of state power and legislation, the NPC Standing Committee is responsible for lawmaking and supervising the work of the administrative and judicial departments.

Ying Songnian, professor and Director of the Law Program with the National School of Administration, said legislators will find it easier to conduct their supervisory job given their familiarity with jurisprudence.

Congress observers believe that the practice of introducing more professional members will soon expand to local congresses if it proves effective at the national level. ■



NEWS PHOTO

A worker maintains a pump in Shengli Oilfield. Tapping into China's own oil reserves is one of the major ways to reduce losses and lower risks during a new Gulf war

New Gulf War Impacts China's Oil Industry

Nation loses \$10 million daily from skyrocketing prices

By TANG YUAN

The war between the United States and Iraq has affected China through various channels.

China imports almost 2 million barrels of oil per day, and, due to skyrocketing prices, it currently has to bear a daily loss of \$10 million.

"Continuously soaring oil prices will have a great impact on China's national economy," said Xiao Hanping from the China Galaxy Securities Co. Ltd. He said all industries and listed companies will be affected at varying degrees depending on the oil component in their costs. Rising oil prices will affect listed companies in industries including oil production, petrochemicals, coal, chemicals, automobile and textiles.

Petroleum companies bear the brunt of price rises. China Petroleum and Chemical Corp. (Sinopec Corp.), one of China's most influential companies specializing in oil refining and petrochemical product manufacturing, has profits and business operations affected. The company's business is especially subject to the market prices of oil and chemical products.

Oil price fluctuations have direct impact on oil refineries that use crude oil as a major material. For companies that use semi-finished products as their major material, changes cannot be detected immediately, because prices of semi-finished products depend on market supply and demand. "Large scale comprehensive petrochemical companies have a higher ability to dissolve risks brought about by

oil price fluctuations than oil refineries with a single product do, owing to their diverse products and large scale," Xiao added.

Chemical fibers such as polymer have become an important material in the textile industry, taking the place of natural fibers. The basic raw materials for chemical fibers are petrol, coal and natural gas. Skyrocketing oil prices will also raise the production costs of textile manufacturers. Oil price fluctuations are unfavorable to China's textile industry because of the high elastic coefficient in textile consumption.

Soaring oil prices will also lift the production costs of the pharmaceutical industry, especially chemical pharmaceuticals. However, they can better resist the adverse effects due to the low elastic coefficient in medicine consumption.

Rising oil prices will also increase the price of coal, which will raise the production costs of the power industry, especially thermal power plants. If electricity prices remain unchanged, the profitability of the electricity industry will slump.

Given the excess supply in current domestic and international markets, China's aviation, automobile transportation and petrochemical industries cannot

transfer all, or even a major part, of higher costs caused by the oil market to downstream industries or customers. Oil price fluctuations will decrease the profits of all industries, and may even lead to serious losses. Thus, companies will reduce their production scale and economic activities. Consumers will see the negative results in aviation, railways, city buses and taxis, which will be affected by high oil prices.

Su Jingxiang, from the China Institute of Contemporary International Relations, believes the international oil market does not largely depend on Iraq; however, a war between the United States and Iraq will influence the entire Middle East. "If the United States successfully topples Saddam Hussein and establishes a pro-U.S. government, the country will go on to indirectly control the world's oil resources and prices, and indirectly contain European and East Asian countries, including China," he said. "Even if the United States does not achieve the goal of controlling Iraq, the situation in the Middle East will become chaotic and oil prices will face bigger fluctuation. We should be highly alert to both possibilities." Currently, about 60 percent of China's imported crude oil comes from the Middle East.

Zhu He, a senior Sinopec engineer pointed out that the competition in the international oil market is no longer simply business competition; it is an economic, military and political weapon. Oil is produced mainly in the Middle East, Russia and other OPEC countries, but consumed in Western Europe, North America and Asia. A war between the United States and Iraq will increase competition in the international oil market now and in the future.

"Some Western multinational companies launched Asia investment projects, boosting the development of the petrochemical industry in countries and regions around China. This is a great challenge we face," said Liu Guoyan, an expert from the State Development and Reform Commission (the former State Development Planning Commission), who led a research team for analyzing the prospects of the petrochemical industry in 2002 and its trends for 2003.

In recent years, owing to the world's overproduction of petrochemicals, many large-scale petrochemical corporations in developed countries, such as the United States and Europe, actively expand their business to other places, mainly Asia,

because common petrochemical products have reached a saturation point in local markets. Liu believes that the post-war market setup will be unfavorable to China.

China's demand for oil is increasing with its rapid economic development. China became a net oil importer in 1993 and a net crude oil import country three years later. China imported more than 50 million tons of oil in 2000, and 70 million in 2002. The international market will affect a country's national economy when its oil imports reach 50 million tons. When this figure reaches 100 million tons, the country must consider securing its oil supply by diplomatic, economic and military means.

In the past, China paid heavily for its limited knowledge of the international oil market and its minor participation, and passively accepted all influences brought about by international oil price fluctuations. The problem has drawn the attention of China's related departments, and an emergency oil supply system has been established.

Owing to the situation of the Persian Gulf, China has emphasized predicting international oil market prices. The Chinese Government will ensure that its economic growth is not affected by oil problems.

Zhang Dawei, an official in the Ministry of Land and Resources, revealed some measures the Chinese

Government has taken to lower losses and reduce risks: First, oil import channels should be multiplied. The import portion from the Middle East will be maintained, while the portion from Russia and Southeast Asia, whose situations are stable, will be increased. Second, China has started to establish an emergency oil supply system that has already been set up in developed countries, and has taken measures to increase its oil reserves. The Central Government has approved investment in an oil reserve project with the first phase of planned investment reaching 14 billion yuan. Third, the Ministry of Land and Resources has confirmed 10 strategic regions with prospective oil and natural gas in China, and will strengthen oil exploration and tapping in these regions.

Chen Jiulin, an executive in the China Aviation Oil (Singapore) Corp. Ltd., suggested that China launch a risk purchase project to transfer its passive system to an active system, and said the country should participate in international competition to set up multiple cooperation systems.

Other ways to alleviate the adverse impact include saving energy, increasing the efficiency of oil products and increasing the tapping and utilization of natural gas. China has devised methods to increase its use of natural gas, coal, nuclear power, hydro-power and wind power. ■



A west-to-east natural gas pipelining project is constructed to ease energy shortages

Safeguarding Oil Interests

Some European nations are seeking new energy partners and formulating new energy strategies

By CHENG XINGYUAN

The U.S. war on Iraq is underway. Given their strategic oil interests in Iraq, some European nations such as France and Germany remain stalwart against the war. To maintain a steady energy supply afterward, they are seeking new energy partners and formulating new energy strategies.

Due to their interests there, some EU countries, including France and Italy, have been traditional allies of Iraq. Before the Soviet Union disintegrated in 1991, During the USSR years, France, Italy and Spain remained Iraq's important economic, political and military partners, trading

military equipment for petroleum. After the Gulf War in 1991, UN sanctions led to Iraq's failure to repay its \$8 billion debt to France. Germany, the world's third largest oil importer, imports 2.8 million barrels per day, and France 1.9 million barrels. Currently, the EU imports half of its energy supplies, among which 36 percent come from the Middle East. The proportion is estimated to soar to 70 percent, with increasing demand from the Middle East.

France and Germany's interests in Iraq exert a direct influence on their stance on the Iraq issue. France and Germany insist on the removal of UN sanctions on Iraq, afraid of the nullification of previous contracts with Iraq or the establishment of a pro-American Iraqi government that would threaten their energy security. While opposing unilateral

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HONG MAN

Kuwait's acting oil minister Sheikh Ahmad al-Fahd (right) with the visiting Russian energy minister Igor Yusufov. They agree that cooperation between OPEC members and other oil producers is necessary for stabilizing the oil market

al American military action without UN backing, they are also looking for new energy partners and formulating new energy strategies.

They are currently targeting the Middle East and boosting energy cooperation with Iran. Although Iran was classified by the United States as one of the "axis of evil" countries, the EU continues talks and cooperation with the country in the fields of energy, politics, economy and human rights. Talk and contact, rather than alienation and containment, aim at obtaining a new energy supply after Iraq. In November 2001, the EU Council approved a guidance bill to enhance EU-Iran relations. A meeting of EU foreign ministers on June 2002 agreed on more trade cooperation and political talks with Iran.

All-round political talks between the EU and Iran took place in Tehran in September 2002. One month later, a meeting of EU foreign ministers made a statement on the improvement in relations with Iran, authorizing the



SHUTTERSTOCK

Al-Doura Oil Refinery outside Baghdad, a possible air-raid target in the war on Iraq

European Council to negotiate with Iran regarding a trade cooperation agreement. EU members have since paid frequent high-level visits to Iran, and, since his inauguration in August 2001, Iranian President Seyed Mohammad Khatami has visited France, Italy, Germany, Austria, Greece and Spain. The EU and Iran recently held talks on a redemption contract for offshore gas fields, with Iran offering EU members 20 oil and gas investment projects.

Meanwhile, Western European countries are striving to invest and explore energy resources in the Middle Eastern oil supplying countries such as Kuwait, Saudi Arabia and Oman. In recent years, these countries have adopted an opening up policy in the oil and gas industry, rather than the original state monopoly, to attract more foreign investment. They invited international tenders for projects such as oil and gas prospecting and exploitation, refinery and pipelines.

The Saudi Arabia cabinet declared, in its Foreign Investment Law that the country would open its oil and gas prospecting and exploitation business to the outside world. Several European oil companies, including the French TotalFinaElf Co., have passed investment qualification previews, and began holding talks on three gas field projects worth \$50 billion. The Royal/Dutch Shell Group and British Petroleum signed offshore oil prospecting and exploration contracts with Kuwait. Kuwait is also formulating a \$7 billion exploration plan for oilfields along its border areas with Iraq, attracting several key oil companies from the EU. Oil exploration agreements have also been signed between Oman and petroleum conglomerates in Europe.

Facing a future possible oil hegemony, Western European countries are hastening to adjust their energy strategy and build a strategic partnership with Russia.

Out of geopolitical considerations, the EU has adopted an energy policy favorable to Russia. In the second half of 2002, Germany, France, Italy and Russia poured \$2 billion into the construction of gas pipelines through Belarus, Poland and Slovakia to Europe, annually providing 60 billion cubic meters of natural gas.

To prepare for the possible energy crisis after the Iraq war, the EU is developing all-round relations with major oil suppliers across the world and tapping the potential international market to diversify its sources of energy supply. However, despite their strong opposition against the war, Germany and France were unable to stop the U.S. unilateral military action. The United States may share some war benefits with its Western allies, so it is prone to make more promises to win over these countries, just as it did to guarantee Russian interests in Iraq for the passage of UN Resolution 1441. ■



GAO XUENU

Israeli Prime Minister Ariel Sharon meets with leaders of Jewish organizations from the United States. Sharon refuses to compromise

Crisis in Iraq Leaves Little Hope for Palestinians

Palestinian has a lot to lose in the U.S. war on Iraq as regional tensions rise and Israel tightens its grip

By LI GUOFU

The U.S. war aimed at toppling Saddam Hussein's regime will exert a significant influence on the overall situation in the Middle East, particularly the conflict between Palestine and Israel. The regional climate for solutions of conflicts will undergo great changes.

The Saddam regime has been an important supporter of the Palestinians' fight against Israel. The Iraqi people have staged several protests on behalf

of Palestine, and have given medical assistance to injured Palestinians. Despite UN sanctions, Iraq offered \$10,000 to Palestinians injured in conflicts with Israel, and \$20,000 to the families of those killed. After the war, Palestine will lose an important supporter—the Saddam regime, which is expected to be replaced by a pro-American leadership.

Overthrowing the Saddam regime is the hallmark objective of the United States in its "second stage" of its anti-terrorist war, which will continue after Saddam is removed. It was projected that the United States may, in the short term, resort to political, economic and diplo-

matic means other than force, to put pressure on nations "backing terrorism," including Iran and Syria. These nations will be required to stop supporting terrorist organizations in the Middle East, including Hezbollah, Hamas and Islamic Jihad. Consequently, they may adjust policies for fear of being made the United State's next target.

After the war, Iraq, originally the nucleus against the United States and Israel in the Middle East, will become a pro-American nation, a heavy blow to anti-American and anti-Israeli power in neighboring areas. As a result, the growing power of radicals after the Palestinian-Israel conflict will be deterred and begin

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Yasser Arafat names Abu Mazen the new prime minister at a meeting of the PLO (Palestine Liberation Organization) central committee.

to ebb. Meanwhile, political changes in Iraq will allow the moderate camp in Arab countries to gain power, and have more say in regional affairs.

The war will deepen the chasm between Arab countries, which in turn will weaken their overall strength. Also, the strategic balance between Palestine and Israel will lean to the latter, which will gain more of an edge in negotiations. More importantly for Israel, the outcome of the war may greatly improve its sour political climate, which has been deteriorating since the Palestinian-Israel conflict escalated in 2001.

Feeling the Heat

The war against Iraq has attracted international attention from the Palestinian-Israeli conflict. Due to the delay in formulating a roadmap to stop Palestinian-Israeli clashes and help them resume negotiations, the Palestinian-Israel issue may become the cynosure again after the war on Iraq. To placate Arab resentment against the war on Iraq, the Bush administration may endeavor to bring Palestinians and Israelis back to the negotiation table, forcing Israel to make more compromises and resume talks.

Nevertheless, the U.S. pro-Israel stance will not fundamentally change. Given Israel's commitment to remain restraint, even if attacked by Iraq, limited pressure will be put on Israel by the United States. President Bush already made that clear at the annual dinner of the American Enterprise Institute on February 26. The United States expects Israel to make more efforts to support the creation of a viable Palestinian state through negotiations with Palestine "as the threat of terror is removed and security improves," and "as progress is made toward peace, settlement activity in occupied territories must end." Hence, the center of pressure will still be the Palestinians.

Since launching the anti-terrorist war in the Middle East, the Bush administration has put the Palestinians' terrorist attacks on Israel as one major component. On June 24, 2002, Bush decried Yasser Arafat's "support of terrorism" in his new suggestions to resolve the Palestinian-Israel conflict. Bush said the leadership of Palestine must be changed, political reform undertaken, and terrorist attacks against Israel stopped to win American support for the founding of a Palestine state. In a recent speech, Bush requested

that Palestine choose a new leader and "abandon terrorism." Obviously, Arafat is the second Arab leader after Saddam that the United States intends to removing. Accordingly, the United States may force Palestine to carry out political reform to reduce Arafat to a mere figurehead, then take measures to strike at extremist Palestinians.

Generally speaking, the negative effects brought by the U.S. war against Iraq will make it more difficult for the Palestinians. Therefore, under the U.S. pressure, they are liable to take stock of the situation and adjust their policy with Israel. At a recent meeting held in Cairo, Egypt, mainstream Palestinians appealed for a stop to suicide bombings targeting Israelis. In response to requirements by the United States, the EU, Russia and the UN, Arafat gave up his original position that no prime minister should be appointed in the Palestinian National Authority, and nominated Mahomet Abbas, known as Abu Mazen, as the new prime minister. Palestine may take some measures to prevent extremist Palestinians from launching terrorist attacks against Israelis. Tension, therefore, may be eased to some degree, but there is little likelihood of it ending. ■



Baghdad under attack

U.S. Begins Assault on Iraq

Launch of pre-dawn air strikes draw immediate comments from world leaders. China urges a "stop to military action"

The United States began its war to disarm Iraq and depose Saddam Hussein in the morning of March 20 not with the "shock and awe" firestorm expected but with a pre-emptive air strike aimed at the Iraqi president himself.

Nevertheless, many world leaders expressed their opposition to the U.S.-led strikes, while others voiced concerns for innocent civilians and their hopes for peace in the opening hours of the assault, according to wire reports.

Explosions rocked the center of Baghdad about 90 minutes after the expiration of a 48-hour deadline set by President Bush demanding Saddam and his two sons leave or face war.

The U.S. government confirmed that a "target of military opportunity" was attacked at around 5:30 a.m. in the Iraqi capital, and later explained that it was a "decapitation attack" aimed at Saddam himself.

However about two hours later Saddam appeared to give a televised address to his nation, condemning the attacks as a "shameful criminal act" and deriding the U.S. president as "evil, little



ATM-120 missiles head for Iraq

Bush." There is no way to immediately know if the statement was pre-taped.

Officials said U.S. forces also struck several other targets in southern and far western Iraq in a preliminary strike lead-

ing to a broader invasion.

Iraq fired back later in the day, reportedly sending six missiles into neighboring Kuwait.

"It seems they were trying to hit the American camp at Doha but missed," a Kuwaiti defense official told Reuters, referring to a large U.S.-run military facility north of Kuwait City.

U.S. President Bush addressed the nation shortly after the first strikes, saying the United States had begun military operations to disarm Iraq.

"Now that conflict has come, the only way to limit its duration is to apply decisive force, and I assure you this will not be a campaign of half-measures, and we'll accept no outcome but victory," Bush said.

"We will defend our freedom. We will bring freedom to others, and we will prevail," he added.

Saddam vowed "Iraq will be victorious" and "we will take them to such limits that they will lose their patience in achieving their plans" hinting that Iraq's plan of defense is to slow the United States down and hope the international community will push for peace.

"They will face a bitter defeat, God willing," he said. "You will be able to achieve glory and your despicable infidel enemies will be defeated."

A few precise air strikes were not the "shock and awe" analysts were expecting to lead off the attack. The United States was expected to begin with thousands of precision bombs to knock out Iraqi defense targets in a rain of fire.

Officials in Washington said the attacks were not the start of the air campaign: "It is a limited thing. It ain't A-Day," said one Pentagon official, referring to the slogan for the start of the air war.

President Bush claims Iraq still has weapons of mass destruction (WMD) and is a threat to the region. Iraq has denied that claim and also denies sending Scud missiles into Kuwait following the Thursday strikes.

Iraqi officials told the media that the initial U.S. strikes on Baghdad killed one civilian and wounded several others.

Speaking at a news conference, Iraqi Information Minister Mohamed Saeed al-Sahhaf said the U.S. raids hit "empty buildings belonging to television and the radio stations and another empty building for Iraqi customs."

Around 300,000 U.S. and British forces have surrounded Iraq, awaiting the order to begin a ground war. ■

The World Reacts

As the United States began its war on Iraq, world leaders issued statements of concern and criticism.

Chinese officials called for an “immediate end” to the military strikes and a return to UN negotiations.

“The U.S. military action against Iraq violates the UN Charter and the basic norms of international laws,” Chinese Foreign Ministry Spokesman Kong Quan said on March 20 in Beijing.

“I believe that within the Security Council most members are opposed to the conclusion of inspections in such a short time and are in favor of a political settlement of discussions.”

Kong added that there was still hope for peace.

“We urge relevant countries to stop their military action and return to the right path,” he said. “As long as there is hope we will continue to work hard for peace.”

A response from the 30-million-strong moderate Muhammadiyah Muslim group in Indonesia came within minutes of the United States and Britain launching attacks on Iraq.

“This is not an attack on Islam but an attack on humanity,” said Syafii Maarif, head of the organization.

In the Middle East, Iran condemned the U.S.-led attack on Iraq and described the move as “illegitimate.” In a statement released early Thursday, Foreign Minister Kamal Kharrazi said: “American military operations on Iraq are unjustifiable and illegitimate.”

Thailand told the media that it wanted no part in the war.

“But we are ready to help rehabilitate (Iraq) after the fighting, up to the extent of our resources,” Prime Minister Thaksin Shinawatra said. “At this stage, we hope the war casualties will be confined only to military targets and not on civilians.”

Murid Timasaen, spokesman for Thailand’s Muslims for Peace Group, told reporters that Americans would never live

in peace again. “They have attracted more enemies than ever, not only from the Muslim world, but also from the Buddhist community,” he said.

“Countries like Iraq don’t have the capacity to fight the Americans in a conventional war, so more terrorist means will be deployed against the Americans.”

Russia, one of the five permanent members of the UN Security Council also expressed deep concern on the beginning of war.

“As the military campaign was launched, we can only voice our extreme regret and hope that the casualty toll would be minimal,” said an unnamed Russian official. “Until the very last moment Moscow did not lose hope that the Iraqi problem could be resolved within the framework of international law, and that the use of force could be avoided.”

Germany expressed grave unease and urged that all measures be taken to avoid a “humanitarian catastrophe.”

Japan and the Republic of Korea have both pledged their support for the U.S. action.

“At this time... I understand, and I support the start of the use of force by the United States,” Japanese Prime Minister Junichiro Koizumi told a news conference about an hour after Bush announced the start of the attack.

Philippine President Gloria Arroyo also expressed support for the United States, and called for vigilance against possible terror attacks.

“The Philippines is part of the coalition of the willing,” Arroyo said in a speech at the Philippine Military Academy in northern Baguio city. “We are giving political and moral support for actions to rid Iraq of weapons of mass destruction,” she said.

The United Kingdom, the staunchest supporter of the U.S.-led war, has tens of thousands of troops ready to join in the assault.

British government sources said Thursday’s action was not the start of the main campaign. It was unclear whether British forces were involved in Thursday’s early strikes. ■

Iraq Crisis: A Chronology

Trouble With Inspections

1995

July 1 As a result of UNSCOM’s investigation, Iraq admits for the first time the existence of an offensive biological program, but denies the program has made any weapons of mass destruction.

1996

May 20 The UN and Iraq agree to a 180-day trial of UN Security Council Resolution 986, which allows Iraq to sell

\$1 billion of oil every 90 days, with the money to go toward food and medicine only.

June 12 UN Security Council Resolution 1060 terms the denial of access to UNSCOM teams a clear violation of the provision of UN Security Council resolutions.

1997

October 23 In response to Iraq’s refusal to comply with UN arms inspection, the UN Security Council adopts Resolution 1134, condemning Iraq.

November 12 The UN Security Council passes Resolution 1137, condemning Iraq for its decision to expel Americans from UN weapons inspection teams.

1998

December 16 The United States and Britain begin Operation Desert Fox, a four-day air attack on Iraq, hours after UN arms inspectors declare that their work in Iraq has been blocked. Iraq suspends its cooperation with UNSCOM.

1999

December 17 The UN Security Council passes Resolution 1294, approving the establishment of the UN Monitoring, Verification and Inspection Commission (UNMOVIC) to take the place of UNSCOM, which is rejected by Iraq.



George W. Bush: "No outcome but victory"



Saddam Hussein: "We will be victorious against your enemies"

Buildup to the Second Gulf War

2002

January 29 In his State of the Union address, Bush identifies Iraq as a part of the "axis of evil," and says the United States won't permit the world's most dangerous regimes to threaten the world with WMD.

February 13 Iraq says that it will not allow UN arms inspectors to return to Iraq.

July 8 Bush stresses a regime change in Iraq is the state policy of the United States.

September 6 Russian President Vladimir Putin states that military action against Iraq without authorization by the Security Council will not only violate international law, but also lead to severe consequences in the Persian Gulf and the Middle East.

September 12 The White House publishes a document listing 16 charges against Saddam. On the same day, Bush denounces the Iraqi leadership as posing a "grave and gathering danger" and calls for the UN to act. He states that "Security Council resolutions will be enforced—or action will be unavoidable" while addressing the UN General Assembly.

September 16 Iraq declares its unconditional acceptance of UN weapons inspections.

October 10-11 With an overwhelming majority, the U.S. Congress passes a resolution authorizing the Bush administration to use force against Iraq if necessary.

November 8 The UN Security Council unanimously adopts Resolution 1441, stating Iraq must give UN inspec-

tors the unconditional right to search Iraq for banned weapons.

November 13 In a letter to UN Secretary General Kofi Annan, Iraq accepts UN Security Council Resolution 1441 and grants UN inspectors the right to conduct unfettered inspections in Iraq. In the letter, Iraq also denies that it possesses any WMD.

November 27 UN weapons inspections in Iraq are resumed after a four-year suspension.

December 7 Iraq submits a 12,000-page report on its WMD programs to the United Nations.

2003

January 27 Chief UN weapons inspector Hans Blix and IAEA Director General Mohamed ElBaradei submit their report on weapons inspections in Iraq, calling for more time for inspections as well as more active cooperation from Iraq.

February 14 Blix submits the second report on weapons inspections, saying that the attitude of Iraq toward the inspections is comparatively good, but that cooperation is not complete and Iraq still possesses banned weapons.

February 19 U.S. Secretary of Defense Donald Rumsfeld says during a briefing at the Pentagon that war with Iraq is not inevitable, but time is running out for Saddam Hussein.

March 6 In a U.S. prime-time news conference, Bush says the United States will drive Saddam Hussein from power if it comes to war in Iraq, with or without support from France, Germany and other skeptical allies.

March 7 Blix submits an inspection report saying that the inspection staff has

not found any evidence that Iraq is producing or hiding biochemical or nuclear weapons, and that it is necessary to send more personnel to Iraq for further monitoring.

March 9 In an interview with NBC, U.S. Secretary of State Colin Powell says that the military action against Iraq will start before March 17 if the UN Security Council cannot adopt a resolution defining March 17 as the deadline for disarming Iraq.

Iraq destroys nine al-Samoud 2 missiles, brining the total number destroyed to 49.

March 10 Russia and France warn they will vote against a UN Security Council resolution authorizing the use of force against Iraq.

The War Begins

2003

March 16 U.S. President Bush, British Prime Minister Tony Blair and Spanish Prime Minister Jose Maria Aznar hold a summit in the Azores to work out their next step, after their bid to give Iraq an ultimatum was blocked at the UN Security Council. Bush says at the ensuing press conference that March 17 is the day that will determine if diplomacy can work.

Saddam Hussein warns that if Iraq is attacked, it will take the war anywhere in the world, "wherever there is sky, land or water."

March 17 Bush gives Saddam 48 hours to flee Iraq or face an attack, adding that American forces will wage war at a time of Bush's choosing.

Saddam Hussein delivers a speech expressing that he does not hope for a war but never the less vows to defeat any U.S. invasion.

UN Secretary General Kofi Annan says that the war against Iraq is opposed by most countries. He also orders all UN staff to withdraw from Iraq and suspends the "oil for food" plan.

The United States announces that the diplomatic effort to peacefully settle the Iraq issue is over, and that it has abandoned a vote on the draft resolution on Iraq along with Britain and Spain.

March 18 UN weapons inspectors leave Baghdad for Cyprus by air.

Iraqi television reports that Saddam has rejected Bush's 48-hour ultimatum.

March 19 In a televised speech, Bush says he has launched war against Iraq, promising a "broad and concerted campaign" to disarm Baghdad and topple Saddam. ■

Is the Stock Market Safe For Your Savings?

Recent statistics of the People's Bank of China show that the balance of savings deposits by China's urban and rural residents hit a record of 9.81 trillion yuan at the end of January 2003, up from 8.7 trillion yuan at the end of 2002.

The fact that the growth rate of residents' savings topped that of their disposable income indicates that increased savings are not only due to the added income of residents or revenue of enterprises, but also to a rise in savings, which is attributed to a slowdown of consumption. The consumption, stock, bond and real estate markets are all vying for a share of the savings deposits of Chinese residents.

Bank interest rates have been cut several times in China, while savings deposits have shown an accelerating increase. Should part of the capital be steered into the stock market, and is it reasonable, or possible, to guide the money flow?

Stock Market has Potential

Xiao Zhuoji (economist): The balance of savings deposits of Chinese residents soared by 17.8 percent in 2002, 7.8 percentage points higher than the first six months of 2001. The growth rate is much faster than those of China's GDP and residential income. The phenomenon shows that some savings are being transferred from other investment fields, which is abnormal.

China's capital market has now accumulated approximately 800 billion yuan, less than 10 percent of the savings deposits. In more open and developed countries and regions, the ratios are at least 30 percent. The major reason for the rise in savings is because the capital market lags behind. China's stock market is comparatively smaller than those in developed countries, and also smaller than stock markets in some developing countries, namely, Singapore, Malaysia and the Republic of Korea. Therefore, China's stock market still enjoys great developmental potential.

A survey conducted among urban and rural depositors by the People's Bank of

China in the second quarter of 2001 showed that households with bank savings as their major investment instrument are dwindling, while those listing treasury bonds and stock as priorities are increasing. Households with stock as the major financial instrument account for 12.1 percent, 0.1 and 2.9 percentage points higher than the previous quarter and previous year respectively. The momentum may slow down, as the stock market has been readjusted since late 2002. Development is a priority when standardization and development are conducted in China's capital market. China should resolve problems in the capital market through development and steer more capital into the stock market to balance its money market.

Savings Require Liquidity, Safety

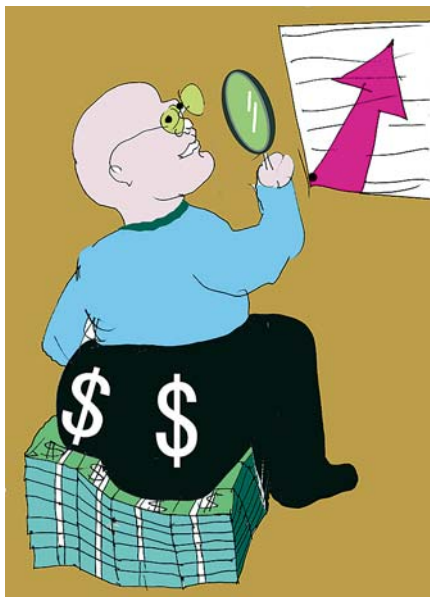
Bu Deying (senior economic administrator): We should first find out why Chinese save money. A certain amount of these savings are current deposits, which require safety and liquidity. Investment in the stock market apparently cannot guarantee these properties. The lion's share of savings are long-term

ones. According to a survey by the People's Bank of China of the second quarter of 2002, 19.8 percent of depositors regard their child's education as the top purpose of their savings, 13.6 percent save for their retirement, 11.9 percent save to purchase, build or decorate apartments, 11.1 percent save to guard against ill health, unemployment or accidents, 10 percent save for durable consumables, and less than 5 percent save to earn interest. Most depositors demand a high safety index for their money; therefore there is little possibility of diverting savings into the stock market.

In consideration of the lives of Chinese residents, their savings deposits are far from enough. The per-capita savings of Chinese residents total only a little more than 7,500 yuan. According to the fashionable estimation that 20 percent of the total population owns 80 percent of the savings, the per-capita savings of the richest 20 percent would hit 25,000 yuan, for the other 80 percent of the population, per-capita savings total just 1,550 yuan, and most Chinese households would have an average of less than 5,000 yuan in the bank, which is just enough to cover the cost of hospitalization.

There is a big gap between the per-capita savings deposits of Chinese residents and their counterparts in developed countries, or even those in developing countries of same level. A considerable part of the 9.81 trillion yuan in savings belongs to subsidiary institutions and enterprises in violation of fiscal regulations, and some is production capital for farmers. For most Chinese residents, their savings can hardly meet their demands for emergency use, let alone increase consumption or investment in the risky stock market. Therefore, residents' savings cannot be depended upon to rescue either the inefficient consumption demand or the sluggish stock market.

Some hold that trillions of yuan in savings are sleeping in banks, thus social resources cannot be effectively utilized; therefore the money should be guided into the stock market.



But actually, these trillions of yuan, rather than lying dormant, are playing a major role in production. They are transformed into fixed and circulating assets in the form of long- or short-term bank loans. If savings flow out of the bank into the stock market, capital support for millions of enterprises would be withdrawn. When the stock market thrives, only a few public companies can meet their capital needs through issuing more stock, while most enterprises would be mired in a dilemma due to lack of loan support.

Does the tendency of Chinese residents to put their money in the bank lead to inefficient non-governmental investment? To answer this question, we must reveal what is behind China's inefficient investment demand, whether it is abnormal consumption shrinkage or blocked channels from savings to investment. I believe the latter is the major reason, especially less investment channels in rural China attributing to inefficient investment demand. The government should, by all means, divert part of the increased savings deposits into investment, including issuing government debt, enterprise stocks and bonds, to maintain the balance of supply and demand and normal economic growth. For most urban and rural residents, the safest and most convenient investment channel, which can also guarantee a higher interest rate than the bank, is to purchase treasury bonds. However, it costs more to issue treasury bonds to farmers, as they live far apart from one another. To compensate, it is worth considering remitting their interest tax.

From a long-term perspective, although the balance of savings deposits of urban and rural Chinese residents have been growing, the pace tends to slow down. Savings deposits grew by 33.9 percent annually in the 1980s, but the growth rate dropped to 27.6 percent in the 1990s. The nominal GDP grew at 15.4 percent and 17.1 percent in the 1980s and 1990s respectively. Residential savings are supposed to increase together with the growth of GDP, but it does not happen in real life. The phenomenon indicates Chinese residents' declining tendency to save money. The growth rate of savings

deposits of urban and rural residents dwindled, even when we take the incomparable elements in the 1980s and 1990s into consideration, for example, more treasury bond issues, advent and rapid development of the stock market and mushrooming investment channels, including funds and insurance. Therefore, we cannot conclude that inefficient demand in recent years has been caused by an increase in savings deposits. It is actually caused by a blocked transformation from savings to investment.

The current problem is not to simply free the 9.81 trillion yuan in residential savings deposits from the bank, but to find safe and reliable investment instruments for depositors, and provide a better guarantee to their concerns over health care, superannuation and education. Investment strategies include treasury bonds, enterprise bonds, stock investment funds, enterprise investment funds, insurance, and stocks of

public and non-public enterprises. I propose that the issue of treasury bonds should first satisfy the needs of residents, and then open to banks and institutional investors. I also recommend regional stock exchange centers be responsible for the issue of local stocks and local government bonds, and increasing enterprise bonds.

Stock Market Unrealistic

Wang Guirong and Zhang Xiaochun (International Finance News): Unsound mechanisms and delayed supervision in the stock market has left the interests of small- and medium-sized investors unprotected. When the stock market, which generally lacks investment value, tries to solicit money and expand its scale, it seems unrealistic that it can attract savings deposits.

The idea to attract non-governmental capital and expand the ratio of direct fund raising is desirable. However, the crux of attracting capital into the stock market is whether the market enjoys investment value, whether public companies can truly reward its investors, and whether stock supervision can protect the interest

of small- and medium-sized investors. But when looking around China's stock market, we can barely find anything that is attractive to the public.

The stock market has not brought substantial returns to investors. Annual service charges for buying and selling stocks far exceed the dividends of public companies. In 2000, service charges totalled 90 billion yuan, while dividends to shareholders was less than 20 billion yuan, making a shortfall of 70 billion yuan. Public companies accumulated hundreds of billions of yuan through new issues, rights issues and scrip issues. Institutional investors always enjoy superiority through good timing, geographical convenience and harmonious personal relations, leaving small- and medium-sized investors in an awkward position. Stock market slumps hurt all sides, but the biggest victims are small- and medium-sized investors, as they are in a passive position in terms of capital, channels and information. When disinformation occurred, they were totally lost and prone to lose.

Investors have left open-ended funds out in the cold. Since these funds debuted in September 2001, their issues have gone from bad to worse, in spite of improvement in commercial networks, subscription limitations and charges.

Fund managers claim they will provide safe and quality money management services for the vast number of depositors and institutional investors, but Chinese residents still regard banks as the best place for their money.

They have their own explanations. The current stock market upholds rational investment. Funds in excessive supply, especially open-ended funds, can hardly acquire ideal returns through stock investment. There are not many public companies with good investment value in China. Under these circumstances, fund managers' claims can be seen as just wishful thinking.

When the stock market, a place where risks outnumber returns, runs unchecked and is plagued by public companies' swindling scandals, how can it win the trust of small- and medium-sized investors? Slumps in the stock market bring losses and make investors its victims. As loopholes currently exist in the stock market, these investors are destined to fail. They all have fond memories of making some money out of the stock market, but most of them can never make a fortune. ■

When the stock market, which generally lacks investment value, tries to solicit money and expand its scale, it seems unrealistic that it can attract savings deposits.

Artifacts Excavated

The city of Baise in the Guangxi Zhuang Autonomous Region is famous for its many archaeological sites. Recently, archaeologists unearthed more than 200 artifacts from the Paleolithic era in the city's Baifacun Village.

Archaeologist Xie Guangmao, Director of the Guangxi Cultural Relics Research Office, said that the artifacts include flint tools such as hand pickaxes and chopping tools and glass aerolites. Over 80 glass aerolites, with different shapes and sizes, have been excavated, far more than the total number of glass aerolites unearthed before in the area.

Over the past 29 years, archaeologists have discovered over 70 artifacts in the 90-km-long, 15-km-wide Baise Pendi (basin). Last December, archaeologists discovered a 500-square-meter flint tool manufacturing site 6,000 to 7,000 years old. Experts believe that the site is the largest and best preserved of its kind yet discovered in China.

Bronze Masks Unearthed

An important discovery of Western Zhou artifacts was recently made in southwest Beijing. Song Dachuan, Director of the Beijing Cultural Relics Institute, stated on January 23 that the excavation work of the 14 tombs in Huangtupocun Village, begun last July, has been completed. In addition to a large number of sacrificial instruments such as tripods, seven bronze masks of a kind rarely seen in China were unearthed.

Three of the masks were made in the shape of ox head and the rest were exaggerated images of humans and animals. The bizarre masks are similar in shape to the Sanxingdui (in Sichuan Province) masks, but are different in both style and age.

"The seven bronze masks are of a type rarely seen in China, especially in the north. It is the first time that any have been found in north China," explained Song. Owing to the ongoing archaeological work, detailed information about the masks cannot be disclosed at the moment. After winding up the work, the valuable cultural artifacts will be revealed to public.

Located in the town of Liulihe, 43 km southwest of Beijing, the Western Zhou Yandu site has well preserved walls and palace of the Yan Kingdom from over 3,000 years ago, as well as several hundred tombs of kings and high court officials.

Many bronze artifacts with inscriptions of kings, officials and nobles have been excavated at the site and designated national

treasures. Last year's discovery was regarded as the most important archaeological discovery in the past 20 years in Beijing.

Ancient Well in Shaanxi

After three years of hard work, archaeologists from Peking University, the Chinese Academy of Social Sciences and the Shaanxi Archaeology Institute have discovered an ancient well in Zhouyuan, Shaanxi Province. The 31-meter-deep well dates back to the Zhou Dynasty (1100-256 B.C.).

The well is elliptical, 2.5 meters long and 2 meters wide at the top. Five meters underground, the transverse section becomes a rectangle of 2.1 meters long and 1.1 meters wide. The well expands 31 meters under the ground and many pottery fragments were found at the bottom. Archaeologists believe the shards were used to filter water. In addition, many household items were found in the well, including pots, jars, bone implements, flint tools and charcoal.

Cao Wei, Deputy Director of the Shaanxi Archaeology Institute, said, "This well provides valuable evidence for the study of the structure of wells and hydrology during the Zhou Dynasty."

The well is located north of a rectangular building foundation 11.1 meters long from north to south and 7.35 meters wide. Cloisters were built on its east, west and north sides, whose ground is 15 to 30 cm lower than the foundation. A jade cicada was

unearthed south of the eastern cloister. The foundation was built with mellow soil.

Experts believe that some links exist between the building foundation and the previously discovered large building complex from the Western Zhou (1100-771 B.C.). The discovery of the foundation supplies important data for research on the structure of large building complex and the social norms of etiquette during that time.

Rare Bronze Artifacts Discovered in Shaanxi

A total of 27 rare bronze items were discovered in Meixian County in Shaanxi Province. The find will provide important material evidence for the study of the Western Zhou (1100-771 B.C.) period and the separate periods of Xia, Shang and Zhou Dynasties (2070-256 B.C.).

The site is located near a kiln on a slope over 10 meters high, to the north of the village of Yangjiacun, near Majia Town in Meixian County. A local villager discovered the site while digging around the slope.

The bronze pieces, all with inscriptions, include 12 ancient cooking tripods with two loop handles, nine ancient cooking tripods with hollow legs, two pots, one plate and one broad-mouthed receptacle. The inscriptions on the artifacts, with more than 3,000 Chinese characters, indicate the relationship between the Western Zhou and other ethnic groups in the late Western Zhou Dynasty. ■



Rare bronze wares recently unearthed in Shaanxi Province

MINISTRY OF FOREIGN TRADE AND ECONOMIC COOPERATION

New Rules on Foreign Mergers and Acquisitions

The Ministry of Foreign Trade and Economic Cooperation (MOFTEC), State Administration of Taxation, State Administration of Industry and Commerce and State Administration of Foreign Exchange have jointly promulgated the Provisional Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which provide provisions concerning the principles, procedures, examination and approval of such cases.

Overseas investors can purchase non-foreign-funded enterprises in China through the following two channels: stake purchase (buying a shareholder's shares or buying out a Chinese company and turning it into an overseas investment); asset purchase (establishing a foreign-funded company and then contracting to buy the assets of a Chinese company, or a foreign investor contracts to buy a Chinese asset and then uses it to set up a foreign business). Promulgation of the new rules offers a legal basis for the operation of these M/A means.

The new rules, which will take effect as of April 12, indicate that more fields will be opened to foreign investors. "The major breakthrough in it is the definition of rights and obligations of overseas investors and Chinese enterprises, thus effectively protecting both parties' interests from being infringed," a MOFTEC spokesperson said. The rules also clearly define financial claims and debts of both parties in M/A.

Real Foreign Investment Maintains Fast Growth

In January and February 2003, China approved 5,392 new foreign-funded firms, 32.19 percent more than the same period last year; the value of foreign investment contracts reached \$14.22 billion, up 59.11 percent; and utilized foreign investment was \$7.54 billion, up 53.61 percent.

The most important reason for this year's rapid growth of utilized foreign investment is the low base in the previous year. Foreign investment absorbed last year was \$52.7 billion.

By the end of February 2003, China had approved 429,588 foreign-funded companies with a total contracted value

of \$842.28 billion. Foreign investment actually utilized stood at \$455.51 billion.

THE STATE COUNCIL

Regulations on Sino-Foreign Cooperative Schools

The State Council has issued its No.372 Decree: the Regulations of the People's Republic of China on Sino-foreign Cooperative Schools, which will take effect as of September 1. While regulating Sino-foreign cooperative schools, the regulations are expected to enhance foreign exchanges and cooperation in education, and promote development of the country's education.

The regulations state that cooperative schools are part of China's education. China will implement an opening, standard, lawful and promotive policy toward it, encourage Sino-foreign cooperation in higher education and vocational education, and cooperation between Chinese higher education institutions and prestigious overseas counterparts. Both parties may jointly establish a variety of educational institutions except in compulsory education, military, police and political education.

It is stipulated that cooperative education should be in accordance with the development needs of Chinese education, guarantee the quality of teaching programs and be devoted to fostering personnel for China's socialist construction. Legitimate rights and interests of both parties are protected by Chinese laws, and the schools they run enjoy relevant preferential policies while independently carrying out teaching programs.

Specific rules are set concerning the establishment, organization and administration, teaching, assets and finance, transformation and conclusion, as well as legal responsibilities, of cooperative schools.

MINISTRY OF INFORMATION INDUSTRY

Second-Level .cn Domain Names Available

China began offering second-level .cn domains from March 17. Experts predict that the measure will result in more than 250,000 registered domains.

A Ministry of Information Industry (MII) source said that to protect both national and public interests, MII has taken a series of systematic protective measures while issuing new policies on domain registration, including prohibited

registration, limited registration, preferential registration and updating. It has also set dates for policy notice, preferential application and processing, which could effectively protect the interests of government bodies, famous trademarks, world cultural and natural heritage, higher education institutions, media groups and other third-level domain name owners. The opening of second-level .cn domain names is currently going smoothly.

Preferential registration and updating of the second-level .cn domain names were concluded at the end of February. China now has 5,857 preferentially registered domains and 65,346 updated ones.

MINISTRY OF CONSTRUCTION

Overseas Investors to Access Urban Planning

The Ministry of Construction and MOFTEC have jointly issued the Regulations on Foreign Investment in Urban Planning and Services Enterprises. According to the regulations, foreign investors may set up Sino-foreign joint ventures, cooperative businesses and exclusively foreign-owned enterprises in China in the urban planning and service sector, apply for relevant qualification certificates, and offer urban planning design and consultancy services, excluding overall design. The regulations will take effect as of May 1, 2003.

Construction and design markets in Japan, Europe and the United States are not optimistic, due to the overall slump in the world economy, but China's economic growth and the huge potential brought to the construction market by the 2008 Olympic Games have attracted almost all world-famous design institutions. Many renowned institutions in the United States, Europe, Canada and Japan have either established China offices or have cooperated with Chinese partners.

"Once foreign investment is allowed into the sector, there would be fierce competition," said Dong Gengran, Director of the Construction Institute under the Beijing Institute of Urban Construction Design. Beijing currently has more than 600 construction design firms, a notable rise from just a few dozen in past years. Advanced design theories and experience will intensify competition. But the entry of overseas investment will certainly improve the overall level of China's construction design sector. ■