

CHALLENGER: China

China was ruled by a *Dragon-Emperor* for over 2,000 years. The subsequent sixty years of rule by the Chinese Communist Party has used that as a model for its equally unquestioned centralized dictatorship.

Note: Where possible *pinyin* standard transliteration has been used. Pinyin was officially adopted in 1979 for spelling Chinese in Roman letters. Variants such as “Peking” and “Mao Tse Tung” will soon disappear entirely.

The Dragon Emperor (221BC – 1967)

In 221BC *Yi Zheng* (of *terra cotta warriors* fame) founded the *Qin* dynasty and united many warring fiefdoms into a single entity that continues through to today as the core of modern China. This was not an astonishing creation from nothing. Many of the fiefdoms were themselves millennia ahead of most of Europe – they had settled agrarian populations, centralized governance, writing systems, currency and, most importantly, *bureaucracy*. The new idea that *Yi Zheng* imposed was not like the unification of the German states (or the USA); it was more like the “unification” brought by the Roman Empire, or by the European Union.

Three hundred years before *Yi Zheng*, **Confucius** (K'ung-fu-tzu; 551-479 BC) had committed the principles of good governance to writing. Confucius – like his contemporary **Lao Tzu** – was an *archivist*, a courtier familiar with the written precedent and able to advise the ruler on traditional wisdom, “*lessons learned*” in modern terms. These social systems proved resilient against all impacts – when the **Mongols** invaded China in the 13th century, they were subsumed into Chinese society, and ruled in the Chinese manner.

Although the *Han* are the dominant ethnic group, the *Manchu* were able to supplant the *Ming* dynasty in 1644, establishing the *Qing* dynasty centered on Beijing. This was to be last dynasty. Assailed throughout the 19th century by the **British** and others who forced China to trade at gun-point, by **Russian** intrigue and by Chinese republicanism, the last emperor **P'u Yi** (1906-1967) was deposed by the nationalists in 1912, and was “non-ruling emperor” until 1924. The **Japanese** later attempted to reinstate *P'u Yi* for their own imperialistic purposes but he was captured by the Russians, handed over to the incoming Chinese Communists and re-educated. The last *Dragon Emperor* -- *Lord of Ten Thousand Years* – died as an ordinary Chinese citizen in 1967.

The Dictatorship of the Proletariat (1949--)

The emperor was the least of worries for the republican nationalists **Sūn Yìxiān** (“Sun Yat-sen”) and his protégé **Jiǎng Jièshí** (“Chiang Kai-shek”). From 1916 into the 1920s, China fragmented into *warlordism*, shifting alliances between warring regional leaders. The Russians fresh from their own people’s revolution were eager to advise the nationalists and helped establish the **Guómíndǎng** (“Kuomintang” - Nationalist People’s Party) with the germinal **Chinese Communist Party** as junior partners. With the death of *Sūn Yìxiān* in 1925, *Jiǎng Jièshí* saw it necessary to take full control of the *Guómíndǎng* and he started to kill his Communist allies. Twenty years of struggle followed, punctuated by a brutal invasion by **Japan**, ending in 1949 with the Communists under **Mao Zedong** winning control. *Jiǎng Jièshí* fled to **Taiwan** and declared Taipei the capital of the **Republic of China**; *Mao Zedong* declared Beijing the capital of **People’s Republic of China** (PRC). Taiwan retained the “China” seat on the **UN Security Council**.

China was exhausted. Generations, perhaps centuries, of failing imperial rule, depredation by the West, *genocide* by Japan, and twenty years of civil war had done little to improve the lot of an agrarian, feudal population.

The Great Leap Backwards (1958-1966)

The authority of the Communist Party quickly filled the vacuum of public order throughout the country, with order assured by the massive politically-correct **People's Liberation Army (PLA)** still bloodied from years of battle. Within a decade *Mao* thought he knew better than his Russian advisers and instituted the **Great Leap Forward**, universal industrialization from the bottom up. Countless “backyard” iron and steel refineries and small factories sprang up throughout much of China. This revolutionary approach may in some form have worked over time – in some ways it did – but in the short-term it was disastrous and China experienced the worst famine in history 1960/1961. The disaster coincided with emerging ideological differences and Russia ceased all technology transfer, withdrawing all advisers by August 1960. Sino-Soviet relations froze.

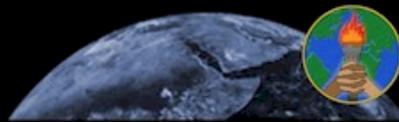
Most, if not all, saw the need for a new strategy and **Liu Shaoqi** (State President) and his protégé **Deng Xiaoping** (Party General Secretary) promulgated practical middle-way policies. *Mao* (Party Chairman) refused to forsake his Way and in 1966 launched a vast proletarian “*Cultural Revolution*” against the “revisionism” of *Liu* and *Deng*. The **Red Guards** – youth with *Mao*'s authority and a zeal verging on religious mania -- attacked party and state officials and organizations at every level to purge China forever of reactionary thought and backwards-going. Few were killed but a generation of intellectuals and the capable were deposed, humiliated, and “re-educated” by ignorant 14-year olds. The widespread anarchy achieved nothing to advance the Chinese people.

By about 1973, the teenagers had exhausted themselves and *Deng* was appointed in 1975 to the *Politburo Standing Committee*, Chief of the *PLA*, and Deputy Premier, a potent triumvirate of posts. But the *Mao* camp was not beaten -- *Mao*'s wife, *Jiang Qing*, and three others (later known as the **Gang of Four**) continued the *Cultural Revolution* and fought all that *Deng* stood for. On 05 April 1976, a spontaneous demonstration was staged in **Tiān'ānmén Square** in memory of the popular *Zhou Enlai* (who had died in January) and in implicit support for *Deng*. They may also have sensed *Mao* was on his death-bed. The authorities panicked and forcefully dispersed the demonstration. *Deng* was blamed for the un-Chinese disorder and stripped of official posts.

With *Mao*'s death in September 1976, the *Gang of Four* were arrested and humiliated and then China went very quiet for almost a year while workable consensus was reached among the elite. In August 1977, *Deng* was rehabilitated to all of his previous posts and “pragmatic” – rather than “revolutionary” – policies were again on the table. The party also tried to rehabilitate elements of society who had been alienated by the *Cultural Revolution*; intellectuals and social critics were given license for critical analysis but it was clear to all that no license extended to criticism of the Party's singular authority. In 1980 the *Cultural Revolution* was officially described a catastrophe. Appointment of reformist **Hú Yàobāng** to *Party General Secretary* in 1981 further signaled the future course had been set.

Reform policies, and particularly the suspension of central direction – a *de facto* “free market” -- brought immediate improvement in the living standard, particularly among urban workers. But market forces also brought price rises, the re-emergence of crime, and seemed only to highlight how much greater reform was possible. In December 1986, there were *demonstrations* calling for faster reform. The Party failed to see this as healthy social criticism. Spontaneous assembly was seen as social instability and next month *Deng* was forced to blame his own protégé *Hu Yaobang* for the “unrest” and dismiss him as *Party General Secretary*, to be replaced by Premier **Zhao Ziyang**. Note how this reveals the relative importance of posts – *Party General Secretary* is a more powerful post than *Premier* (“Prime Minister”).

But *Zhao* was also a reformist and he came under attack from both camps – from some in the Party for courting social upheaval, and by some in the population for either slow reform or for consequences of reform such as price rises and inflation. A border away, in June 1987 **Mikhail Gorbachev** introduced the policy of **Perestroika** (“restructuring”), a watershed in Soviet history and winds of change that may have frightened some in China. A *disaffected urban population* was forming and the death of *Hu Yaobang* in April 1989 provided focus for demands for continued and faster reform, and for an end to official corruption. Protestors, mainly students, assembled in Shanghai, Chengdu, and Guangzhou and in Beijing



at **Tiān'ānmén Square**. The crowd in *Tiān'ānmén* refused to heed government directions to disperse; **martial law** was declared on 20 May 1989 and several more days of standoff followed. On the night of 3/4 June army units from beyond Beijing cleared the Square with prejudicial force and a yet unknown number of demonstrators died. *Deng* and the reformers were again blamed for causing social instability and “reform” became a politically-dangerous word.

Three years later, *Deng* made his third and final comeback. In early 1992 he traveled to the industrial heartland in southern China signaling market-based pragmatism was again to the fore. The living standard of the proletariat was to be China's primary policy objective, even if this meant arrangements with "capitalist" principles were necessary. Crucially, the Party **Politburo** publicly issued an endorsement of *Deng's* policies of economic openness. This has remained official policy since that day. China had finally resolved the dilemma between Communist rule and Free-market Capitalism with a unique solution – free-market capitalism under Communist dictatorship.

Transition

Deng Xiaoping died in 1997 (1904–1997). Unlike *Mao*, Deng was an urbane man educated in France (as were **Ho Chi Minh**, hero of **Viet Nam** and **Zhou Enlai**, China's first Communist premier). He never held top State office of President or Premier but for 20 years was *de facto* leader of China, and for decades before that one its key helmsmen. He is the person most responsible for the form of modern China. His



repeated survival and re-emergence attests to consummate skills of negotiation and persuasion.

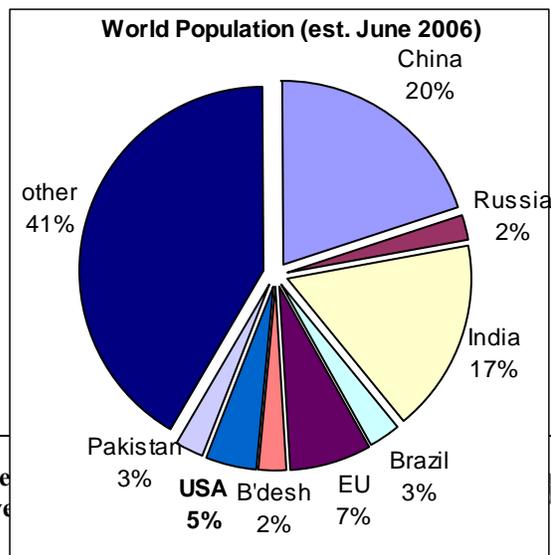
Transition to a new generation was seamless; power devolved to President **Jiāng Zémín** (1926-) and in March 1998 **Zhu Rongji** replaced **Li Peng** as Premier. In November 2002 **Hú Jǐntāo** (1942-), another *Deng* protégé, became General Secretary. By late 2004 he was also elected President and Chairman of the Central Military Commission, control of the PLA.

China has not significantly resiled from its commitment in 1992 to economic reform and accession to the **WTO** in 2001 meant China had met “free market” standards that Russia is yet to meet. China sees its hosting of the 2008 **XXIX Olympiad** in Beijing as a final proof that the **Long March** has brought a modern China into a modern world.

People

The **Han** Chinese (92%) are the overwhelmingly dominant ethnic group but minorities such as the *Manchu* (10 million) have played a major part in centuries of Chinese history. Other minorities – the *Turkic* and *Muslim Uyghur* (7 million), the **Mongolians** (5 million), and **Tibetans** (5 million) – are not fully willing citizens of the Chinese Republic. Other substantial minorities are **Zhuang** (16 million), **Hui** (9 million), **Miao** (8 million), **Yi** (7 million).

The Chinese population of 1,314 million is **20%** of the human population. The government estimates the population will stabilize in around 2050 at around 1,600 million. Decades of **zero-population-growth** (ZPG) policy has produced an demography similar to Western nations – the median age of **33 years** is closer



to that of the USA (37 years) than to the median of Indonesia (27 years). Indicative comparisons are: **Nigeria 19; India 25; Indonesia 27; China 33; USA 37; UK 39; Germany 43.** There were reports of forced abortions in some regions to enforce ZPG but this may have been excesses of local party apparatchiks rather than the hand of Beijing. The one-child policy has been mainly pushed through propaganda and monetary sanctions. ZPG has largely worked and China has curtailed unsustainable population growth. As a capricious side-impact this has produced a nation of only children, often obese and self-centered only children, a vast number of “Me Generation” individuals which will have yet unknown social and political consequences.

Government

The Chinese constitution places the 2,985 seat **National People's Congress (NPC)** as the legislative branch and supreme organ of government. This is a delegatory body, representing the Chinese population more than any other institution. It elects (or confirms Party recommendations for) the **President**, the **Premier**, and the **State Council (Cabinet)** and other functionaries of day-to-day government. The NPC has a permanent **Standing Committee** which exercises the authority of the NPC when it is not in session.

In reality the Party runs China and, in the most cynical view, the NPC simply rubber-stamps Party programs. Only 5% (66 million) of the population are members of the **Chinese Communist Party**. Constitutionally, the Party's supreme body is the **Party Congress**, which generally meets every 5 years but the 24 member **Politburo** (and its core 9 member **Politburo Standing Committee**), and the **Secretariat** headed by the **General Secretary** are the locus of real power. In a reductionist analysis, the Party General Secretary (or the *Chairman* in *Mao's* day) is the center of power. But with *Hú Jǐntāo's* rise to power all three key offices of *President*, *General Secretary*, and head of the PLA, reside in him. This may signal the first generation of a shift of gravity from Party to State-like apparatus.

China's reality mitigates against a hopelessly cynical analysis. The complex story of China's last 50 years is conspicuously lacking the purges and murders of *Stalinist Russia*. *Deng Xiaoping* would not have returned from political disgrace so many times – or lived to 93 -- in many other societies. China does believe that only a ruthless autocrat – the Dragon Emperor – can rule China but the Chinese way is also one of personal relationships and consensus. The world press sees highly orchestrated NPC meetings but China watchers say there is active debate in closed sessions and a desire to rule by consensus.

Opposition

The **China Democracy Party** – with offices in Washington DC – is overtly opposed to the Chinese regime. Along with opposition elements based in **Taiwan**, it seeks the democratization of China in the Western manner. Although fundamental human rights shortcomings remain in China, the new policies of guided free market capitalism has considerably defused economic arguments for regime change.

Proof of this nervousness amidst economic liberalization is China's persistent censorship of the *internet*. Some degree of control is possible if Internet Service Providers (ISP) filter a growing list of proscribed sites but the measures fall into the absurd when individual entries in encyclopaedia pages need to be modified for China conditions. It is unclear precisely what groups of users China is trying to protect from what content – to stop anyone knowing the *Politburo* puts on its trousers one leg at a time, to stop villages knowing how far they are falling behind the cities, or to stop urban elites knowing things they already know. One clue is the order in September 2006 that all foreign news bureaus must distribute their content through the state news agency *Xinhua*. The ability of large sections of the population to communicate and to coordinate is probably the underlying reason for nervousness. This is consistent with the measures against *Fálún Gōng* and the *Tiān'ānmén* protestors. The regime seems to think it is less secure than everyone else thinks it is – these measures are the clue.

With increased *officer exchange* and growing professionalism in the military, the **PLA** may in future play an unexpected role in Chinese political affairs. Several possible scenarios may place the PLA in a dilemma between Party authority and the constitutional civil authority. Ideological correctness will incline them one way, modern military doctrine will incline them another.

Economy

China has had the fastest sustained economic growth in history. Its continuing growth of 8% to 10% has boosted PPP GDP to almost \$9 Trillion and PPP GDP per capita from subsistence levels to almost \$7,000. Average unemployment is 9% but substantial unemployment (and underemployment) in rural areas is 20% or more. Since *Deng* launched the notion of a "socialist market economy" in 1992, China has moved step-by-step towards *privatization* of state enterprises and relaxation of controls throughout the economy. This has brought immense social risks. Prices for basic foods freed from command economy controls have risen and many millions of workers have been left jobless when unsustainable state enterprises closed. Today, China is the fourth largest economy in the world -- in parity adjusted (PPP) terms it is second to the US – but there is a need to sustain nothing less than world record growth to manage the economic transition without social disaster. The **World Bank** estimates 100 to 200 million people in the inland provinces live in poverty on less than U.S. \$1 a day. Incomes of the middle class urban elites has grown substantially in the last decade but the 50% of the population engaged in growing food have standards of living largely unchanged since 1950. This disparity is unlikely to trigger a *Great Proletarian Revolution* but it may trigger famine, epidemics, unrest, and embarrassment.

The massive increase in throughputs of money which deregulation and growth have brought is fertile ground for *corruption*, *tax avoidance*, *petty crime*, and serious *organized crime*. These bring loss of government revenue and social discomfort. There are other discomforts as well. Much of China's basic industrial growth has used 19th century processes and pollution is now apocalyptic in some areas. Apart from white-goods, China's economic miracle has also exported unemployment to the US and other countries. The euphemism *off-shoring* has meant factories throughout the industrialized world have closed and moved their capacity (sometimes lock, stock, and barrel with plant and equipment) to China. At first, vast numbers of unskilled workers were left without jobs (but with the prospect of buying cheaper white-goods); now *off-shoring* means workers at any skill level may have their jobs exported. Perhaps China's 1950 goal of exporting proletarian revolution to the West will succeed afterall.

Energy

Energy policy is of supreme strategic importance for China. Any interruption to the relentless growth will throw millions into unemployment, whole regions into poverty, and a population into discontent with the regime. In 2003, China passed **Japan**'s energy consumption and became the second-largest world energy consumer after the **US**. China is energy rich – it is the third-largest energy producer in the world after the **US** and **Russia** but supplies are inadequate to its current growth. Energy concerns are two-fold – China needs to *import* an increasing proportion of its energy, and the main of primary energy source is still *coal*, a dirty 19th century source that has caused massive pollution problems. China is the world's largest producer and consumer of coal; it contributes over 60% to energy inputs. Although China has steadfast

policies on reduction of the share of coal in energy inputs, consumption will continue to rise for many years in absolute terms due to the rate of growth. A slightly cleaner fuel is *oil* but China's own production can not meet needs and it has been a net importer since 1993, largely from the Middle East. Imports are forecast to be around 3.5 million barrels per day by 2010. China is interested in diversifying the **sources** of its oil imports and has invested in oil operations around the world, from **Sudan** to the **Gulf of Mexico**.

China is driven by the two equally important imperatives: *energy security* and *pollution reduction*. It seeks energy security through greater efficiencies, diversification of sources, and security of delivery. The *11th Five-Year Plan* (2006-2010) calls for a 20% improvement in energy efficiency per unit of GDP by 2010, development of *renewable energy* sources and increased regard to environmental issues. With a forecast 45% increase in GDP during the plan period, efforts will need to be ceaseless to meet the goal. Among China's "renewable" energy alternatives, is nuclear power and the country's abundance of *hydro*-electricity potential but these projects – such as the *Three Gorges Dam* (\$24B)– are capital intensive, long in completion, and invariably present new downsides. The *Three Gorges Dam* will have a total output 18 Gigawatt of "free" energy when fully complete in 2009, but China estimates it needs to add 15 Gigawatt of capacity each year to maintain present growth. Clearly, imported primary energy sources will be crucial for some years to come.

Unlike Japan which imports most of its oil from the Middle East through the **Malacca Strait**, China has diversified its sources and means of delivery. Oil sources at present are **Angola** (18%), **Saudi Arabia**, **Iran**, **Russia**, **Oman**, **Equatorial Guinea**, **Yemen**, **Congo**, **Libya**, **Venezuela**, a diversity that provides some measure of intrinsic security. One additional layer in protection of energy sources is the *String of Pearls* strategy, which calls for a string of tanker facilities on the Indian Ocean rim in **Thailand**, **Myanmar**, **Bangladesh**, **Pakistan**. Much of this infrastructure has already been built. In Pakistan, the first stage of the new port of **Gwadar** will be working during 2006. China can offload oil at Gwadar and pipe it through Pakistan to Western China. A project in waiting is a long-discussed plan to build a new canal across the **Kra Isthmus** in **Thailand** which would bypass the *Malacca* route entirely. Projects such as Gwadar indicate that China seems to have foreseen the current energy crunch years before some Western governments. Years of careful preparation have begun to deliver results apart from Gwadar. During 2006 the first batch of crude oil arrived through the *China-Kazakhstan pipeline*, a huge *LNG terminal* was opened, and *natural gas* reserves exceeding 100 billion cubic meters were proven in deep water in the Pearl River Basin. Also in 2006 China announced two *coal-to-oil* plants (\$12B) in the Northwest that will produce oil at around \$27 per barrel, and announced a Sino-Thai *hydro* plant in **Myanmar** on Southeast Asia's longest undammed waterway. Apart from maintaining good trading relations with **Iran** and **Venezuela**, China sees an oil future in **Africa**. It continues to cultivate relations with oil-rich **Angola**, and has a 40% stake in **Sudan**'s oil industry. Some think that **Chad**'s recent nationalization of *ChevronTexaco* and *Petronas* assets, ostensibly in a dispute over taxes, is a move in preparation for China to manage the reserves [Opinion].

During 2006 the State Council (Executive cabinet) produced a *strategic energy policy*, the first of its type in China. This and the goals of the present *Five-Year Plan* call for 10% of energy to come from *renewable* sources by 2020. At present *nuclear* power accounts for just over 1% in 2000 but this is forecast to grow to 5% by 2030. China's high earthquake risk present difficulties for wide-spread use of nuclear power but energy imperatives may force an accelerated use of this problematic source.

Environmental Degradation

Diseases caused by air pollution are now a leading cause of death in China. Seven of the world's ten most air-polluted cities are in China. On a bad day, Chinese air pollution reaches **California**. Acid rain now affects one third of the country and some regions are receiving nothing but acid rain. Around 20% of agricultural land has been lost or degraded since 1949, with serious desertification in some areas. Half of the population now lacks access to clean water; 90% of water bodies in urban areas are severely polluted; one third of cities have no centralized sewage treatment. *Water scarcity*, particularly in Northern China, is

now a serious brake on sustained economic activity; over 300 cities are now water-stressed; **aquifers**, as in **India** and the **US**, are critically depleted.

All of this has resulted from China's rapid industrial development. The leadership are giving increasing attention to these severe, sometimes irreversible, problems; not as idle tree-huggers, but from genuine concern that decades of progress can grind to a halt in a toxic swamp. Various studies have estimated pollution costs the Chinese economy 7%-10% of GDP each year, more than \$80 billion in 2004. In response to the hazards looming ever larger, the *State Environmental Protection Administration* (SEPA) was upgraded to ministry level in 1998; but the levers on re-greening the environment are not as responsive as the levers of industry. China has recently admitted that the water pollution goals, and the goal of the *Tenth Five-Year Plan* (2001-2005) to reduce total toxic air emissions by 10% have not been achieved. China is caught in the dilemmas that all development brings. The massive **Three Gorges Dam** project will produce the hydro-electricity and flood mitigation China urgently needs but it will bring about displacement of large populations, silting of the *Yangtze River*, loss of endangered species, and – environmentalists warn – other long-term dire consequences.

China actively participates in global environmental forums. In 2005, it joined the *Asia Pacific Partnership on Clean Development* (with **Australia, India, Japan, South Korea, US**), a forum on strategies for pollution reduction and climate change mitigation and adaptation. It is a signatory to the *Basel Convention* governing the transport and disposal of **hazardous waste** and the *Montreal Protocol* for the Protection of the Ozone Layer, as well as the *Convention on International Trade in Endangered Species* and other major environmental agreements. But China insists that this is a shared problem – in one way or another, the cost of any remedies will be shared with the industrialized world. This may mean a doubling (or tripling) in the price of many Chinese exports and/or assistance with remediation projects of a gigantic scale. Assistance may also take the form of cutting edge technology transfer -- in September 2006, China invited foreign investment in water conservation, sewage treatment, waste water treatment and recycling. **Water shortages** may halt growth and progress in some areas before energy shortfalls. In some coastal cities it may be necessary to build **water desalination** facilities but these are energy-greedy and further complicate China's water/energy equation.

China is taking every step to ensure a positive outcome from the Beijing **Olympiad** in 2008 and is investing heavily in pollution control measures directed at Beijing. One measure is to close all industry in the Beijing region for the duration. Only time will tell if the action taken is cynical window-dressing or a useful pilot project that can be applied in the rest of China.

Transnational Crime

Crime and **organized crime** is new to China.¹ In 1992 China had 1.2 million **police** officers and, like the PLA of the Long March, no system of rank – *the men know who to obey*. In pre-1992 China, a society with limited personal property, cash, and freedom of movement, petty crime was difficult and unprofitable and the crime of old *Shanghai* and similar entrepot cities was extirpated by the incoming communists. With the liberalizations starting in 1992, there was new mobility, a gravitation to urban areas; money, jobs, unemployment, and, as night follows day, crime. Affluence and urban concentrations also brought recreational **drugs** and drugs of addiction which spawned crime sub-cultures of their own. Whereas China was once a transshipment point for **opiates** from the *Golden Triangle*, it is now also a significant market. It is now also a manufacturing source for newer drugs such as **amphetamines** now in wide use (as **shabu**) throughout south-east Asia. Personal crime such as highway robbery of bus passengers in rural areas is a priority for the government because it is seen as a direct challenge to its ability to keep law and order. Persons convicted of this and a vast range of “petty” crimes are executed. The Chinese government has a very keen vision of what China should be like and it does not include new anti-social trends such as crime. Organized crime is doubly anathema because the leadership have a

¹ “Organized Crime In China”, Dr. Chu Yiu-Kong, Visiting Assistant Professor, Sociology Department, University of Hong Kong, <http://www.crime.hku.hk/organizecrime.htm>

particular dislike for covert organized groups. In 2005 China reported success in over 50 money laundering cases involving around US\$1.25 billion, but this is only a fraction of the estimated annual money laundering turnover of \$37B to \$50B. During the first half of 2006 China claimed a fall in (already low) violent crimes and solving of 33,000 white-collar ("economic crimes") involving about \$7.27B.

Organized crime and the associated *money laundering* need some degree of official *corruption* to survive. Corruption of public officials robs the Party of credibility at the level of the masses, and often deprives the government of revenue. In 2002, the Party established the high-level **Central Discipline Inspection Commission** and charged it with extirpating corrupt party officials.

China and organized crime brings *triads* to mind; wrongly say experts. The secret societies now known as *Triads* date from 1674 when underground groups formed to resist the *Manchurian* interlopers.² Starting something not unlike the *Masons* or *Opus Dei*, they are now a collection of loose-knit groups or gangs and not a monolithic criminal organization as such. Some organized crime syndicates may include triad members but that is incidental.

Foreign Relations

In the early 15th century, China extensively explored the world by sea. Using the magnetic compass and other advanced navigation and mapping skills, Admiral **Zheng He** sailed to most corners of the world including the Americas in fleet of 300 ships.³ *Zheng He's* report on return was detailed and extensive. But the Chinese did not like what they heard. The world was different to China, hence inferior and dangerous. The fleet was burned and any further contact with the outside world was prohibited.

The few years after the declaration of the PRC in 1949 had foreign policy implications that resounded for decades. China was quick to form fraternal relations with the **Soviet Union**, and the West suddenly saw the specter of world-wide godless Communism beating at the gates. Proof came the next year when China sent troops to assist **North Korea** against UN forces. The *Yellow Peril* was on the move. With *Mao's Great Leap* into the Iron Age, the Soviets withdrew their advisors from by August 1960. Cooperation had suddenly transmuted into competition for ideological influence throughout the world. Bewildered Communists in the West had to choose between *Moscow-line* and *Peking-line*; *Marxism* or *Maoism*. The Soviet invasion of **Czechoslovakia** (1968) was condemned by China as vigorously as in the West but Radio Peking had a better vocabulary – *Soviet hegemony* was abroad in the world and was just as much an enemy as *US hegemony*. China accused the Soviets of colonizing various parts of the world such as **Cuba** and **Vietnam**. Clashes on the *Sino-Soviet border* in 1969 proved the disagreement was not just ideological; the two great Communist powers thought the world wasn't big enough for both of them, a dangerous sentiment for two nuclear powers. China embarked on its own foreign policy throughout the world. It sought influence in third world nations and neighbors such as **Pakistan** and **Indonesia**, third-world nations which were resource-rich or of other strategic value and which the Soviets had not yet signed up for fraternal relations.

By the early 1970s, it became an increasing global absurdity that China – a quarter of the world's population -- was not a member of the *United Nations* and the China seat as a permanent member of the **Security Council** was held by tiny **Taiwan**. In 1971, Taiwan was unceremoniously displaced by PRC, the first major recognition that Communist China would not simply go away. **Japan** established diplomatic relations in 1972..

China continued to court far-flung members of the *Nonaligned Movement* (NAM), but now also began improving ties with the West, notably the US, the world's anti-Communist flag-bearer. China offered an enticing deal – it could assist in countering *Soviet hegemony* if the West assisted China with modernization. Sino-US diplomatic relations were finally restored, after a 30 year interval, in 1979 and

² "Triad" is derived from the triangular sign of the societies.

³ The "Bimini Road" in the Bahamas thought by some to be remnants of *Atlantis* is the slipway *Zheng He* built to repair his ships. The stones are "foreign" because they are ballast from China.

the two set about technology transfer and vigorous trade. As a condition of diplomatic relations China has always insisted, then and now, on the *one-China policy*, recognition that **Taiwan** is an inseparable part of China. Any support for the principle of *self-determination* has proven weaker than the desire to trade with China. Now 159 states have diplomatic relations with Beijing; 25 have diplomatic relations with Taipei (the **Holy See** and some of the smallest nations in the world).

In the 1970s China continued to see hegemony in its immediate region. It condemned **Vietnam's** adventures in **Laos** and **Cambodia** in late 1978 and fought a token border war with Vietnam in early 1979. The Soviets were on the move too, invading **Afghanistan** in December 1979. Also, the Soviets continued to maintain troops on the Sino-Soviet border and in **Mongolia**, provocations that China feared would foment separatism in **Nei Mongol** (“Inner Mongolia”) and excite the Muslim population in **Xinjiang** bordering Afghanistan.

June 1989 was a turning point for both China and the **Soviet Union**. Russia withdrew from **Afghanistan** with 14,000 dead; two years later the USSR had collapsed. China cleared *Tiān'ānmén Square* with unknown number of dead; the world realized that China meant what it said – any liberalization would be on the Party's terms, not Western notions of free market anarchy. In the immediate aftermath of *Tiān'ānmén*, many countries suspended or reduced diplomatic and trading contacts with China. China worked vigorously to rebuild relations, but only on its own terms. Cheap white-goods prevailed. By late 1990, normal relations had been reestablished with almost all nations including the republics of the former Soviet Union.

The first two thousand years of self-imposed isolation created the highly homogenous self confident culture that lives on as modern China. But, for better or worse, isolation in the 24-hour connected global village is not possible. Foreign relations now take China's leaders around the world in continual relation-building. China's national interests are found both far and near. In its immediate neighborhood, China borders 14 countries -- **Afghanistan** 76 km, **Bhutan** 470 km, **Burma** 2,185 km, **India** 3,380 km, **Kazakhstan** 1,533 km, **North Korea** 1,416 km, **Kyrgyzstan** 858 km, **Laos** 423 km, **Mongolia** 4,677 km, **Nepal** 1,236 km, **Pakistan** 523 km, **Russia** (northeast 3,605 km, northwest 40 km), **Tajikistan** 414 km, **Vietnam** 1,281 km. Now China seems to have made peace with world at large, it has concentrated on affairs in its immediate sphere of influence. The *Shanghai Cooperation Organization (SCO)*, established in 2001, comprises **China, Russia, Kazakhstan, Kyrgystan, Tajikistan, Uzbekistan**. It is primarily a *security* alliance with counter-terrorism as its main objective. China has also overcome much of the suspicion of *Chinese hegemony* in **Southeast Asia** and now has constructive relations with the *Association of Southeast Asian Nations (ASEAN) Regional Forum*, and the new (2005) *East Asia Summit (EAS)* which comprises ASEAN along with China, **Japan, South Korea, India, Australia, New Zealand**, with **Russia** as an observer. **SCO** and **EAS** – China is the only full member of both – places China at the heart of an oil rich high-growth consortium of nations which already rivals the economic might of the US. Forums such as this also serve to improve China's relations with sometime enemies **India** and **Russia**. Premier Wen's visit to India in 2005 and President Putin's visit Beijing in April 2006 symbolize efforts on all sides to forge new relations..

China is the only nation to have a “special relationship” with **North Korea** and is relied on in the **Six-Party Talks** to prompt some reasonable position on North Korea's nuclear weapons program.

China is no longer a revolutionary regime. Although China once actively exported revolution to the **Viet Cong, Pathet Lao, Khmer Rouge**, in recent years it has carefully guarded the franchise on the term “Maoist”. It specifically says that **Peru's Shining Path** rebels, **Nepal's** self-described *Maoists*, and the *Naxalite* revolutionaries in several states on **India** are not Maoist revolutionaries and are unworthy of the word. Export of revolution is no longer a priority; it's bad for business. This is not to say that China is not engaging in the more rewarding great game of *cultural imperialism*. Already, there is astounding growth in numbers learning *Mandarin* in **Latin America** and other parts of the world. Some forecasts see Mandarin passing English as a *second language* of choice throughout the world with a decade or two.

In recent years, China has been increasingly active in the UN and other world forums and has contributed to UN peace-keeping missions. However, China has shown tardiness verging on contempt for

multilateralism in its efforts to combat transborder disease threats such as **H5N1** and **HIV/AIDS**, and in issuing alerts on the **SARS** crisis. This *Chernobyl syndrome* – unwillingness to admit problems – is systematic in a Politburo-led system without a *fourth* or *fifth estate*.

International Disputes

Beijing has now resolved many long-standing border and maritime disputes, significantly with **Russia** in 1997 and in 2000 with **Vietnam** (with some islands in the oil-rich *South China Sea* still disputed). Disputes with **Japan** over areas in East China Sea are largely perpetuated by heart-felt hatred over Japan's genocide against China in the Second World War.

In 2005, China and **India** began to resolve multiple border disputes, particularly in the vicinity of the **Siachen Glacier** and **Karakoram Pass** where the borders of China (Aksai Chin, North Ladakh) and **India** (Jammu and Kashmir) and **Pakistan** (Azad Kashmir and Northern Areas) meet.

China's occupation and cultural genocide in **Tibet** (*Xīzàng Zìzhìqū*) is regarded by the Tibetans as an outstanding dispute but no major nation has thought the *self-determination* of the unique Tibetan people sufficiently important to risk its trade relationship with China.

China asserts sovereignty over the **Spratly Islands** together with **Malaysia**, **Philippines**, **Taiwan**, **Vietnam**. The parties in 2002 promulgated the *Declaration on the Conduct of Parties in the South China Sea* which has eased an unseemly scramble to erect tents and weather stations on various tiny islands. Vietnam has sometimes breached the code of conduct in establishing "site-seeing" tours to certain islands, but China has been instrumental in a pragmatic scheme to exploit the Spratlys oil/gas resources without conflict – by initiating joint ventures with other claimants, and has commenced projects with the **Philippines**, and **Vietnam**. Whilst all claimants have been quick to condemn any one nation making territorial gestures, the group finds it more difficult to oppose joint activities. This may well be simple effective tactics born in Beijing's politburo.

China occupies some islands in the **Paracel Group** that are claimed by **Vietnam** and **Taiwan**.

Projection Capability

Starting in 1978, the PLA demobilized millions of personnel and, consistent with Deng's modernization policies, embarked on strategic redesign of the armed forces. Although *Tiān'ānmén* (1989) emphasized that the PLA (rather than the police) would remain the bulwark of ideological correctness, China remains intent on transforming the PLA into a modern, high-tech, high-leverage, mobile force. In a model set first by the UK and then by the US, a state needs a *blue-water navy* to credibly protect its strategic sea-lanes. Apart from strategic nuclear weapons, China has also developed a range of modern missile and other systems and acquired Sovremenny-class destroyers, SU-27 and SU-30 aircraft, and Kilo-class submarines from **Russia**. Although this gives China the capability to wreak its will on a state such as **Angola** (and perhaps **Taiwan**), it is a limited projection capability for a nation that will soon be the world's second economy. Although the US has expressed general nervousness about growing military power it is confident China will have no substantial force projection capability for several decades, but all observers agree that the question is not if but when China will acquire or build its first aircraft carrier and start to form credible carrier battle-groups.

Russia started constructing the Kuznetsov-class carrier *Varyag* (67,500 tonne) in 1985 but work was discontinued in 1992 and she was partly stripped and sold for scrap in 1998. Despite rumors that she was to be a floating casino in Macau, the ship is now being repaired by PLA-Navy in drydock in *Dalian* (*Liaoning* Province bordering on **North Korea**). China claims it will be a tourist attraction but it has now been painted service gray and most believe China intends to commission the carrier, either as a training ship or as its first operational carrier.

Although **India**-China relations have improved considerably, India is still a strategic rival, particularly as much of China's oil imports still cross the Indian Ocean. India expects carrier *INS Vikramaditya* (formerly *Admiral Gorshkov*) to enter service in 2008 after refitting. It also began construction of another

carrier (37,500 tonne, 30 aircraft) in 2005, scheduled for completion in 2013 to replace the INS Vikrant (formerly *HMS Hercules*) decommissioned in 1997.

Proliferation

Although all Russian technical assistance was withdrawn from China in 1960, China was able to continue its nuclear weapons program and hold its **first nuclear test** in October 1964. China was the first nuclear power state to announce a **no first use** policy. It joined the **IAEA** in 1984, agreed to halt atmospheric testing in 1986, acceded to the **NPT** in 1992 and signed the Comprehensive Test Ban Treaty (**CTBT**) in 1996 (but has not yet ratified CTBT). Also in 1996, China agreed not to provide assistance to nuclear facilities without specified safeguards and began implementing regulations establishing controls over nuclear-related dual-use items in 1998. In May 2004 China joined the **Nuclear Suppliers Group**. China has committed not to engage in new nuclear cooperation with **Iran** (even under safeguards), but will complete existing cooperation as soon as possible.

China became a major international exporter of conventional arms during the 1980s and 1990s to many of the world's conflicts. It joined the Middle East arms control talks in 1991 but walked out in September 1992 when the US agreed to sell F-16 aircraft to **Taiwan**. China is not a member of the *Missile Technology Control Regime* (MTCR) but since March 1992 has undertaken to abide by MTCR rules; however in August 2003 a Chinese enterprise was found to have transferred scheduled equipment and technologies to **Iran**, leading China to issue more comprehensive regulations on arms export.

In April 1997 China ratified the *Chemical Weapons Convention* (CWC) and by October 2002 had promulgated regulations on dual-use agents and precursors on the *Australia Group* control list.

US-China Relations

The journey from fighting a war in Korea in 1950 to President Nixon's visit to Beijing in 1972 was eventful. The American Embassy had followed *Jiǎng Jièshí* to Taiwan in 1949 and China and the US exchanged artillery fire and vitriol since then.

Starting with exchange of *ping-pong* teams, Sino-US relations were sufficiently positive for President Nixon to make a state visit in February 1972. This produced a joint statement, the "Shanghai Communiqué", which has been a yardstick for Sino-US relations since. China insisted the communiqué embody the "**one China policy**" but acknowledged the US would maintain normal trade relations with **Taiwan**. As a transition, a *Liaison Office* operated in both countries 1973-1978, and **diplomatic relations** were formalized 01 January 1979, ending thirty years of antipathy. Several high-level visits were exchanged during the 1980s but with *Tiān'ānmén* in June 1989, the US and many other governments reduced or suspended bilateral arrangements and arms sales on human rights grounds. Although some of these suspensions remained for 10 years, trade and Chinese intransigence triumphed.

But continuing improvement in relations could not prevail against one of China's raw nerves. In 1996, following the "private" visit to the US of a Taiwanese former President to the US, China held military exercises near **Taiwan**. The US saw this as a provocation and sent two carrier battle groups to the vicinity. Both countries believed they had made their point. But US-China relations survived this and the (accidental) bombing of the Chinese Embassy in Belgrade in May 1999 and collision of a Chinese F-8 with a US Orion in international airspace near China in April 2001.

US investment in China is now over \$50B. US-China trade has grown ten-fold in the last 10 years and is presently growing at 20% each year. The US trade deficit with China now exceeds **\$200B**. Consistent US policy is to encourage China's integration into a "global, rules-based economic and trading system", but confusion about what those fine sentiments exactly mean is evidenced by the recent death of the *Doha Round*. China has grown very quickly from an isolated impoverished agrarian country to become an active participant in international institutions and a major trading nation. Both *Marxism* and *Wall Street* can claim a share in the credit.

One of the fruits of Sino-US relations is the role it is believed China can play in the *Six-Party Talks* with

North Korea. China has long had a special relationship with the failed Stalinist state but this has produced little practical progress yet. Similarly it is hoped that China (along with Russia) can reinforce the US/EU views on **Iran's** ambivalent nuclear program. This not a certainty, as Iran is an important (and close) *oil* supplier.

NEAR-TERM	Mid-Term	Long-Term
<p>Chinese over-reaction to demonstrations and to ostensibly harmless groups such as Fǎlún Gōng betray insecurities felt by the leadership that are apparent in no other way. It is likely that the <i>Politburo</i> is correct – the population will not tolerate <i>partial</i> political freedom; it will be all or nothing. Like everyone else, the Politburo doesn't know how the story ends yet but how it responds to challenges will be critical. China's position as the "hub" member of both <i>Shanghai Cooperation Organization</i> and <i>East Asia Summit</i>, and its forward looking energy strategy, will gain it status on the world stage faster than economists predict. The only obvious weak point in its security is terrorism / separatism in Xinjiang province.</p>	<p>As China rapidly becomes a world power and its leadership is populated by the only child <i>me-generation</i>, there will be increasing pressure on the Politburo to make the sort of compromise that <i>Deng</i> saw as China's only course. Unless there is widespread unrest accompanied by separatism in border provinces, the Party will not be forced to cede power to a multi-party system. But some wise Party official may see that the only way to guarantee the 1949 Revolution for another 50 years is some <i>astounding compromise</i> – perhaps 50% multi-party seats in the PNC, 50% old system. Communist Capitalism was a compromise nobody foresaw. China may have similar tricks to play.</p>	<p>China does not have a history of imperialism far beyond its borders, but in one or two decades growing wealth, and the massive Chinese industrial capacity, may be able to produce a number of <i>carrier battle groups</i>. If there are then any awkward standoffs with the US these may be over the question of Taiwan but they are more likely to be disputes involving <i>energy</i> sources, and they are likely to be in awkward places such as off Nigeria. Chinese cultural "imperialism" throughout the world will make the world significantly more <i>Sinophone</i> and <i>Sinophile</i> than now. That world will be very different; it will fundamentally change the nature of "them" and "us".</p>

[8,050 words]

Reference: China -- Administrative divisions:

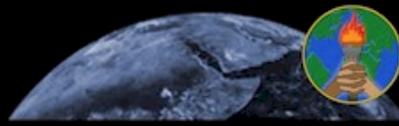
23 provinces -- Anhui, Fujian, Gansu, Guangdong, Guizhou, Hainan, Hebei, Heilongjiang, Henan, Hubei, Hunan, Jiangsu, Jiangxi, Jilin, Liaoning, Qinghai, Shaanxi, Shandong, Shanxi, Sichuan, Yunnan, Zhejiang plus **Taiwan** as 23rd province

5 autonomous regions -- Guangxi, Nei Mongol ("Inner Mongolia"), Ningxia, Xinjiang, Xizang (Tibet)

4 municipalities -- Beijing, Chongqing, Shanghai, Tianjin

2 special administrative regions -- Hong Kong, Macau

.oOo.



Hazard Level

Change Codes
↓ Deteriorated
• Steady
↑ Improved
↗ Alert

week-ended

See daily [list of news items](#)

2007 Jul 01

- China has protested a US ban on *seafood* imports. [*Comment: Although home to all loathsome diseases, creator of new ones, and criminal laxity in the interest of profit, China is puzzled at world concern.*] China has closed 180 *food factories* -- "*inspectors found industrial chemicals being used in products from candy to seafood*".
 China is responding to growing *worker unrest* -- "*the National People's Congress over the objections of foreign investors, requires employers to provide written contracts to their workers*".
 The scandal continues over *illegal workers* and *slave workers*, particularly at *brick kilns* -- "*So far nearly 600 people, including dozens of under-aged children, have been released from slavery in Shanxi and neighbouring Henan province.*"
 A highly pathogenic new strain of *blue ear disease* has decimated the Chinese *pig* population. [*Comment: Sub-standard Chinese practices are certainly to blame.*]
see also: Water

2007 Jun 24

- [Chinese officials held in anti-slavery crackdown](#) -- "*the detentions reflected growing acknowledgement that official indifference [or involvement] was crucial to the trade in enslaved workers.*" Also [China Works to Shutter Forced Labor Camps](#) – the son of a local Communist Party leader is implicated in profiting from slave workers. As the scandal breaks, many are being freed by authorities but unknown numbers remain enslaved.

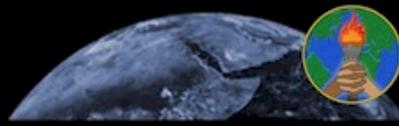


China: Slave workers freed this week / AP -EyePress

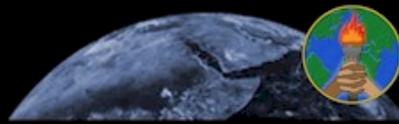
A *bridge* funded by the *Asian Development Bank*, connecting *southwestern China* to **Thailand's Chiang Khong** via **Laos**, will be the final link in a road network through the *Mekong* region.

[China overtakes U.S. as top CO2 emitter: Dutch agency](#) -- but China's *per capita CO2 emissions* are about one quarter that of the **United States**.

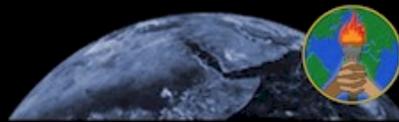
Beijing will hold a "*dirty bomb*" exercise in training for the *Olympics* -- "*a 'dirty bomb' packed with explosives and radioactive material that is set off outside a mock*



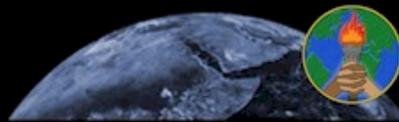
	<p><i>Olympic stadium".</i> <i>The six megatrends that are changing China</i> -- the era of cheap labor is at an end, and other forecasts. A US hot-line with Beijing, similar to the one established with Moscow in 1963, will be established in September 2007.</p>
<p>2007 Jun 17</p>	<ul style="list-style-type: none"> China has identified "domination of the electromagnetic spectrum" as one of five military goals -- <i>China probing U.S. military networks. China's army goes digital</i> -- "information management has improved the quality of border patrol and also had an impact on logistics, rest and recuperation, and that eternal friend of the soldier - a square meal." [Chinese border guards order their meals on the internet.] China again tries to intimidate other countries out of any contact with the Dalai Lama -- "China warned Australia that the visit could damage relations between the two countries." "Police in China, where most of the 1.3 billion people share just <u>100 surnames</u>, are considering rules which would combine both parents' family names to prevent so much duplication." The depths of the Chinese fakes industry knows no limits -- "Eighteen hospitals and 39 drug trading companies were found to be using the fake human albumin, which led to <u>huge profits</u> because of its low production cost." The stakes are getting higher by the year -- will China achieve the "harmonious society" or will one of a range of failures intervene? -- <i>Is China headed for a 'car crash'?</i>
<p>2007 Jun 10</p>	<ul style="list-style-type: none"> <i>Costa Rica breaks with Taiwan, links up with China</i> -- until now, Costa Rica was one of the world's 25 smallest countries, including the Vatican, that recognized Taipei as the one true China. President Hu Jintao has ordered Chinese authorities to clean up "internet culture" and has suspended approval of any new internet cafés -- <i>China won't license new Internet cafes</i>. In the face of ridicule and horror throughout the world, China seeks to be seen cleaning up its act of food safety -- "the government published a five-year plan late on Tuesday to increase inspections and tests on exported food."
<p>2007 Jun 03</p>	<p>↓ Uzbekistan will build a natural gas pipeline to China -- "The Central Asian nation is trying to end Russia's stranglehold on natural gas with a pact to build a <u>530-kilometer pipeline to China</u>." Chinese occupation forces have forced the abbot of a large Tibetan monastery to step down when he refused to sign documents condemning the Dalai Lama. Village protests over one-child policy fines flared again -- "Some of them forced their way into the office, smashed furniture and set fire to government vehicles." From the nation that gave the world SARS and (probably) H5NI, now "<u>a mystery virus that is killing millions of pigs in southern China</u>" and soaring pork prices bring fear of social unrest. The death sentence for the head of China's FDA 1998-2005 for official corruption may remind the US FDA that it is a watch-dog, not a lap-dog -- <i>Ex-Chief of China Food and Drug Unit Sentenced to Death for Graft</i>. China blames mislabeled for deaths from toxic medications in Panama -- "two Chinese companies had mislabelled a toxic chemical as a medical ingredient that killed at least <u>100 people</u> in Panama last year" Chinese Premier Wen Jiabao told a meeting of the African Development Bank in Shanghai that China was committed to helping Africa develop socially and economically -- <i>China Defends Its Role in Africa</i>. China says US sanctions on Sudan over Darfur [which would affect Chinese trade] will not help solve the problem --</p>



	<p>"These willful sanctions and simply applying pressure is not conducive to solving the problem" said Liu Guijin, China's <i>special representative</i> on the Darfur issue. China is unhappy about the US assessment of its <i>military</i> capacity and intentions; "<i>a brutal interference in China's internal affairs.... We are very unhappy about the report and strong object to it.</i>"; China rejects Pentagon's 'exaggerated' report. But China admits it has an interest in <i>electronic warfare</i>; "<i>the PLA sees CNO [Computer Network Operations] as critical to achieving "electromagnetic dominance" early in a conflict.</i>" -- US military warns of China electronic warfare capability.</p>
2007 May 27	<p>↓ Do bananas spread SARS? China gripped by health scare – an excellent update on the crisis of confidence in <i>food quality</i> sweeping China; with the <i>Olympiad</i> looming this is a serious issue. An update on China's dilemma between <i>food security</i> and <i>energy security</i> -- China's low-key jump onto biofuel bandwagon. Villagers attacked government offices after officials imposed heavy <i>finances</i> on families in breach of <i>one-child policies</i>, leading to an ugly <i>riot</i>. China's pledge of <u>\$20B</u> in <i>infrastructure</i> and <i>trade financing</i> for <i>Africa</i> eclipses most previous assistance in one agreement. Separately, China is able to gratify <u>all of Africa</u> with one project – by a \$150M deal to build a new <i>headquarters</i> for the African Union (AU). China announces it will launch a <i>lunar probe</i> this year -- "<i>every small move in the space is of strategic importance and affects state security</i>".</p>
2007 May 20	<ul style="list-style-type: none">• Germany says that China "<i>largely ignores aspects of good governance in its policy of lending to countries such as Sudan and Angola</i>". The former head of China's <i>drug agency</i> is facing trial on charges of taking <i>bribes</i> and for <i>derelection of duty</i>. A <i>policeman</i> was <i>stabbed</i> near <i>Tiananmen Square</i> two days after an attack on the portrait of Chairman Mao -- no popular uprising but a worry for authorities.
2007 May 13	<ul style="list-style-type: none">• A native of <i>Xinjiang Autonomous Region</i> in the far-northwest defaced the iconic Mao portrait on the <i>Forbidden City</i> adjoining <i>Tiananmen Square</i> – the significance of the attack on the symbolic heart of China for the authorities, or for reluctant <i>Xinjiang</i>, remains to be seen. Chinese business leaders have agreed to buy \$4.3B in <i>US technology</i> "<i>hoping to soften a political backlash to the massive trade imbalance dividing two of the world's economic powers</i>" – but some in the US say it is just cynical tokenism that represents no <i>structural</i> adjustment. China has of late punished 3,176 <i>industrial polluters</i>; "<i>an official said the campaign targeted industrial parks that could threaten the environment.</i>" <i>see also: Water</i>
2007 May 06	<ul style="list-style-type: none">• New <i>oil reserves</i> of <u>7 billion barrels</u> discovered in the <i>Yellow Sea</i> will make China less dependent on its array of suppliers. A proposed <i>gas pipeline</i> will bring <u>half</u> of Uzbekistan's gas production to China. China has officially <i>banned</i> trade in <i>human organs</i> -- "<i>Hospitals have also been regularly accused of secretly taking organs from road accident victims and other dead patients without telling family members.</i>" Amnesty asks the IOC to raise with China increasing incidences of <i>forced evictions</i>, <i>arrests</i>, and <i>media clampdowns</i> ahead of the <i>Olympiad</i>. An embarrassment of riches: despite claimed efforts to curb a raging <i>trade surplus</i>, it will increase <u>43%</u> this year to reach \$254B; by contrast China's demand for <i>imported oil</i> is increasing at only <u>5%</u> year-on-year. A reiteration of the <i>critical water situation</i> in China, home to <u>three of the world's ten most at-risk rivers</u> -- Yangtze's Decline Highlights China's Growing Water Problems. The PLA is recruiting commanding officers for <i>informationalised wars</i> and



	<p>scientists and technicians for key <i>cyberwar</i> technologies -- Chinese military training personnel to fight IT-based war.</p>
2007 Apr 29	<ul style="list-style-type: none">• China and the US are caught in WTO mechanisms that are dragging them into a <i>trade war</i> they would both rather avoid -- "<i>the escalation comes at a time when both China and the U.S. are preoccupied with domestic concerns which limit their potential to manoeuvre and compromise.</i>" <p>Li Zhaoxing stepped down as Foreign Minister earlier than expected and was replaced by former ambassador to the US and Vice Foreign Minister, Yang Jiechi. [The significance of the sudden change is not yet known.]</p> <p>China admits its <i>pollution</i> problem is 'grave' and the prime minister has now taken personal charge of the disastrous environmental situation to tackle head-on those officials "<i>obsessed with economic growth</i>". China has detained an activist who was once held as an environmental hero after he reported worsening <i>pollution</i> at the <i>Tai lake</i> from <i>chemical factories</i> -- "<i>police officers broke through our door at night and took him away</i>".</p> <p>The US says China "<i>should not use the war on terrorism as a pretext for cracking down on Uighurs or anyone else engaged in peaceful political dissent.</i>"</p> <p>China is trying is trying to clean up the <i>internet</i> – this week the Communist Party's Politburo asked media and cultural groups to promote and produce more "<i>healthy online cultural products</i>".</p> <p>China is trying to preserve a <i>green</i> subtext to its <i>energy policy</i> -- a <i>strategic uranium reserve</i> and <i>30 new nuclear plants over the next 10 years</i> is just a <i>transitional</i> phase to meet energy needs which will <i>quadruple</i> by 2020. China is set to buy four state-of-the-art <i>Westinghouse AP1000 nuclear reactors</i> at an estimated cost of \$8B from the US.</p>
2007 Apr 22	<ul style="list-style-type: none">• Two villages were flooded as a <i>dam</i> burst in north-west China -- "<i>China has more than 85,000 reservoirs, of which 30,000 have serious structural problems, including 200 large and 1,600 medium-sized dams ...</i>" <p>A farmer killed a village official and injured others in a <i>suicide bombing</i> over a land dispute -- "<i>the attack came after village leaders had destroyed Yue's crop and forced him to plant tobacco ...</i>". [A <i>disgruntled rural population</i> is a growing theme.]</p>
2007 Apr 15	<ul style="list-style-type: none">• The US is said to be getting slightly nervous about China's <i>military</i> advances -- "<i>the Chinese tests indicate that China is gaining a much more powerful ability to militarily deter the US or attack US soil or assets such as aircraft carriers at sea ...</i>" <p>"<i>It's time now, to begin shaming China</i>" say some -- Darfur Collides With Olympics, and China Yields.</p> <p>Police in <i>Shanghai</i> detained more than 200 <i>protestors</i> complaining about the lack of response to complaints -- "<i>most of the protestors were released [that evening] but several were kept in custody because they complained about their treatment by the police ...</i>"</p> <p>In <i>Shanghai</i> <i>29 coal power plants</i> will be shut down by 2010 -- China is building one coal-fired plant about <i>every three days</i>, replacing older, smaller ones with larger, more efficient plants.</p>
2007 Apr 08	<p>↓ China is embarking on a number <i>highway</i> projects in <i>Central Asia</i> -- "<i>the longest highway would stretch 1,680 kilometers from Urumqi the capital of Xinjiang region, to Istanbul.</i>" China is supporting construction of a <i>China-Kyrgyzstan-Uzbekistan railway</i> -- transit corridors through Central Asia are of significant <i>strategic</i> importance.</p> <p>China announces it is ready to make "positive contributions" to <i>South Asian Association for Regional Cooperation (SAARC)</i>. [<i>Multilateral groupings</i> are now key to diplomacy in <i>Asia</i> and <i>Central Asia</i> -- SAARC, SCO, EAS, ASEAN.]</p>



2007 Apr 01

China issued new regulations banning trade in **human organs**. [Perhaps genuine, perhaps lip-service before the upcoming *Olympiad*, China seeks to clean up its act on *organ harvesting*.]

Polluted drinking water is now a risk for 2.5 million people in south China -- "*five of eight water plants have been contaminated by heavy metals, chemicals and other industrial pollutants ...*"

A backward leap -- **illiteracy** has grown by 30 million to 116 million in the five years to 2005 as rural children leave school early for the hope of work in the **cities**.

- The US says China has made "impressive gains" in military uses of **cyberspace**. Apparently with a straight face, China has urged a ban on **space weapons** -- "*the current **Outer Space Treaty** has clear inadequacies in preventing the weaponisation of outer space and arms races in outer space*".

China will formally start "monitoring relations among **ethnic groups**", code for **East Turkestan Islamic Movement in Xinjiang Uyghur Autonomous Region**. *Radio Free Asia* reports that **Uyghurs** are being forced to work on **development projects** such as almond plantations -- "*... the project was being overseen by the deputy secretary of the county Communist Party committee ...*" [In fairness ... it should be noted that people in many parts of China in previous decades were "forced" to work on local public interest projects.]

China aims to slash **SO₂ emissions** [the cause of **acid rain**] from power plants -- "*Many power plants now either do not have **desulfurisation** equipment or do not use the equipment they have because it is expensive to operate.*" An estimated 70% of the world's **e-waste** ends up in China, presenting an immense future cost in appropriate **disposal**.

China continues its attack on those **mapping** China without permission -- websites that have illegally made maps that "endanger" **national security interests** will be "severely dealt with".

As the *Olympiad* approaches, "*China is still failing to comply with its Olympics commitments, particularly with regard to **Tibet** ...*"

A US corporation, **ITT**, has been fined \$100 million for illegally exporting advanced **night-vision technology** -- "*ITT's exportation of this sensitive technology to China and other nations jeopardized our national security ...*". Separately, an engineer **defense contractor** is being tried for passing **US submarine silent drive secrets** to China.

China is seen to be making a "**gas grab**" in **Burma [Myanmar]** -- "*the construction of more gas **pipelines** across Burma is likely to line the pockets of the country's leaders while causing suffering for thousands of people.*"

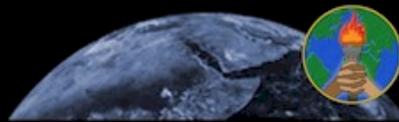
2007 Mar 26

- ↓ The US and China are planning to install a cold-war style "**hot phone**" -- "*General Pace says China and the US both have great military capacity, so they need to be able to know quickly what each other's genuine intentions are.*"

China will probably exceed **US CO₂ emissions** this year -- "*China would easily outstrip the U.S. this year, long before forecasts.*"

Angola's loans from China are larger, and more expensive, than IMF monies but they are on a **no-questions** basis.

China has shut down **web sites** with **news broadcasts** – the **State Administration of Radio, Film and Television (SARFT)** is keeping a close watch on news sources critical of the administration. China has **jailed** an online activist for six years on **subversion** charges -- "*guilty of posting more than 60 articles online in which he 'slandered the government and China's social system'*". China's **job market** is worsening -- like any regime, it does not want masses of educated urban dwellers with time on their hands; China has 12 million, and growing.



2007 Mar 19

↓ An ex-official and critic says reversion of *property law* towards *private ownership* will not necessarily mean benefits for the masses. An estimated 20,000 *rioted* in *Hunan*, burning at least nine *police* cars. An on the spot *non-government* report and photographs: [20,000-Person Protest Turns Into Riot in China's Hunan Province](#). Coincidentally, the **People's Congress** was discussing increasing heavy-handedness - - "*the use of excessive force by Chinese security officials to break up demonstrations is becoming increasingly common.*"

China has stopped an enterprise that was selling land on the *moon* -- the company, *Lunar Embassy to China*, had already sold a total of 49 acres (20 hectares) to 34 customers. It will take ten years for the **US** to return to the *moon*; already it seems China could get there first.

Beijing's water pipes are being replaced 300 kilometres (190 miles) a year, but officials admit the *Olympiad* will place great stress on *water* demand.

A comprehensive essay on China in *Africa*: [China in Africa: It's \(Still\) the Governance, Stupid.](#)

2007 Mar 12

↓ A \$13B *coal-liquefaction* plant in *Ningxia Hui* [adjoining *Inner Mongolia*] will risk the downsides of this infamous *polluting* process. China has gone *green* -- the Premier **Wen Jiabao** urges "*save energy, lower energy consumption, protect the environment and use land intensively*".

China launches another "*counter-terrorism*" raid in *Xinjiang* killing 18. Elsewhere China puts a brave face on increasing stability in *Xinjiang* Autonomous Region, but is not answering questions on how the stability is being achieved.

China hopes to have its first *aircraft carrier* by 2010 -- with the acquisition of one (or more) carrier groups, China for the first time will have a credible *projection capability*. **Taiwan** tested *missiles* capable of hitting *Shanghai* and *Hong Kong* -- "*officials apparently leaked information about the test-firing to serve the political purpose of showing Taiwan has the capability to deter a war with China.*"

China issues another warning about unlawful *surveys* -- "*surveying and mapping offices across the country tackled 571 illegal surveying and mapping cases in 2006.*" China has *banned* opening of new *internet cafes* for a year -- "*The state media said today that the freeze is designed to protect young people from the harmful influence of the web.*"

China has increased its *defense budget* by 18% -- China says the budget of around \$44B is to improve the military's ability to fight a *defensive war*. China has also increased *education* spending, an increase of 42% over the previous year to \$11B.

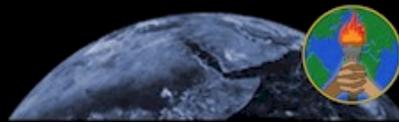
2007 Mar 05

↓ China opens the *Yangtze hydroelectric dams* due to dire *drought* downstream -- Chinese *water* balancing act, among *development*, *ecology*, and *daily needs*, is becoming more difficult. *High temperatures* have left five million Chinese short of water; *crops*, *animals*, and *humans* are all affected. China's equivalent of a parliament -- **Chinese People's Political Consultative Conference** -- convened for its annual meeting and will need to work hard to form long-term answers to China's competing *demands for resources* and *growing inequality*.

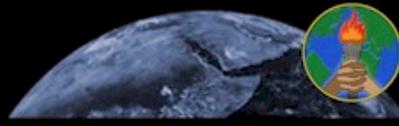
The **US Department of Defense** has notified the **US Congress** of the possible sale of 218 Medium Range *air-to-air missiles* and 235 *Maverick missiles* to **Taiwan**. China warns the US against such a sale. ["*Strategic ambiguity*" is again under test.]

The **Communist Party** cautions *reformers* not to get ahead of reality -- "*we are still far away from advancing out of the primary stages of socialism.... We must stick with the basic development guideline of that stage for 100 years.*" **Broadcast media** in China is given notice of what the government expects -- "*news reports and entertainment should promote socialist loyalty and soothe tensions as the country*".

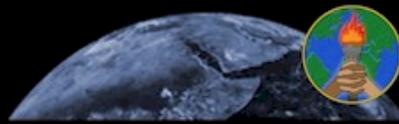
A murmur that may grow into an irresistible force -- *Tiananmen Mothers* urge China



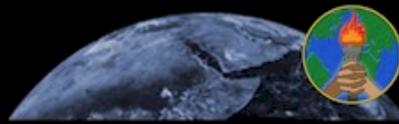
	<p>to debate the 1989 protest deaths: "<i>This is a disgrace for the entire Chinese nation and for humankind</i>". The perceived success of China's proactive approach of containing Islamist discontent and separatism in Xinjiang Autonomous Region -- "<i>reshaping society from the bottom up</i>" -- may have application elsewhere.</p>
<p>2007 Feb 26</p>	<ul style="list-style-type: none"> The Director of the <i>Institute of Chinese Historical Geography</i> utters an inconvenient truth that Tibet is <u>not</u> historically part of China -- <i>Tibet wasn't ours, says Chinese scholar</i> <p>China gave Zimbabwe's President Mugabe a <i>luxury coach</i> for a birthday present -- "<i>Mugabe's government last year said it will import more than 250 buses from China.</i>"</p> <p>Russian oil deliveries via the Trans-Siberian railroad increased <u>34%</u> in 2006, and is set to increase <u>46%</u> in 2007.</p> <p>The <i>China Meteorological Administration</i> warns that global warming will have a range of <i>severe consequences</i> for China.</p> <p>China's Stock Market Bubble -- the <u>130%</u> rise in prices in 2006 is more to do with <i>retail dabbling</i> in equities than fundamentals and the coming correction, or crash, may reflect badly on the government.</p>
<p>2007 Feb 19</p>	<ul style="list-style-type: none"> Deng's industrialization has worked but has brought growing inequity and was with disregard for the environment – it is that that must now be addressed under the rubric of "harmony". <p>China announced it has found 600 possible mining sites on the Tibetan Plateau. [Another reason to eradicate Tibetan culture?]</p>
<p>2007 Feb 12</p>	<ul style="list-style-type: none"> China's execution of a "splitist" [<i>separatist</i>] in the Turkic-speaking Islamic Uyghur western "autonomous" region is symbolic of difficulties to come. <p>China stresses there are no strings attached to its dealings with Africa -- critics say that is one of the <i>problems</i>. China has launched an economic and trade cooperation zone in Lusaka (Zambia), the first of its kind in Africa.</p> <p>China has produced a jet fighter that rivals the world's best -- "<i>It has enabled China to create a cadre of experts that will be building ever more advanced aircraft over the next 50 years.</i>" China will establish its fourth space port on Hainan island (along with a theme park).</p>
<p>2007 Feb 05</p>	<ul style="list-style-type: none"> President Hu visited Zambia as part of an African tour amid growing discontent about Chinese investment – the Zambian opposition, who were excluded from ceremonies, said "<i>The president of China should be aware that there is more than one view of China in Zambia.</i>" President Hu pledged a new presidential palace to Sudan's al-Bashir – in some way, a case of spending money where it will do most good. <p>Some space scientists say China's recent space-weapon has trashed Space -- pieces of debris have already come within 5km of a space asset over 500 times.</p> <p>There was another report of "murders" in China to harvest human organs for transplant tourism, but no new evidence.</p> <p>A Chinese report says that labor disputes threaten China's stability -- the sort of proletarian revolution China doesn't want at present. Another report said protests over land grabs for development are down but "pent-up discontent" remains a danger; China has committed to increase spending in the largely neglected rural areas.</p> <p>A subtle analysis from <i>Central Asia</i> said <u>China ought to be feared because of its weakness, not strength</u> -- "<i>global domination implies global responsibility for the processes taking place in the world</i>".</p>
<p>2007 Jan 29</p>	<p>↓ President Hu Jintao's second tour of Africa in a year is probably to turn fraternal niceties of the first tour into hard deals but Africa in the meantime has been alerted to</p>



	<p>Chinese “<i>colonialism</i>” and the dangers of remaining a supplier of just <i>raw materials</i>. Ten were arrested in a protest by <i>farmers</i> against <i>pollution</i> -- “<i>The rice here is black. The fruit is either black or white. Rice and fruit are our main industries -- it’s horrible.</i>” China’s economy is growing at the fastest pace in 11 years, but uncertainties are appearing that will impact economic fundamentals – the deferred cost of <i>environmental damage</i>, and looming <i>energy</i> and <i>water</i> shortages.</p> <p>The <i>one child policy</i> has led to a preponderance of <i>male</i> children, as high as <u>130 to 100</u> in some regions – the government says it will takes 15 years or more to correct the imbalance. The government has – because it can -- put restrictions on <i>prime time TV</i>, banning “vulgar reality shows” and encouraging “ethically-inspiring TV series”. In banning all images of <i>pigs</i> from advertisements (in this Year of the Pig) to avoid offending <i>Muslim</i> minorities, China shows it feels vulnerable to Islamic discontent. For some time China has been worried over unauthorized <i>surveys and mapping</i> -- “<i>Chinese partners or translators will be fined if they fail to stop illegal mapping activities.</i>” [There was recently such an incident in sensitive <i>Xinjiang Autonomous Region</i>.]</p>
<p>2007 Jan 22</p>	<p>↓ <i>Riot police</i> and villagers have again clashed after a popular protest against a government “<i>land grab</i>” -- “<i>Scores of villagers, even elderly ones, were taken away by police after being beaten.</i>” The latest report by Freedom House rates Chinese-occupied <i>Tibet</i> - along with <i>Chechnya</i> -- as the world’s least free. Over 90 million Chinese youth are growing up as <i>only children</i> -- in a society built on large extended families, the future consequences for China are unknown.</p> <p>It seems China has destroyed its own aging Feng Yun 1C (FY-1C) polar orbit weather satellite in further testing of <i>anti-satellite</i> warfare. Israel is selling China key <i>water</i> and <i>defense</i> technologies.</p>
<p>2007 Jan 15</p>	<ul style="list-style-type: none"> • Beijing promised in its bid for the <i>Olympiad</i> that it would work to improve its <i>human rights</i> record, but Rights groups say human rights conditions in china are getting worse. <p>Since 1990, China has sent 5,915 military personnel to participate in 16 UN <i>peacekeeping operations</i>, more personnel than any other permanent member of the <i>Security Council</i>.</p> <p>China reports that a camp of the <i>East Turkestan Islamic Movement</i> has been captured in the <i>Xinjiang Uygur Autonomous Region</i>.</p>
<p>2007 Jan 08</p>	<ul style="list-style-type: none"> • An <i>activist</i> who has publicized that nearly half of the deaths in <i>Gansu</i> mining region are due to <i>cancer</i> has been denied permission to leave China for treatment of his own cancer. <p>In the wake of an Iranian official visit to China, the Israeli PM is visiting, indicating China is increasingly holding court on the <i>Middle East</i>.</p> <p>In as much as China admits any “<i>ethnic tensions</i>” in China, it blames outside influences -- “<i>ethnic separatists</i> and outside organizations have both received support from the US government and religious organizations....” China has donated a culture center to a Bangladeshi village -- “<i>At the library, there are all kinds of magazines and books .. Beijing Review, English version of Mao Zedong on Diplomacy, Islam in China, China Sports, etc.</i>”</p> <p>China is rapidly strengthening its <i>road communications</i>, over 250,000 km [sic] annually are built or upgraded; an expressway from Beijing to the <i>Taiwan Strait</i> is also being built.</p> <p>Jamestown Foundation published a detailed capability analysis of China’s strategic nuclear force.</p>
<p>2007 Jan 01</p>	<ul style="list-style-type: none"> • Police have seized <u>nine tonne</u> of <i>drugs</i>, and arrested 12,000 dealers in south-west China -- 80% of all drugs seized in 2006 has been in <i>Yunnan</i> Province and that is



	<p>twice the total seized for all of China in 2005.</p> <p>Among six major <i>military exercises</i> during the year, the Sep 2006 <i>China-Tajikistan</i> military exercise in Kulyab was the first time the PLA cooperated with the army of another nation. China issued a <i>white paper</i> on <i>national defense</i> -- "the White Paper indicates that a revolution in military affairs is developing in depth worldwide." Russia announces it "will cooperate with China on <i>space</i> projects, but will not transfer <i>sensitive technologies</i> that could enable Beijing to become a rival in a future space race." China is to build the first <i>high temperature gas cooled reactor</i>, a <u>200kW</u> reactor in Shidaowan (<i>Shandong</i> Province) using largely <i>home-grown technology</i>.</p> <p>Major US and <i>European</i> corporations object to proposed new Chinese <i>labor laws</i> ... because they give workers too much. Almost <u>half</u> of China's <i>poverty-stricken</i> villagers live in "<i>ethnic</i>" regions. [As accompanies <i>autonomy</i> movements in many parts of the world, China's minority areas are markedly poorer than the rest of China.]</p> <p>China is officially not hiding the fact that the country faces <i>water shortages</i> and other dire consequences such as <i>grain shortages</i> from <i>global warning</i>. China is looking to transmute some of its \$1 trillion <i>cash</i> reserves into <i>reserve resources</i>.</p> <p>China's <i>internet</i> users are increasingly using <i>fake identity numbers</i> – this innocuous use is a trend that may be worrying for the government.</p>
2006 Dec 25	<ul style="list-style-type: none">• China held its third state-level <i>anti-terrorist exercise</i> involving both military and civil agencies. A top Chinese policy advisor stresses importance of research into <i>political consultation</i> theory -- after 4,000 years of doing without, China investigates a dangerous new idea. A leading human rights lawyer has been convicted of <i>subversion</i> but effectively released on probation, signaling some change in policy on critics. China has instructed its prosecuting organs to supervise use of <i>death penalty</i> more closely -- China is responding to foreign opinion, but is unfortunate to use "organs" in this context. China is shifting the blame for some of its outrageous <i>pollution</i> -- Is China really to blame, or the carpet-bagger <i>foreign</i> companies? South Africa's Mbeki has warned against a new wave of <i>imperialism</i> by China.
2006 Dec 18	<ul style="list-style-type: none">• <i>Westinghouse</i> AP1000 will be the technology basis for four new <i>nuclear</i> power plants to be constructed at the <i>Sanmen</i> and <i>Yangjiang</i> sites. China has established its first <i>environmental damage evaluation center</i> -- "Its evaluations will help solve environmental disputes more effectively." China reports it has arrested 370,000 <i>economic crime</i> suspects over the last 7 years. China somewhat vaguely warns of '<i>non-traditional</i>' <i>security threats</i> but China's vague sense of unease, partly with reference to the upcoming <i>Olympiad</i>, almost certainly includes the <i>Uighurs</i> of Xijiang among the threats.
2006 Dec 11	<ul style="list-style-type: none">• Nobel Peace Prize nominee, Rebiya Kadeer, is publicizing the cause of the "persecuted" Muslim minority of East Turkistan - Xinjiang ("New Territory") – which was <i>annexed</i> by China in 1949. There are increasing reports of <i>social unrest</i> that challenges Communist rule - a state news report indicates one part of the <i>Politburo</i> is stressing "prudence" in handling the "social conflicts and problems coming up at this crucial stage of our reforms". Chinese engagement with <i>Africa</i> (and its resources) could bring in its wake "shady Chinese businessmen and no-questions-asked aid policies". Analysts ask about "<i>Congagement</i>" [Containment-Engagement] -- do US and China have converging interests or irreconcilable differences? China is quickly developing advanced <i>submarines</i> -- "China could have its first aircraft carrier <i>battle group</i> composed of 11 warships in place by 2020." A parliamentary committee has cleared the way for Australian uranium to be sold to China; an opponent says "I don't think you can trust any nuclear power." China is importing increasing amounts of cheap "multinational" <i>soybean</i>, depressing the local industry and raising the spectre of a threat to national <i>grain security</i>. The world's largest two autocracies – China and the Vatican – continue to argue over who has the power to make <i>bishops</i>.



2006 Dec 04

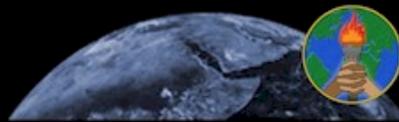
- China's EPA says 90% of China's **groundwater** -- the source of 70% of **drinking water** -- are **polluted** or overexploited. Vice Minister of Water Resources has admitted **water supplies** are insufficient to meet the needs of economic development - - China needs an additional 30 billion cubic meters of water annually. One instance among many: "Villages Battle **Lead, Zinc** Poisoning" -- "All of the drinking water available to the 3,000 people in our village is polluted, and the fish have all died." The youngest person on **Forbes** magazine list of China's 400 richest people gets a life sentence for **fraud**. A former top **Communist Party** leader in Fushun (Liaoning Province) is sentenced to 14 years in **prison** for **selling official posts** and taking **bribes**. An **activist** dedicated to increasing awareness of **AIDS** in China has been persuaded during detention by Chinese authorities to cancel a **conference**. China commemorates **International Day of Solidarity with Palestinians** -- "As a true friend of **Palestine**, China will continue support the **righteous cause of Palestinian people** and play a constructive role in the **Mideast** peace process." **Argentina** and China have recognized they have reached "a mature stage" in their **strategic relationship**.

2006 Nov 27

- Zhang Li, deputy chief of general staff of the **PLA** spent four days in **Yemen**. **India** and China report a joint ventures to acquire **oil** assets -- [An arrangement probably more enduring than peace treaties, and a **formidable buying cartel**.] Fresh from reaching a new détente with **India**, Chinese President **Hu Jintao** reassures **Pakistan** that old ties will be only stronger. China and **Pakistan** recognize that the "three forces" [Chinese code for **Xijang separatism**] and **nuclear energy** are keys in their "all weather" relationship. It's official: China has no sinister motives in **Africa**. [At least, no more "sinister" than any other geopolitical relationship.] China says reported **HIV/AIDS** cases up nearly 30%. [Most of the increase can be attributed to the very low base of reported cases -- it was policy for **HIV/AIDS** to **not exist** in China until recently.] An **activist** committed to raising **AIDS** awareness in China disappeared for several days following a lengthy interview by police. **Taiwan** is seeking to buy more **US submarines**. [Obviously the supplier will not tell them 'For you the war is over.'] Chinese police claim to have broken more than 1,300 **organized crime gangs** -- organized crime gangs are often protected by public officials, state staff through bribery, threats or other means. China takes decisive steps to clean up the **internet**, by jailing the creator of China's largest **pornographic** website jailed for life. China's Deputy Procurator-General calls a new moderation in handling police suspects, such as reduction in "**illegal interrogation by atrocious torture**". China's experts say "The safety of **water** supplies for 320 million rural people can not be guaranteed and more than 400 cities suffered inadequate supplies." Beijing's **air pollution** was rated "hazardous" -- the highest pollution category -- on 21 November 2006. The sick and dying **Yellow River** has received another insult from a **pollutant spill** that made it run red. China will build 10,000 **eco-villages** over next five years -- "... a national program to make people rich by constructing environmentally friendly homes."

2006 Nov 20

- China holds **information warfare** -- "We want the troops participating in the drill to know, that defeat in information techniques means defeat in actual combat." A **Song-class** diesel-powered attack **submarine** and surfaced within torpedo and missile range of a **US fleet** before being detected, The **Uyghur** Group, **Eastern Turkestan Liberation Organization** (Sharq azat Turkistan), joins the **Islamic Party of Eastern Turkestan** on **Kazakhstan's** list of proscribed organizations. Penalties for **smuggling** more than 10 artillery shells (and other **armaments**) have



been increased. Chinese police reported a crack down on IPR -- *intellectual property* investigations rose by more than 30 percent in the first ten months of 2006. [From a very low base.] There are thought to be thousands of *protests* each year across China – one reported (over *land seizures*) is one of the few with some information available.

China admits taking the *organs* of *executed prisoners* for *transplants* ... but only with prior consent."

An FTA between China and **India** will be discussed during President Hu's state visit – it would involve 2,400 million people.

2006 Nov 13

↑ Bilateral arrangements between the **ASEAN** grouping and China will create the world's biggest consumer market – *bilateral trade* is forecast to reach \$200B by 2010. China's politically sensitive *trade surplus* is expected to reach \$150B trade surplus, nearly 50% above the 2005 level.

Guided democracy in action -- the *Central Committee* has issued *affirmative action* guidelines for election of local delegates to the 5-yearly *National Congress*, the theoretical supreme body in China. China seems aware of world opinion; the Chief Justice has ordered a more sober use of the *death penalty* says "*every judgement must stand the test of time*".

Communism without *socialized medicine* is bizarre - Chinese locals riot and attack a hospital after a young boy died when his grandfather was sent away to raise money for the treatment. Police armed with shields, clubs and attack dogs fired tear gas on *thousands of villagers protesting* what they called a land grab by officials in southern China.

Xinjiang, adjoining *Central Asia* and *opium*-rich *Afghanistan*, has many heroin addicts, one-tenth of China's *AIDS* cases and the highest *HIV* infection rate in the country.

China is expecting a bumpier road in relations with the **US** after the mid-term elections -- **Pelosi** [the new US House Speaker] "*consistently opposed Beijing's bid for the Olympics*". The Democrat-led Congress must now balance trade arrangements with China with the defense of *Uighurs*, *Tibetans*, *Mongolians* and other "oppressed groups".

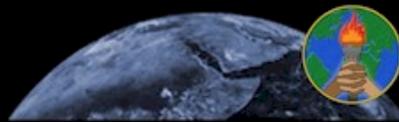
China's EPA says one tenth of China's *arable land* suffers from *pollution* and gives a litany of grave environmental problems.

China feels it is on a run of diplomatic success, and now addresses one of the hard ones, the *Israel-Palestine* issue. China, the first nation with any diplomatic weight to take an interest in the decades old **Western Sahara** impasse says it is ready to take an "active role".

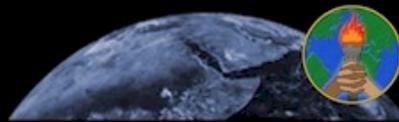
2006 Nov 06

- It was **Africa** week. China summoned Africa (pretty much all of it) to Beijing for days of ceaseless fraternal understanding, agreement-making, and announcements. China will build conference center for the **African Union**; China will double *aid*, will train African *professionals*, make fresh loans and development projects. Africa's resources and China's appetite are a sound basis for strong fraternal ties. --"Africa needs China and China needs Africa". China offers an alluring model to developing countries in Africa – three decades ago, China was as poor as **Malawi**; since then China's economy has expanded nine-fold and Malawi's has not. The diplomatic blitzkrieg on Africa complemented China National Petroleum Corporation (CNPC) interest in Sudan's oil. China has been the first to see Africa as a coherent bloc, and is confident enough to apply very efficient "bloc diplomacy" as it has with *Latin America*. It has stolen a far-reaching diplomatic coup in building relations with almost all of *Africa*.

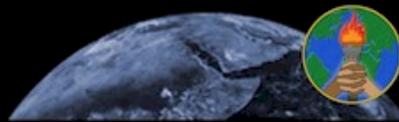
However, China, US money-lender and *superpower* in waiting, demurs an



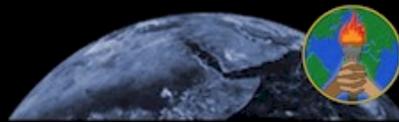
	<p>international role for now and concentrates on "harmony" [stability] at home says a <i>Novosti</i> observer.</p> <p>China unveils its first stealth warship - over 30% of the equipment on the destroyer is newly developed in China.</p> <p>An ammonia gas leak in Hubei province joins the litany of environmental disasters in China's breathless pace of development. "Water supplies to 28,000 people in northern China have been cut after an overturned truck spilled 33 tons of toxic oil into a river."</p> <p>Observers say there is increasingly an overlap between Party Oligarchy and Capitalist Plutocracy - success in business now may also mean success in the Party. The Chernobyl syndrome : "China's reticence" to alert the world to disease outbreaks confounds the need for international cooperation. U.S.-China Economic and Security Review Commission says "China may not be willing or ready to play a responsible role in an international system aimed at encouraging peace and stability".</p>
2006 Oct 30	<p>↑ The ASEAN + China talks in Naning will discuss Spratlys 'code of conduct,' the DPRK nuclear issue, and a regional free-trade zone embracing a third of the world's population.</p> <p>Beijing is using satellites to monitor land use to crack down on illegal real estate development -- "The principle is to strengthen macro-economic control and use land resources economically."</p> <p>China is about to overtake Germany as the 3rd biggest auto producer with 5.4 million units this year.</p> <p>President Hu Jintao has appeared with his predecessor Jiang Zemin signaling there is unity in the anti-corruption purge that has implicated 50 and is netting highly-placed people.</p> <p>An uncorroborated report says the Chinese intelligence network in DPRK has been betrayed and the PLA now lacks good sources.</p>
2006 Oct 23	<p>↑ China is training thousands of tomorrow's African policy-makers.</p> <p>Work on a serious border fence said to be planned since 2003 has intensified since the day of DPR Korea's nuclear test. [China may have reasons to expect a refugee influx.]</p> <p>Next year China will grant \$72 to each older family with only one child (or two daughters), a signal that the government rather than many children will help support the aged.</p> <p>China Daily gives a checklist of the measures now being taken against China's severe industrial pollution.</p>
2006 Oct 16	<p>• In the first half of the 21st century, China will have three population peaks; the overall population, working-age population and aging population. Next year China will grant \$72 to each older family with only one child (or two daughters), a signal that the government rather than many children will help support the aged.</p> <p>China is catching the world in innovation - patent filings in China have increased by more than six times in a decade. China has signed 16 international space cooperation agreements in the last five years, and has set the strategic goal of having the best innovative capabilities in the first 20 years of the 21st century. The <i>China Daily</i> gives a checklist of the measures now being taken against China's severe industrial pollution.</p> <p>An exercise by a motorized division tested fighting capabilities under an electromagnetic environment.</p> <p>The Tarim Basin oil fields in China's problematic northwest Xinjiang Uygur Autonomous Region is expected to increase production by 50%.</p> <p>The Central Committee Plenum has backed President Hu Jintao's policies of</p>



	<p>“social harmony”, virtually guaranteeing unanimous backing at next year’s 5-yearly Party Congress. In issuing a communiqué, China and Japan signal they are trying to overcome decades (or centuries) of enmity. The Algerian President talked about the importance of the Forum on China-Africa Cooperation (FOCAC).</p>
2006 Oct 09	<ul style="list-style-type: none">• With a visit by Japan’s new Prime Minister, China and Japan are trying to overcome decades (or centuries) of enmity. Because they must. The Plenum of China’s ruling council starting on 20061008 will establish the framework for next year’s 5-yearly Party Congress - Hu Jintao’s power will depend on how well it goes. There is a new openness in talking about policy challenges for China as the Plenum begins -- “the 8 challenges in building harmonious society”. Media commentators warned that “failure to allow up to 22,000 media freedom of movement and uncensored web access at the 2008 Beijing Olympics will be catastrophic for China.” With further relocations ordered, a total of 1.4 million residents have been moved for the Three Gorges dam project. China hopes to boost its falling harvest with 33.5 million hectares of a new strain of “super wheat” by 2020 [but water requirement for the new strain is not known]. China has been seeking Australia’s “Metal Storm” super machine-gun technology.
2006 Oct 02	<p>↓ Chinese doctors admitted to investigative journalists that organs of executed prisoners used for transplants -- “Such practices ensure a ready source of organs that can be typed for organ transplant compatibility even before the prisoner is executed.” China reported success with preliminary tests of an experimental fusion reactor -- the Institute for Plasma Physics in Germany says it is “a considerable step ahead for China”. China has published a white paper on energy policy aims to increase the transparency.</p> <p>China has been test-firing lasers to disable US satellites over Chinese territory. A Politburo member in Shanghai, the most senior casualty yet of anti-corruption measures, has been removed from his post. Special police squads patrolled Shanghai’s ports and airports to prevent other targets fleeing China.</p>
2006 Sep 25	<ul style="list-style-type: none">• China is doing time-saving unconventional group diplomacy – joint meetings with Portuguese-speaking Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal, Timor-Leste. There is a rush on learning Mandarin in Latin America which sees immense opportunities in going Chinese. China has held an unconventional group meeting with Costa Rica, Guatemala, Dominican Republic, Panama to impress on them the advantages of dropping recognition of Taiwan. “Eighteen Chinese air marshals ... completed 2 weeks of training in the US on how to be armed undercover officers aboard China’s passenger jets.” Despite policy and effort, China’s oil imports increased by almost 18% in the first half of 2006. In vice-Premier meetings, China and Indonesia have confirmed that both regard their dialogue relationship as strategic. Amnesty International warns that between now and the Olympics is the only time to address China’s human rights record -- “Time is running out. If the United States is serious about human rights, then it should secure China’s adherence to specific human rights benchmarks.”



2006 Sep 18	<ul style="list-style-type: none">• China opposed putting Myanmar issue on Security Council's agenda through a nice legalism ... repressive regimes do not necessarily constitute "threat to international peace and security", the UN criterion for action [and a sensitive issue for China perhaps]. The IMF predicts 10% growth rate for China in the coming year — a former German chancellor predicted China's economy will overtake Germany in a few years; "<i>There has never been such a phenomenon in the world's history.</i>" The US thinks <i>proliferation</i> of Chinese armaments (or designs) to North Korea and Hezbollah is more carelessness than geopolitical strategy. China is inviting foreign investment in <i>water conservation, sewage treatment, waste water treatment</i> and <i>recycling</i> — China reminded the nervous world that <i>energy efficiency</i> may ease fears over energy supply.
2006 Sep 11	<p>↓ A research report concludes that <i>environmental pollution</i> cost the country more than \$80 billion in 2004 — more than half of China's cities suffer from air pollution and over one third have no centralized <i>sewage</i> treatment — gross dereliction of environmental standards has engulfed an entire village in <i>toxic sludge</i>.</p> <p>Australia's estimates its <i>uranium</i> exports to China may be worth US\$187 per year — China has tripled its <i>ship-building</i> capacity in the last 5 years.</p> <p>In a further measure to ensure that the Chinese people hear only about communist successes, <i>foreign news agencies</i> may now distribute news only through the State news agency, <i>Xinhua</i>.</p>
2006 Sep 04	<ul style="list-style-type: none">• The State Council has produced a <i>strategic energy policy</i>, the first of its type in China—<i>acid rain</i> now affects one third of China and some regions are receiving nothing but acid rain. A Hong Kong-based reporter for Singapore's Straits Times newspaper accused of <i>spying</i> for Taiwan was jailed for 5 years—China increased supervision of foreigners doing <i>surveys</i> and <i>mapping</i> in some areas of the country—China ratified an anti-terror agreement with Pakistan to fight the "three evil forces" of terrorism, separatism, and extremism—a top Chinese official visited Brazil, Uruguay and Chile.
2006 Aug 28	<ul style="list-style-type: none">• China's suicidal environmental story continued: it was admitted the water quality goals of the 10th Five-Year Plan (2001-2005) were not achieved —25 tons of liquid <i>caustic soda</i> fell into a reservoir — intentional dumping of <i>xylidine</i> in north-east China into a river that flows into Russia brought protests. China concluded exercises with Kazakhstan against "the three evil forces" (<i>terrorists, splittists, extremists</i>) in the dissident Xinjiang Uygur [Uigur] region. Chad suddenly nationalised the infrastructure and licence of <i>ChevronTexaco</i> and <i>Petronas</i> in a dispute over taxes but possibly also to allow China to manage the reserves.
2006 Aug 21	<ul style="list-style-type: none">• Thai media again discussed the 300-year-old idea of the Kra Isthmus canal – an asset for Thailand; an immense strategic boost for China — perhaps with genuine intent, China acknowledged "breakneck economic expansion is overwhelming official goals to cut <i>emissions</i> and <i>energy</i> use."
2006 Aug 14	<ul style="list-style-type: none">• Experts say by 2050 China will be in the top 40 "moderized" economies — China claimed a fall in all <i>violent crimes</i> and that 33,000 "<i>economic crimes</i>" involving about \$7.27 billion were solved in the first half of 2006 — China recognised its many major lakes are "<i>heavily polluted</i>" and said it is taking remedial steps.
2006 Aug 07	<ul style="list-style-type: none">• The first batch of crude oil arrived in China through the China-Kazakhstan pipeline — authorities reported, without elaboration, the seizure of significant quantities of <i>arms</i> and <i>explosives</i> — in response to bad press on the <i>sulphur dioxide</i> problem, China announced market-based measures to pressure polluters.



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| 2006 Jul 31 | <ul style="list-style-type: none"> • A majority of Chinese economists believe the economy is overheating. The government has uncovered around US\$3B in misuse, waste and embezzlement as part of its anti-corruption audits; the "other China" [Taiwan] is seeking US weapons to defend itself (against China). In the critical area of environmental degradation, China is sensibly taking a bottom-up approach to avert environmental catastrophe by rallying local government to control degradation at the factory and drain-by-drain level. In what continues to be a continent per week round of diplomacy, China has made bilateral agreements with 10 Caribbean nations. |
| 2006 Jul 24 | <ul style="list-style-type: none"> • Stage I of the China's Gwadar Port in Pakistan – a bead in the “string of pearls” -- is almost ready. |
| 2006 Jul 17 | <ul style="list-style-type: none"> • It's all go in China -- huge gas reserves have been proven in deep water in the Pearl River Mouth Basin; Kazakh oil has started arriving through a new pipeline; two plants were announced in the north-west that will produce oil-from-coal at a cost of around \$27 per barrel. With continued growth at around 10% and an annual trade surplus of \$134 Billion, the trick will be to stop overheating. China continues to lock down access to the internet, and -- doubtless for complex reasons -- does not want to join the G8. A serious riot erupted over a trivial reason, indication perhaps of troubles to come. And as ultimate proof that China in some ways is becoming like the West, the burgeoning middle class has begun to complain about mortgage repayments and taxes. |
| 2006 Jul 10 | <p>↓ The scale of China's influence on the world economy and world environment is becoming increasingly obvious. Pollution in some parts of China is biblical; but, being a dictatorship, China is able to enforce new practices any time it chooses to.</p> |
| 2006 Jul 03 | <ul style="list-style-type: none"> • China -- the world's largest dictatorship -- is arming, forming strong ties with energy suppliers in Africa and South America, remains criminally irresponsible in environmental and intellectual property matters, and remains inscrutable as to its medium and long-term intentions. |

Commencement of Service

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