

BEIJING REVIEW

北京周報

A CHINESE WEEKLY OF
NEWS AND VIEWS

China's Views on
Current World
Situation



Nationwide Campaign
For Party
Consolidation



Regulations on Joint
Ventures



LETTERS

Always Promoting Change

The last issues of *Beijing Review* have strengthened my opinion that there is no need to be afraid of changes. I have just become acquainted with an old saying, "the only permanent thing is change." This is certainly true. However, all positive change serves to continue your fine traditions. In other words, it also serves to renew and renovate the development of accumulated experience, which the people have so tenaciously gained.

It is difficult for me to express in a few lines my concrete commentary about the articles which interest me most, but in general it seems to me that their essence lies in the following themes:

First:

- A. "to seek truth from facts"
- B. "don't stand on ceremony"
- C. "let a hundred flowers blossom"

Second:

- A. "liberate the productive forces"
- B. "depend on your own efforts"
- C. "make foreign things serve the country"

Third:

- A. "the four cardinal principles"

ples" [the socialist road, the people's democratic dictatorship, the leadership of the Chinese Communist Party, and Marxism-Leninism and Mao Zedong Thought]

- B. "peaceful coexistence"
- C. "don't seek hegemony"

Do the changes in China run afoul of these principles? Or do they renew and develop them, thus furthering your fine traditions? I think the answer to this second question is yes.

For these reasons, I sincerely wish you will always promote change in your country, and develop your fine tradition.

M. Bernal R.
Bogota, Colombia

International Articles on Major Issues

We particularly enjoy reading international articles on major issues published by *Beijing Review*. For instance, one of your recent issues carried an article on Reagan's policy ["Ronald Reagan's North-South Policy," issue No. 34]. Sometimes we read articles in your magazine which we cannot find in any other newspapers we have known. A good example is "Central America: Israel Expands Its Intervention" in issue No. 33.

We also find the articles on tourism very interesting. We treasure these articles as a ref-

erence to help us plan our third trip to China.

We are also interested in the articles on the daily life of your people and the classical literature of your ancient society, with its history of several thousand years.

One suggestion: you publish a sketch map of China's administrative areas in each issue such as the one in your series *Economic Readjustment and Reform*. I take a great interest in this series.

Cecile Colas
Paris, France

Zhu Boru Is an Excellent Soldier

I think that all articles in *Beijing Review* are interesting. Those articles on workers and their lives are of particular significance. I also agree with China's political viewpoint, because people often make comments on those who work for the interests of the people.

As far as Zhu Boru is concerned, he has done his utmost to work for the people, without regard for himself. He often thought that he should have done more for the people. Your article shows that he works hard and is regarded as a model for the Chinese youth. I hope that all young Chinese activists take him as their model.

Your readers should thank you for publishing such an article on one of China's excellent persons ("Stories of a Model CP Member," issue No. 37).

Abdoul Hamid Rachid
Moroni, Cameroon

Exciting new release

DREAM JOURNEYS TO CHINA

Poems by Stephen S. N. Liu

This astounding collection of 56 poems chronicles a voyage in the mind of a Chinese man living abroad. To the author's lonely and exiled soul, both the memories of the past and the dream-world become soothing mirages in the remote North American deserts.

Written in English, this book is a must for poetry lovers everywhere.

Published by New World Press

Distributed by China Publications Centre (Guoji Shudian)
P.O. Box 399, Beijing, China

"US Intervention in Central America"

I especially enjoyed your article "US Intervention in Central America" in issue No. 34. Your objectivity and anti-imperialist attitude demonstrate your struggle for the third world.

The content of your magazine is good, but I would like to see a special section about conflicts going on in Indochina.

Your cover could be laid out in the format of a daily, with headlines and some pictures covering the most important themes.

Bertholet Patricia
Evry, France

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HIGHLIGHTS OF THE WEEK

China's Voice at UN General Assembly

Foreign Minister Wu explains the Chinese Govern-
ment's views on the current world situation, China's
foreign policies and its stand on certain major international
issues (p. 13).

National Day Reception

At the National Day reception given in Beijing on Sept.
30, Premier Zhao reviewed the achievements China has
made in socialist construction since the beginning of this
year. He also spoke about the current international situa-
tion and the development of China's relations with other
countries (p. 5).

Britain's Argument Is Untenable

It is at odds with historical facts and reality for the
British Government and the British press to attribute
Xianggang's (Hongkong's) prosperity mainly to British
administration, and to make this an excuse for opposing
China's recovery of its sovereignty over the region (p. 10).

Nationwide Campaign for Party Consolidation

A campaign for Party consolidation, first experimented
with in some units, will be launched in all Party organiza-
tions. Impurities in ideology and organization make this
three-year campaign necessary. For the majority of Party
members, it will be an in-depth education in Marxism
(p. 4).

Significant Changes in Backward Rural Areas

Forty-seven counties out of the nation's 2,000 have
doubled the value of their industrial and agricultural out-
put since 1979. This has led to an increase in annual in-
come per capita in most counties from less than 50 yuan
to more than 200 or 300 yuan (p. 7).

Regulations on China's Foreign Economic Re- lations

Full text of the Reg-
ulations for the Imple-
mentation of the Law of
the People's Republic of
China on Joint Ventures
Using Chinese and Foreign
Investment (supplement).



The Yuanbaoshan Power
Plant in Inner Mongolia is
under construction.

Photo by Sun Fuxiang

An education campaign in Marxism

A nationwide campaign to consolidate the Party organizations will be launched by groups after the Second Plenary Session of the 12th Party Central Committee to be held soon. It is expected to be completed in about three years.

For the overwhelming majority of Party members, the campaign will be an in-depth education in Marxism. Just like the Yanan rectification movement in the early 40s, which created conditions for the victory of the War of Resistance Against Japan (1937-45) and the War of Liberation (1946-49), this campaign will use the Party's line, principles and policies for the new historical period to unify the thinking of the entire membership. The Party will then be more powerful, thus paving the way for the realization of China's socialist modernization.

The Chinese Communist Party is a Marxist-Leninist Party tested by long years of revolutionary struggle. The major body of our Party remains politically pure and strong, despite the serious damage inflicted by the "cultural revolution." After the downfall of the gang of four, the Party has accomplished in just a few years the arduous task of righting its guiding ideology, and has led the people throughout the country to make tangible improvements in many areas of their lives. This is acknowledged by Chinese and foreigners alike.

However, the Party is not without its problems. Impurities in ideology and organization still exist, and the Party's style of work has not fundamen-

tally improved. Because the pernicious influence of the 10 years of domestic turmoil has not yet been eradicated, exploiting class ideologies have been able to infiltrate under the new situation when China adopts a policy of opening to the outside world and a relaxed domestic economic policy.

In order to make the Party consolidation campaign successful, Party committees at the provincial level have proceeded with the work on an experimental basis in carefully selected units. Those selected represent both leading departments and grass-roots units, both those with strong political leadership and those without. The idea was to better understand the situation within the Party, and learn how the education campaign could best be conducted.

Judging from the experience gained in these experiments, problems in the movement can be divided roughly into two categories:

First, there are ideological problems. Some Party members cannot understand the Party's current policies and measures because of the influence of "Left" or Right thinking. A few even have adopted a passive attitude towards the Central Committee's line, principles and policies. Mistaken ideas such as liberalism, individualism and anarchism also exist among some Party members.

Those who have ideological problems will be asked to correct their mistakes according to the requirements for member-

ship set in the Party Constitution. The principle of starting from the desire for unity, and arriving at a new unity on a new basis through criticism and self-criticism will be followed for them.

Problems of another category to be solved in the Party consolidation campaign are to ferret out and deal severely with those who rose to prominence by following the gang of four to rebel, those who stubbornly engaged in factionalism and those who performed "beating, smashing and looting"; those who have stubbornly opposed to the line of the Third Plenary Session of the 11th Party Central Committee; and those who have committed serious economic crimes, and criminal activities and other offences. Some of these people will be punished according to law. All these methods are entirely necessary for purifying the Party organizations.

The results of the experiments have been good. Party members in many experimental units have enhanced their understanding of the Party's line, principles and policies, strengthened their belief in communism and desire to serve the people, increased their Party spirit and sense of discipline and established closer ties with the masses. They have become more vigorous in their work.

The experiments show that the overwhelming majority of Party members either are well qualified or can become qualified Party members through education. Only a small handful will be expelled from the Party. This has once again proved that rumours abroad that Party consolidation will be a "great purge" are groundless.

— Political Editor An Zhiguo

Zhao's speech at National Day reception

The Chinese people have made new progress and scored new achievements in socialist construction since the beginning of this year. All this has further strengthened the confidence of our people of all nationalities in turning China into a modern socialist country.

With these words, Premier Zhao Ziyang marked the 34th anniversary of the founding of the People's Republic of China at a September 30 reception. The main points of his speech are as follows:

Domestic Situation

In spite of the adverse effects of major and minor flooding over large areas of the country, agricultural output is expected to surpass the record year of 1982, and the peasants have again increased their incomes over last year.

Industrial production has been growing steadily as a result of



Premier Zhao Ziyang with guests from various countries at the National Day reception.

the policy of readjusting, restructuring, consolidating and improving the economy. The growth rate is higher than the target set in the original plan, and economic results have somewhat improved. The introduction of taxation on state enter-

prises instead of delivering their profits to the state is now in full swing, and reforms in the urban areas will proceed faster.

Work on key projects vital to national economic development has proceeded step by step and will be further strengthened. Urban and rural markets have become more brisk and prosperous.

National defence modernization has made new advances and achieved significant success.

Progress in building socialist ethics is manifested primarily in the gradually improved education in patriotism, collectivism, socialism and communism.

The actions taken to deal swift and heavy blows against criminals has won the warm support of the people throughout the country.



Deng Yingchao and other Party and state leaders at the National Day (October 1) get-together.

The recent important talk by Deng Xiaoping, Chairman of the Central Advisory Commission of the Party, on the Taiwan question gave full expression to the fundamental desire and interests of all Chinese on both sides of the Taiwan Strait.

It is our firm and unshakable policy to resume the exercise of our sovereignty over Xianggang (Hongkong) while maintaining its prosperity and stability.

We are confident that, through the sustained efforts of our people of all nationalities, including our compatriots in Taiwan, Xianggang and Aomen (Macao) and those who live abroad, we will certainly achieve our great goal to peacefully reunify the motherland.

Foreign Policy

In face of the present ceaselessly turbulent, tense and uneasy international situation, we will steadfastly implement our independent foreign policy and do our part to oppose hegemonism and maintain world peace.

We will firmly pursue our long-term policy of opening to the outside world and promote economic, trade, scientific, technical and cultural exchanges with other countries on the principle of equality and mutual benefit.

We will constantly strengthen our unity and co-operation with the other developing countries of the third world.

We will actively promote co-operation and contacts with the socialist countries in Eastern Europe.

We will seek continued growth of our good relations with countries in Western Europe, North America and Oceania.

We hope there will be a

steady development of Sino-US relations in keeping with the principles laid down in the agreements between the two sides.

We look forward to removal of the existing obstacles in Sino-Soviet relations and to the normalization of relations between the two countries.

We will, as always, work together with all peace-loving and justice-upholding countries and peoples to defend world peace and achieve human progress.

Develop Inner Mongolia in unity

A five-day meeting commending national unity was held in mid-September in Hohhot, capital of the Inner Mongolian Autonomous Region.

Held for the first time since the founding of the autonomous region 36 years ago, the meeting was attended by 1,034 representatives of the Mongolian, Han, Hui, Manchu, Korean, Daur, Ewenki, Oroqen and 19 other nationalities, from among workers, peasants, herdsmen, intellectuals, soldiers, cadres and patriotic people.

In her greetings to the meeting on behalf of the Party Central Committee, Hao Jianxiu, alternate member of the Secretariat of the Party Central Committee, reiterated the basic points made by Hu Yaobang, Zhao Ziyang and other Party and state leaders during their recent inspection tours of northwest China. She said, "In the national minority areas, stress should be put first on unity and second on accelerating construction. Unity and construction are interrelated and complement each other."

China comprises 56 nationalities, who, through their joint efforts, have created a unified China, opened up such a vast land and developed a splendid Chinese culture. Particularly in recent history, the people of various nationalities have formed an inseparable bond in their struggle against common enemies and in their joint endeavours to build socialism.

Inner Mongolia was the first national minority area in China to practise regional autonomy. In the 1950s and the early 1960s, the region was a model of national unity. During the decade of the "cultural revolution," however, because of the influence of the "Left" thinking, our national policy was trampled underfoot and relations between different nationalities were seriously undermined. The Third Plenary Session of the 11th Party Central Committee, held at the end of 1978, corrected these wrong policies and improved our national work. Since then, national unity has never been so strong as it is today.

The last few years have also seen gratifying results in the region's economic construction. Inner Mongolia's industrial and agricultural output value has increased 6.6 per cent annually in the past four years. The region, which covers an area of 1.2 million square kilometres, abounds with mineral, forestry and pastural resources and has broad prospects for economic development. The government plans to build more than 20 large and medium-sized projects here before 1985.

In late September, a meeting commending national unity was also held in Qinghai Province, where national minorities account for 39.5 per cent of the total population.

47 counties double annual output value

The gross annual output of industry and agriculture, or of agriculture alone, has doubled in value in 47 counties in China since 1979, according to a recent survey published by *Renmin Ribao*.

The 47 counties (there are more than 2,000 counties in China) are scattered among 15 provinces, municipalities and autonomous regions, including Tibet, Inner Mongolia and Xinjiang. Shandong Province had the largest number with 19. Hebei came next with five counties, and Anhui Province had four.

Eighty per cent were the poorest among this group of counties. For instance, Fengyang County in Anhui Province, Lankao County in Henan Province, Zhanang in Tibet, Bachu in Xinjiang and Haggin Back Banner in Inner Mongolia had

long been notorious for their poverty. But after doubling the value of their output, annual per-capita income in most counties has gone up from less than 50 yuan to more than 200 or 300 yuan.

Another significant fact is that more than 10 per cent of the counties have had fairly high agricultural yields in the past, yet they too have managed to double their production. The city of Shaoxing in Zhejiang Province, administered as a county, was a notable example. The total value of industrial and agricultural output was 1,690.35 million yuan in 1982, 2.2 times what it was in 1978.

The 12th National Congress of the Chinese Communist Party last year set the goal of quadrupling the value of China's industrial and agricultural output by the end of the century. Since then, people have been wondering whether this goal can be achieved, especially in the field of agriculture.

Party General Secretary Hu Yaobang said in October 1982. "If we can find some 50 to 100 counties that can double their output in the next five years, then we ourselves and all those in charge of rural work will feel more confident and will know how better to tackle this problem."

The success of these 47 counties will further strengthen our confidence in achieving the goal set by the 12th National Congress of the Party.

31 coal mines in energy-poor areas

China began construction and expansion of 31 coal mines, with an aggregate annual production capacity of 16.62 million tons, in economically developed but energy-deficient areas from January to August this year.

Preparations are also under way to begin 19 more new mines, with a combined capacity of 23 million tons by the end of this year. This will bring the total production capacity of mines begun this year to more than 30 million tons, a record in recent years.

In 1982, China produced 666 million tons of coal. In the first eight months of this year, the country's coal mines produced a total of 452.36 million tons of raw coal, a 6 per cent increase over the same period of last year.

In order to meet the country's need for energy, in recent years the state has readjusted the geographical distribution of its coal production to speed up the



Peasants in Zouxian County of Shandong Province enthusiastically sell wheat to the state after harvest.

Foreign Ministry Spokesman on British Leaders' Remarks on Xianggang

A SPOKESMAN for the Chinese Foreign Ministry on Oct. 3 commented on the remarks concerning Xianggang (Hongkong) made by British Prime Minister Margaret Thatcher on Sept. 23 and by British Minister of State Richard Luce on Sept. 28.

The spokesman said: "Of late, responsible people in the British Government have time and again made inappropriate remarks about the future of Xianggang, arousing serious attention among various circles."

Xianggang, including Xianggang Island, Kowloon and the "New Territories," he noted, is an inseparable part of Chinese territory. China will undoubtedly recover the whole area of Xianggang. It is the firm policy of the Chinese Government to resume exercise of sovereignty over Xianggang, while maintaining its prosperity and stability. China has a series of principles for carrying out the policy, he said.

"China and Britain are now conducting talks on the Xianggang question. We hope that both sides will show a sincere and co-operative attitude in the talks so that positive results will be achieved at an early date," he said. "Inappropriate remarks by British leaders will not lead to a reasonable solution of the question, but will serve only to make the talks more difficult," the spokesman added.

development of coal resources in the coal-rich areas of east and northeast China, as well as in Inner Mongolia and Shanxi. Up to now, the total production capacity of mines built or expanded in recent years has reached 130 million tons, 20 per cent more than in 1982. Of this, new mines can produce 100 million tons of coal. Most of these mines are large and medium-sized ones. For instance, the Xieqiao Coal Mine in the Huainan Mining Area in Anhui Province, the Wangcun Coal Mine in Shaanxi Province and the Gongwusu No.3 Coal Mine in Inner Mongolia were all designed to produce more than 1.2 million tons annually.

Some of the new mines were completed and put into operation in the first eight months this year. It is expected that 12 more will be finished and put into operation by the end of the year.

Japanese Socialist Party pays visit

Chinese Communist Party General Secretary Hu Yaobang said on Sept. 29 the history of China and Japan shows that when China and Japan are locked in conflict, both suffer; but when they are at peace, both prosper. Therefore, he said, "we'll teach our children to maintain and develop friendly relations with Japan."

Hu was speaking at a meeting with a delegation from the Socialist Party of Japan, led by its Chairman, Masashi Ishibashi.

Ishibashi said that Japan-China relations were now at their best.

Chairman Li Xiannian, who met with the Japanese visitors the same day, said the governments, political parties and peoples of China and Japan should increase exchanges and remain friendly for ever. The Chinese

people will always cherish the enormous amount of work the Japanese Socialist Party has done in helping normalize China-Japan diplomatic relations and promoting friendship between the countries, he said.

Ishibashi said in order to maintain Japan-China friendship, it is imperative that the two parties develop friendly co-operation. The delegation's current visit to China has established trust, an important first step. A delegation of the Chinese Communist Party will visit Japan next year, which will be the second step. "We hope there will be third and fourth steps later," he said.

The delegation is the first to visit China, at the invitation of the Chinese Communist Party, since the two parties officially established relations last March.

Hu Qili and Qiao Shi, Member and Alternate Member of the Secretariat of the Chinese Communist Party Central Committee, and the Japanese Socialist Party Delegation held talks. Both sides exchanged views in a very friendly and sincere manner, and concluded that the talks increased the understanding and co-operation between the two parties.

Qiao Shi explained to the Japanese the Chinese Communist Party's views on the international situation and major world problems. He said the two sides held similar or identical views on many international issues, such as support for national independence and liberation movements, defence of world peace and development of Sino-Japanese friendship. This laid a sound foundation for further friendly co-operation. It was natural for them to differ on certain issues, he noted. But these differences can be discussed, and will not affect co-operation between the two parties.



Hu Yaobang meets with Masashi Ishibashi and the Japanese Socialist Party Delegation he led.

Qiao said he hoped to see continuous development of Sino-Japanese relations in various fields through the concerted efforts of the two peoples. General Secretary Hu Yaobang's scheduled visit to Japan in November will certainly advance the cause of Chinese and Japanese peoples living in friendship from generation to generation. China was very much concerned about the direction of Japan's development, Qiao added.

Qian Xinzhong receives UN award

A certificate, a gold medal and a monetary prize of US\$12,500 were awarded at the United Nations on Sept. 30 to Qian Xinzhong, Chinese Minister in charge of the State Family Planning Commission, for his outstanding contribution to family planning in China by UN Secretary-General Javier Perez de Cuellar.

Qian Xinzhong is one of the two recipients of the first annual UN population award. The other winner is Prime Minister Indira Gandhi of India.

Addressing the award presentation ceremony at the UN headquarters, Qian said the UN population award is an honour for himself and is also a symbol of UN support and encouragement for China's family planning programme.

He said China's population natural growth rate has come down from 26 per thousand in 1970 to 14.5 per thousand in 1982. This remarkable achievement has served as evidence of the correct policies and practices adopted by the Chinese Government.

Qian recalled that China's population increased by 280 million during the 20 years from 1949 to 1970 because its growth pattern became one of high birth rate, low mortality rate and high natural growth rate.

Distinguished foreign guests in China

Romanian Military Delegation. From Sept. 19 to 27, a Romanian military delegation led by Defence Minister General Constantin Olteanu, visited China. When Hu Yaobang, General Secretary of the Central Committee of the Chinese Communist Party, met with the delegation on Sept. 26, he said the two countries and Parties have trusted each other. State Councillor and Minister of National Defence Zhang Aiping exchanged views with the delegation on furthering friendship and co-operation between the armed forces of China and Romania, and other issues of mutual interest.

Turkish Senior Military Delegation. From Sept. 19 to 26 a Turkish senior military delegation led by General Necip Torumtay, Second Chief of the General Staff of the Turkish Armed Forces, visited China. Yang Dezhi, Chief of the

General Staff of the Chinese People's Liberation Army, met with the delegation. They agreed that exchanges of visits would help increase mutual understanding between the two armies and enhance friendship between the two countries.

Tunisian Chamber Delegation. The delegation from the Tunisian Chamber of Deputies, led by its President, Mahmoud Messaadi, arrived in Beijing on Sept. 23. President Li Xian-nian and NPC Chairman Peng Zhen met separately with the delegation on Sept. 25. Li said he believed the friendly co-operation between the two countries would grow stronger and expand with the development of China's economy. When the delegation left China on Sept. 30, Messaadi told Xinhua News Agency that in meetings with Chinese leaders, they found both sides had identical views on many basic principles.

*Xianggang (Hongkong) Issue***Britain's argument is untenable**

LATELY, British officials and the British press have been giving wide publicity to the argument that Xianggang's (Hongkong's) prosperity cannot continue without British administration.

Colin Moynihan, Secretary of the Foreign Affairs Committee of the British Conservative Party, said in an interview with Xianggang's *Hu Bao* on Sept. 14 that "the British role in Hongkong is the key to its economic stability," and that in order to "maintain Hongkong's economic stability," Britain "cannot give up its right of administration over Hongkong."

The British *Financial Times* said in an article on August 16, "The best way of assuring Hongkong's continued prosperity and stability is through a continuing British-linked administration." John Calvert Griffiths, Attorney General in Xianggang, recently described the British political system in Xianggang as "the cornerstone for maintaining confidence" and "a prerequisite to the promotion of prosperity."

This argument has been Britain's major excuse in opposing China's recovery of its sovereignty over Xianggang, and in trying to continue its colonial rule there.

However, this argument is not based on facts and is therefore untenable. The prosperity of Xianggang in the past 30-odd years is the result of the diligence, wisdom and meticulous management of the more than

5 million Xianggang residents, of whom over 98 per cent are Chinese compatriots. Another very important factor in Xianggang's prosperity has been the long years of vigorous support given by the Chinese mainland in various fields.

Mainland's Support

The Chinese Government has always considered it very important to maintain Xianggang's prosperity and stability, and has made enormous efforts in that direction. For example, in 1973 when Xianggang's oil supply dropped by 10 per cent because of the worldwide energy crisis, people in Xianggang were very worried. A mission of British authorities hurried to the Chinese mainland to ask for fuel oil. In response, the mainland dispatched a special ship with 5,000 tons of light diesel on Nov. 20, 1973, and another shipment of equal amount the following month. In 1974, the Chinese mainland provided as much as 300,000 tons of oil for Xianggang. The then Xianggang Deputy Colonial Secretary Clinton said, "As the Middle East oil supply is expected to fall by 10 per cent, the oil coming from China is no doubt most welcome."

It should be noted that at that time oil was also urgently needed on the Chinese mainland, and that it was a vital commodity on the international market. But, rather than sell its oil on the international market for huge profits, China provided Xianggang with this

precious commodity, which was taken from its own stores.

Another example is the fresh water supply, which has been a constant problem in Xianggang. In 1961, when the Chinese mainland was suffering from three years of natural disasters, it started the first phase of a water supply project in Shenzhen to relieve the fresh water shortage in Xianggang. The second phase of the project began in 1968, when China was again in economic difficulty, this time resulting from the disruption of the gang of four. The third phase of the project is now under way, which is aimed at satisfying Xianggang's need for 350 million gallons of water daily 10 months out of the year.

Food and Supplies

Food and other daily necessities from the Chinese mainland make up the major part of what is consumed in Xianggang. In 1982, for example, the mainland supplied Xianggang with 2.47 million pigs (97.24 per cent of the Xianggang's market demand), more than 30,000 tons of fish (85.1 per cent of the demand), 82 per cent of eggs, 56 per cent of rice and almost all toilet tissues.

In mid-May last year, service on some sections of the Beijing-Guangzhou Railway was disrupted by floods. Even so, supplies to Xianggang continued, thanks to efforts made by the people of the inland provinces. For instance, Hunan and Jiangxi Provinces rushed pork supplies to Xianggang by road. Shandong and Liaoning Provinces shipped cattle on the hoof by sea, while Guangdong and Fujian Provinces and the Guangxi Zhuang Autonomous

Region also shipped supplies of fresh but perishable goods. As a result, although the Beijing-Guangzhou Railway service was suspended for about two weeks, supplies of daily necessities for Xianggang were not affected. It is obvious that without the uninterrupted supply of daily necessities from the Chinese mainland at stable prices for years, Xianggang's inflation would have been much worse, and its cheap labour market would have lost its material basis.

A Major Trading Partner

On the other hand, the Chinese mainland is one of Xianggang's chief export markets. Last year the growth rate of Xianggang's export trade dropped from 18 per cent to 3 per cent. However, it was precisely in this slack period that Xianggang's trade with the Chinese mainland really began to flourish, with its export volume up by 30 per cent from HK\$2,924 million (US\$433 million) to HK\$3,806 million (US\$564 million). The Chinese mainland has thus become the fourth largest trading partner of Xianggang.

As for Britain, its purchases from Xianggang decreased by HK\$523 million last year.

It should also be noted that the total value of goods made in the mainland and re-exported through Xianggang grew from HK\$12,834 million to HK\$14,693 million, an increase of 14.5 per cent.

Thanks to the mainland's substantially increased purchases from Xianggang and its increased exports through Xianggang, Xianggang managed to achieve a 3 per cent increase in its export trade last year despite the worldwide recession.

The hard work of the local residents, the vigorous support

from the Chinese mainland, and the excellent geographical location of Xianggang, characterized by its closeness to the Chinese mainland and its fine natural harbour, all make up the exceptional advantages which allow Xianggang's economy to prosper and develop.

Internationally, the comparatively steady economic development in Asia and the Pacific over the past 20 years has been important in contributing to Xianggang's economic development and prosperity and its emergence as an international trading and financial centre. Of

Middle East

Factional fighting ends in Lebanon

AS a result of mediation efforts by the envoys of Saudi Arabia and the United States, a ceasefire agreement among the various factions in Lebanon took effect on Sept. 26, ending the conflict in this war-torn country.

The agreement provides for: (1) An immediate halt to fighting on Lebanese territory, on all fronts and demarcation lines. The truce to be policed by neutral observers. (2) The formation of a committee of representatives from the Lebanese army, the (Moslem) National Salvation Front, the (Christian) Lebanese Front, and the "Amal" (the Shiite Moslem military organization) to make the necessary arrangements and implement the ceasefire. (3) President Amin Gemayel to call for an urgent conference in preparation for a national dialogue among the parties concerned in the conflict, neutral political figures and representatives of the Lebanese Parliament and

course, some of Britain's policies and administrative methods have also played a role. But they were by no means the main and decisive factors, still less the only factors.

Hence, to attribute Xianggang's prosperity to the British Government alone, and to make it an excuse for opposing China's recovery of its sovereignty over Xianggang is untenable. It runs counter to the facts both of history and the present.

— Xinhua Commentator
(Abridged)

the Cabinet. (4) The President to invite Syria and Saudi Arabia to participate in the national dialogue.

The ceasefire agreement shows that all the parties concerned wish to settle their disputes and conflicts through peaceful consultations. This positive development has been warmly welcomed by a number of Arab countries.

Lebanon and its people have suffered a great deal from the Israeli invasion and occupation. However, the situation in the country became even worse following Israel's "partial withdrawal," which added to the internal strife in Lebanon. It is gratifying to see that the various factions in Lebanon have taken the whole situation into consideration and decided to stop their factional fighting.

It is true that because of historical reasons and differences on certain issues, the contradictions and disputes among the various Lebanese factions can-

not be resolved overnight. However, they should give up their past enmity and seek a compromise. They must work together to achieve a complete solution for the Lebanese problem in the interests of peace and reunification, and for the sake of safeguarding Lebanon's independence, sovereignty and territorial integrity. This is not only in the fundamental interests of the Lebanese people, but will also help maintain peace and stability in the whole Middle East.

The key to a solution of the Lebanese problem is still the unconditional and total withdrawal of Israeli aggressor troops from Lebanon. Lebanon will meet with various obstacles in its course forward, but as it achieves national reunification, and strengthens its unity and co-operation with the Arab world, Lebanon will be able to force the withdrawal of all Israeli aggressors, and ultimately fulfil the hope of Lebanese peace and reunification.

— Yan Zheng

France

African policy put to the test

WITH the direct involvement of outside forces, the complexion of the war in Chad quickly changed and the Habre government was seriously threatened. France deployed armed forces in Chad to prevent Goukouni, Chad's former president, and Libyan forces from moving southward.

This is the biggest French military action since the end of the Algerian war more than 20 years ago. At the same time, France has repeatedly sent special envoys to various African countries seeking a diplomatic solution. The way France has gone about dealing with the crisis in Chad reflects, to a certain degree, the whole tone of President Mitterrand's African policy.

The French Government is careful not to get involved in the actual fighting. Mitterrand had criticized the policy of "limited military involvement" adopted by former French

President Giscard d'Estaing. He thought it harmed France's image in the third world. He believed that purely military methods were not enough to calm the turbulence in Africa. He thought it more urgent to overcome social and economic problems, which are the basic causes of instability.

In 1981, at the 8th Franco-African Summit, Mitterrand said only Africans themselves know and understand Africa, and that Africa should not be an arena for rivalry between the major powers. He also said that African disputes must be settled by Africans themselves, and that the Organization of African Unity is the ideal international organization to mediate among African countries.

The government of the French Socialist Party pays special attention to developing relations with the third world, especially with African countries. It is against interference in

African internal affairs by the two superpowers, because such interference brings about turmoil in the area, thus endangering French interests there.

As soon as the civil war in Chad broke out, the United States sent an aircraft carrier to cruise near the coastal waters of Libya, and provided the Chad Government with US\$25 million in urgently needed aid. The Soviet Union, however, supported Libya, and its media attacked both the United States and France.

Mitterrand adopted flexible measures. He carefully planned the deployment of French military forces in Chad while trying his best to avoid direct armed confrontation with Libya to create conditions for a negotiated settlement of the Chad question.

Mitterrand is aware of the fact that the 50 independent countries in Africa make up half of all the non-aligned countries and they play an important role in world affairs. He has said that Africa is the centre of France's third world policy.

The basic purpose of France's African policy is to maintain its sphere of influence and traditional interests on the African continent, but this conflicts with the demands of the countries concerned for further political and economic independence. However, it is difficult for France to keep the superpowers from expanding into Africa because of its limited strength. Mitterrand's African policy will therefore be sure to face many tests in the years ahead.

— Zhong Nanfei

China's Views on World Situation

—Foreign Minister Wu Xueqian's speech at
38th Session of UN General Assembly



At the plenary meeting of the 38th Session of the United Nations General Assembly on Sept. 27, Foreign Minister Wu Xueqian explained the Chinese Government's views on the current international situation, China's foreign policies and its stand on some major international issues. Following is a slightly abridged text of his speech. Subheads are ours. — Ed.

SAFEGUARDING world peace is the most important task facing mankind today and the primary concern of all peoples in the world. Working hard for the modernization of their country and the improvement of their living standards, the Chinese people eagerly desire a lasting peaceful international environment. Like other peoples of the world, we are deeply concerned about the maintenance of international peace and security. However, we cannot but face the harsh realities. The present-day world is far from tranquil and is beset with tensions and turmoils. The fierce arms race between the superpowers and their wrangling over the question of deployment of medium-range nuclear weapons have kept Europe in a state of tense confrontation. The hegemonists' aggres-

sion against and rivalry in the third world countries have given rise to frequent wars and emergencies in Asia, Africa and Latin America. Certain developed countries are shifting the consequences of their economic crises on to others, plunging many developing countries into great economic difficulties. All this has caused disasters in many countries and posed a serious threat to world peace.

People of all countries have come to realize more and more clearly that world peace can be effectively maintained only by resolutely opposing hegemonism. The numerous third world countries and the people of the world have strengthened their united struggle against expansion, aggression and power politics, so that the superpowers have met with ever stronger opposition and constraints in pursuing their hegemonist policies. We are confident that it is possible to maintain world peace so long as the people of the world get truly united and wage a resolute struggle against all manifestations of hegemonism.

Disarmament

All the peace-loving countries and people ardently wish to see disarmament realized and they have expressed this wish in various ways. The massive peace movement that has emerged in some countries in recent years reflects in its main trend the strong aspirations for peace of the people who suffered the havoc of two world wars and are now faced with the increasing threat of a nuclear war. Their aspirations are completely understandable and deserve sympathy.

Historical experience shows that a genuine desire for disarmament is essential to real progress in disarmament. Twenty years have passed since the partial test-ban treaty was signed in 1963. During this period, the two superpowers have held many disarmament talks and

reached some agreements. But what is the result? Their armaments, especially nuclear armaments, have increased in quantity and improved in quality despite all the talks for reduction. Their annual military expenditures amount to more than half of the world's total. More than 95 per cent of the world's nuclear weapons are in the hands of the two superpowers which admit that they have long possessed what is commonly known as "overkill" capabilities, and it is always the people of the world who are to suffer once these capabilities are put to use. The arms race between the superpowers has extended from the land, sea and air to the outer space. And the reality is that for all the disarmament talks, the arms race is intensifying with each superpower trying to gain the upper hand over the other. One cannot but question their sincerity for disarmament. Will they give up their nuclear threats and nuclear blackmail to let others live in peace for a while? Without good faith, their words and proposals, however nice-sounding and numerous, would in essence only serve to cover up their continued efforts to expand their nuclear arsenals and hoodwink world opinion. As matters now stand, it is only natural that people should ask the two nuclear superpowers which possess the largest arsenals to be first to reduce their arms, drastically cut their nuclear and conventional armaments and destroy the reduced armaments before there can be any reduction of arms by other countries.

China desires peace and favours disarmament. We are for genuine disarmament and against sham disarmament. That is, arms expansion under the camouflage of disarmament talks. The Chinese Government has, together with other third world countries, made unremitting efforts to promote real progress in disarmament:

— China has always stood for the complete prohibition and thorough destruction of nuclear weapons;

— China declared explicitly in 1964 on the occasion of the successful test of its first atomic bomb that China was developing nuclear weapons for defence purposes and that at no time and in no circumstances would China be the first to use nuclear weapons;

— China was the first country to propose that nuclear weapon states should undertake not to use nuclear weapons against each other, and the first country to undertake the commitment not to use nuclear weapons against non-nuclear-weapon states or nuclear-free zones;

— China respects and supports the proposals of non-nuclear-weapon countries for the establishment of nuclear-free zones or zones of peace;

— China is in favour of reducing conventional armaments as well as nuclear arms;

— China stands for the early conclusion of a convention on the complete prohibition and thorough destruction of chemical weapons.

At the Second Special Session of the UN General Assembly devoted to disarmament, China put forward a proposal on the question of the nuclear-weapon states' ceasing to develop and reducing nuclear weapons, calling on the two superpowers to take the lead in adopting practical measures to cut their nuclear weapons and means of delivery by a wide margin. With a view to promoting progress in disarmament, we are prepared to make a further effort by proposing that, after the Soviet Union and the United States have taken practical action to stop testing, improving and manufacturing nuclear weapons and agreed on reducing by half their nuclear weapons and means of delivery of all types, a widely representative international conference should be convened with the participation of all nuclear-weapon states to negotiate the general reduction of nuclear weapons by all nuclear-weapon states. We hope that this proposal will receive a positive response.

Tension in Some Regions

Thirty years ago, during the Sino-Indian talks in December 1953, the late Premier Zhou Enlai of China for the first time put forward the Five Principles of Peaceful Coexistence, namely mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. Those principles give expression to the common desire of the people of the world to defend their national independence and sovereignty and promote world peace. They are in full accord with the purposes of the United Nations Charter. Over the past 30 years, these Five Principles have been accepted by the international community as basic norms guiding the relations between states and have played an important role in maintaining international peace and security. Regrettably, however, peaceful coexistence among states and particularly the independence and security of the third world countries have constantly been subjected

to grave threat and violation by imperialism, hegemonism and colonialism.

The Kampuchean issue is, in essence, one of undisguised armed aggression against, and military occupation of Kampuchea by the Vietnamese authorities, with the support of a superpower, in gross violation of Kampuchea's independence and sovereignty. Viet Nam's invasion and occupation of Kampuchea is now more than four years old. It has not only brought untold sufferings to the Kampuchean people but also posed a grave threat to peace and stability in Southeast Asia. Viet Nam has so far refused to withdraw its troops, thus blocking a settlement of the Kampuchean issue which is long overdue. In an attempt to extricate itself from its predicament, Viet Nam has made all kinds of excuses and even described the Kampuchean question as "an issue between China and Viet Nam." This is sheer sophistry and slander. The General Assembly has at four successive sessions adopted resolutions by an overwhelming majority and the International Conference on Kampuchea issued a declaration, all calling for the total withdrawal of the Vietnamese troops from Kampuchea so that the Kampuchean people may decide their own destiny free from outside interference. How can the Kampuchean issue be described as one involving differences only between China and Viet Nam? Talking about differences, they could be accurately stated as those between the Vietnamese authorities who crudely trample upon the United Nation's Charter and the international community which firmly upholds it.

A number of countries have tried more than once to break the deadlock on the Kampuchean question and bring about a political settlement. On March 1 this year the Chinese Government put forward its proposal for resolving the Kampuchean question and improving Sino-Vietnamese relations. Like the ASEAN countries and all other peace-loving and justice-upholding countries, China hopes that after the Vietnamese withdrawal, Kampuchea will become an independent, peaceful, neutral and non-aligned country and that free elections will be held under UN supervision for the Kampuchean people themselves to choose their political system and government leaders. We are prepared to join the other countries concerned in an international guarantee. We also hope that the Southeast Asian countries will achieve peace and stability in the region on the basis of mutual respect for sovereignty and territorial integrity and non-interference in each other's

internal affairs. We are willing to develop friendly and good-neighbourly relations with all countries in the Southeast Asian region, including Viet Nam. The heart of the matter is that Viet Nam must implement the resolutions of the UN General Assembly and the Declaration of the International Conference on Kampuchea, undertake to withdraw unconditionally all its troops from Kampuchea and act accordingly. This is the prerequisite for a political settlement of the Kampuchean issue.

The question of Afghanistan is also a matter of great concern to the international community. Soviet armed aggression against Afghanistan constitutes a gross violation of Afghanistan's independence and sovereignty, which has turned millions of Afghan people into refugees. This is something rare in the modern history of international relations. The international community has strongly called for an immediate, unconditional and total withdrawal of foreign troops from Afghanistan and full respect for the independence, sovereignty, territorial integrity and non-aligned status of Afghanistan. The Chinese Government firmly supports this just demand. We are in favour of a political settlement of the Afghanistan question, and efforts have been made in many ways by some countries to promote indirect talks through the good offices of the United Nations. However, any political solution must accord with the relevant UN resolutions, especially the crucial principle of immediate and unconditional withdrawal of all foreign troops. The formulation of "guarantee before withdrawal" is obviously putting the cart before the horse, and its purpose is none other than legalizing military interference and occupation and putting off withdrawal. We consider that an international guarantee is necessary, and China is prepared to join the other countries concerned in such a guarantee, but this can happen only after, and not before, the withdrawal of all foreign troops from Afghanistan and the restoration of Afghanistan's independence and sovereignty. At present, a genuine political settlement depends on whether the Soviet Union will publicly undertake to withdraw its troops and set a timetable for the withdrawal. Failing this, no effort for a political settlement will achieve real progress.

The situation on the Korean peninsula also arouses concern. The division of Korea into the north and the south has already lasted for

more than 30 years. This not only runs counter to the aspiration of the entire Korean people, but also prevents easing of the tension in this region. The Chinese Government and people wholeheartedly support President Kim Il Sung's reasonable proposal for the independent and peaceful reunification of Korea and the establishment of a Democratic Federal Republic of Koryo. The United States should stop interfering in Korea's internal affairs and withdraw forthwith all its troops from south Korea in accordance with the relevant resolution adopted at the 30th Session of the UN General Assembly, so that the Korean question may be settled by the Korean people themselves free from interference by outside forces.

The situation in the Middle East has been tense and turbulent for years. The crux of the matter is that the Israeli authorities are carrying out wanton aggression and expansion against Arab countries and trampling upon the national rights of the Palestinian people and that their arrogance is inflated by US partiality. On the eve of the commencement of the UN General Assembly session last year, Israeli aggressor troops massacred innocent Lebanese and Palestinian civilians in cold blood; when the current General Assembly is meeting here, Lebanon is confronted with the danger of being divided. To justify its aggression and expansion, Israel has kept harping on the need to guarantee its "security and survival." But the present reality is that Israel not only arbitrarily frustrates the restoration of the Palestinian people's national rights, but also wilfully threatens the security of Arab countries.

The key to safeguarding peace in the Middle East is to stop Israeli aggression. Israel must withdraw from Lebanon and all the Arab territories it has occupied, and the Palestinian people must regain their national rights.

Unity of the Arab countries is the fundamental guarantee for success in checking Israeli aggression and expansion and for the settlement of the Middle East question. As a Chinese saying goes, "Brothers may quarrel at home, but they unite to resist outside attack." We sincerely hope that the Arab countries and all the Palestinian groups will seek common ground on major issues while shelving minor differences and strengthen their unity in the joint struggle against the enemy. The Chinese Government and people will, as always, firmly stand by the Arab people and support their just struggle. We are deeply convinced that all aggressors will be

punished in the long run. Final victory will definitely belong to the united Arab people.

The South African authorities have persisted in their racist policies, continued their illegal occupation of Namibia and carried out repeated armed incursions and military provocations against neighbouring countries. Here lies the root cause of the turbulent situation in southern Africa. Peace and tranquillity in this region require resolute sanctions against the racist South African authorities and achievement of Namibian independence in compliance with the relevant resolutions of the UN Security Council. It is totally unjustified to attempt to link up Namibian independence with the withdrawal of Cuban troops from Angola, which are two issues of different natures. What ground is there to obstruct the independence of one country by citing the presence of foreign troops in another? The people of Namibia strongly demand independence at an early date. They have carried out a prolonged struggle under the leadership of the South-West Africa People's Organization. No force on earth can block the independence and liberation of Namibia.

The conflict in Chad is becoming more and more complicated owing to the meddling of external forces. The majority of African countries are in favour of seeking a settlement through the Organization of African Unity. They want to eliminate intervention by external forces and call for a settlement of the internal dispute in Chad through negotiations. The Chinese Government supports this justified position. We are of the opinion that the independence, sovereignty and territorial integrity of Chad should be respected, its internal affairs should be settled by the Chadian people themselves, and all foreign intervention must cease forthwith.

The tension in Central America has further escalated in the past few months. It is impermissible to attempt either to use military bluff to restrict the struggle of the people in Central America for democracy and social reform or to carry out infiltration by exploiting the national and democratic movements there. We consistently hold that the problems of the Central American countries should be solved by the people of the respective countries, that disputes between Central American states should be settled peacefully on the basis of mutual respect for sovereignty and non-interference in the internal affairs of other countries; and that no external forces should be allowed to intervene. The Chinese Government supports the Conta-

Regulations for the Implementation of the Law of The People's Republic of China on Joint Ventures Using Chinese and Foreign Investment

(Promulgated by the State Council on
September 20, 1983)

Chapter I

General Provisions

Article 1 The Regulations hereunder are formulated with a view to facilitating the implementation of the Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment (hereinafter referred to as the Law on Chinese-Foreign Joint Ventures).

Article 2 Joint ventures using Chinese and foreign investment (hereinafter referred to as joint ventures) established within China's territory in accordance with the Law on Chinese-Foreign Joint Ventures are Chinese legal persons and are subject to the jurisdiction and protection of Chinese law.

Article 3 Joint ventures established within China's territory shall be able to promote the development of China's economy and the raising of scientific and technological levels for the benefit of socialist modernization. Joint ventures permitted are mainly in the following industries:

(1) Energy development, the building material, chemical and metallurgical industries;

(2) Machine manufacturing, instrument and meter industries and offshore oil exploitation equipment manufacturing;

(3) Electronics and computer industries, and communication equipment manufacturing;

(4) Light, textile, foodstuffs, medicine, medical apparatus and packing industries;

(5) Agriculture, animal husbandry and aquiculture;

(6) Tourism and service trades.

Article 4 Applicants to establish joint ventures shall lay stress on economic results and shall comply with one or several of the following requirements:

(1) They shall adopt advanced technical equipment and scientific management which help increase the variety, improve the quality and raise the output of products and save energy and materials;

(2) They shall provide benefits in terms of technical renovation of enterprises and result in less investment, quicker returns and bigger profits;

(3) They shall help expand exports and thereby increase income in foreign currency;

(4) They shall help the training of technical and managerial personnel.

Article 5 Applicants to establish joint ventures shall not be granted approval if the project involves any of the following conditions:

(1) Detriment to China's sovereignty;

(2) Violation of Chinese law;

(3) Nonconformity with the requirements of the development of China's national economy;

(4) Environmental pollution;

(5) Obvious inequity in the agreements, contracts and articles of association signed, impairing the rights and interests of one party.

Article 6 Unless otherwise stipulated, the government department in charge of the Chinese participant in a joint venture shall be the department in charge of the joint venture (hereinafter referred to as the department in charge). In case of a joint venture having two or more Chinese participants which are under different departments or districts, the departments concerned shall consult the district to ascertain one department in charge.

Departments in charge are responsible for guidance and assistance and exercising supervision over the joint venture.

Article 7 A joint venture has the right to do business independently within the scope of the provisions of Chinese laws, decrees, and the agreement, contract and articles of association of the joint venture. The departments concerned shall provide support and assistance.

Chapter II

Establishment and Registration

Article 8 The establishment of a joint venture in China is subject to examination and approval by the Ministry of Foreign Economic Relations and Trade of the People's Republic of China (hereinafter referred to as the Ministry of Foreign Economic Relations and Trade). Certificates of approval are granted by the Ministry of Foreign Economic Relations and Trade.

The Ministry of Foreign Economic Relations and Trade shall entrust the people's governments in the related provinces, autonomous regions, and municipalities directly under the central government or relevant ministries or bureaus under the State Council (hereinafter referred to as the entrusted office) with the power to examine and approve the establishment of joint ventures that comply with the following conditions:

(1) The total amount of investment is within the limit set by the State Council and the source of capital of the Chinese participants has been ascertained;

(2) No additional allocations of raw materials by the state are required and do not affect the national balance of fuel, power, transportation and foreign trade export quotas.

The entrusted office, after approving the establishment of a joint venture, shall report this to the Ministry of Foreign Economic

Relations and Trade for the record. A certificate of approval shall be issued by the Ministry of Foreign Economic Relations and Trade. (The Ministry of Foreign Economic Relations and Trade and the entrusted office will hereinafter be referred to as a whole as the examination and approval authority.)

Article 9 The following procedures shall be followed for the establishment of a joint venture:

(1) The Chinese participant in a joint venture shall submit to its department in charge a project proposal and a preliminary feasibility study report of the joint venture to be established with foreign participants. The proposal and the preliminary feasibility study report, upon examination and consent by the department in charge, shall be submitted to the examination and approval authority for final approval. The parties to the venture shall then conduct work relevant to the feasibility study, and based on this, negotiate and sign joint venture agreements, contracts and articles of association.

(2) When applying for the establishment of a joint venture, the Chinese participant is responsible for the submission of the following documents to the examination and approval authority:

- (a) Application for the establishment of a joint venture;
- (b) The feasibility study report jointly prepared by the parties to the venture;
- (c) Joint venture agreement, contract and articles of association signed by representatives authorized by the parties to the venture;
- (d) List of candidates for chairman, vice-chairman and directors appointed by the parties to the venture;
- (e) Written opinions of the department in charge and the people's government of the province, autonomous region or municipality directly under the central government where the joint venture is located with regard to the establishment of the joint venture.

The aforesaid documents shall be written in Chinese. Documents (b), (c) and (d) may be written simultaneously in a foreign language

agreed upon by the parties to the joint venture. Both versions are equally authentic.

Article 10 Upon receipt of the documents stipulated in Article 9 (2), the examination and approval authority shall, within three months, decide whether to approve or disapprove them. Should anything inappropriate be found in any of the aforementioned documents, the examination and approval authority shall demand an amendment to it within a limited time. Without such amendment no approval shall be granted.

Article 11 The applicant shall, within one month after receipt of the certificate of approval, register with the administrative bureau for industry and commerce of the province, autonomous region or municipality directly under the central government in accordance with the provisions of the Procedures of the People's Republic of China for the Registration and Administration of Chinese-Foreign Joint Ventures (hereinafter referred to as registration and administration office). The date on which it is issued its business license is regarded as the date of formal establishment of a joint venture.

Article 12 Any foreign investor who intends to establish a joint venture in China but is unable to find a specific co-operator in China may submit a preliminary plan for his joint venture projects and authorize the China International Trust and Investment Corporation (CITIC) or trust and investment corporations of a province, autonomous region or municipality directly under the central government, or relevant government department or non-official organization, to introduce potential Chinese co-operators.

Article 13 The "joint venture agreement" mentioned in this chapter refers to a document agreed upon by the parties to the joint venture on some main points and principles governing the establishment of a joint venture.

"Joint venture contract" refers to a document agreed upon and concluded by the parties to the joint venture on their rights and obligations.

"Articles of association" refers to a document agreed upon by the parties to the joint venture indicating the purpose, organizational principles and method of management of a joint venture in compliance with the principles of the joint venture contract.

If the joint venture agreement conflicts with the contract, the contract shall prevail.

If the parties to the joint venture agree to sign only a contract and articles of association, the agreement can be omitted.

Article 14 The joint venture contract shall include the following main items:

(1) The names, the countries of registration, the legal address of parties to the joint venture, and the names, professions and nationalities of the legal representatives thereof;

(2) Name of the joint venture, its legal address, purpose and the scope and scale of business;

(3) Total amount of investment and registered capital of the joint venture, investment contributed by the parties to the joint venture, each party's investment proportion, forms of investment, the time limit for contributing investment, stipulations concerning incomplete contributions, and assignment of investment;

(4) The ratio of profit distribution and losses to be borne by each party;

(5) The composition of the board of directors, the distribution of the number of directors, and the responsibilities, powers and means of employment of the general manager, deputy general manager and high-ranking management personnel;

(6) The main production equipment and technology to be adopted and their source of supply;

(7) The ways and means of purchasing raw materials and selling finished products, and the ratio of products sold within Chinese territory and outside China;

(8) Arrangements for income and expenditure of foreign currency;

(9) Principles governing the handling of finance, accounting and auditing;

(10) Stipulations concerning labour management, wages, welfare, and labour insurance;

(11) The duration of the joint venture, its dissolution and the procedure for liquidation;

(12) The liabilities for breach of contract;

(13) Ways and procedures for settling disputes between the parties to the joint venture;

(14) The language used for the contract and the conditions for putting the contract into force.

The annex to the contract of a joint venture shall be equally authentic with the contract itself.

Article 15 The formation of a joint venture contract, its validity, interpretation, execution and the settlement of disputes under it shall be governed by the Chinese law.

Article 16 Articles of association shall include the following main items:

(1) The name of the joint venture and its legal address;

(2) The purpose, business scope and duration of the joint venture;

(3) The names, countries of registration and legal addresses of parties to the joint venture, and the names, professions and nationalities of the legal representatives thereof;

(4) The total amount of investment, registered capital of the joint venture, each party's investment proportion, stipulations concerning the assignment of investment, the ratio of profit distribution and losses to be borne by parties to the joint venture;

(5) The composition of the board of directors, its responsibilities, powers and rules of procedure, the term of office of the directors, and the responsibilities of its chairman and vice-chairman;

(6) The setting up of management organizations, rules for handling routine affairs, the responsibilities of the general manager, deputy general manager and other high-ranking management personnel, and the method of their appointment and dismissal;

(7) Principles governing finance, accounting and auditing;

(8) Dissolution and liquidation;

(9) Procedures for amendment of the articles of association.

Article 17 The agreement, contract and articles of association shall come into force after being approved by the examination and approval authority. The same applies in the event of amendments.

Article 18 The examination and approval authority and the registration and administration office are responsible for supervising and

inspecting the execution of the joint venture contracts and articles of association.

Chapter III

Form of Organization and Registered Capital

Article 19 A joint venture is a limited liability company.

Each party to the joint venture is liable to the joint venture within the limit of the capital subscribed by it.

Article 20 The total amount of investment (including loans) of a joint venture refers to the sum of capital construction funds and the circulating funds needed for the joint venture's production scale as stipulated in the contract and the articles of association of the joint venture.

Article 21 The registered capital of a joint venture refers to the total amount of investment registered at the registration and administration office for the establishment of the joint venture. It should be the total amount of investment subscribed by parties to the joint venture.

The registered capital shall generally be presented in Renminbi, or may be in a foreign currency agreed upon by the parties to the joint venture.

Article 22 A joint venture shall not reduce its registered capital during the term of the joint venture.

Article 23 If one party to the joint venture intends to assign all or part of his investment subscribed to a third party, consent shall be obtained from the other party to the joint venture, and approval from the examination and approval authority is required.

When one party assigns all or part of his investment to a third party, the other party has pre-emptive right.

When one party assigns his investment subscribed to a third party, the conditions given shall not be more favourable than those given to the other party to the joint venture.

No assignment shall be made effective should there be any violation of the above stipulations.

Article 24 Any increase, assignment or other disposal of the registered capital of a joint venture shall be approved by a meeting of

the board of directors and submitted to the original examination and approval authority for approval. Registration procedures for changes shall be dealt with at the original registration and administration office.

Chapter IV

Ways of Contributing Investment

Article 25 Each participant to a joint venture may contribute cash or buildings, premises, equipment or other materials, industrial property, know-how, right to the use of a site as investment the value of which shall be ascertained. If the investment is in the form of buildings, premises, equipment or other materials, industrial property or know-how, the prices shall be ascertained through consultation by the parties to the joint venture on the basis of fairness and reasonableness, or evaluated by the third party agreed upon by the parties to the joint venture.

Article 26 The foreign currency contributed by the foreign participant shall be converted into Renminbi according to the exchange rate announced by the State Administration of Foreign Exchange Control of the People's Republic of China (hereinafter referred to as the State Administration of Foreign Exchange Control) on the day of its submission or be cross exchanged into a predetermined foreign currency.

Should the cash Renminbi contributed by the Chinese participant be converted into foreign currency, it shall be converted according to the exchange rate announced by the State Administration of Foreign Exchange Control on the day of the submission of the funds.

Article 27 The machinery, equipment and other materials contributed as investment by the foreign participant shall meet the following conditions:

(1) They are indispensable to the production of the joint venture;

(2) China is unable to manufacture them, or manufactures them only at too high a price, or their technical performance and time of availability cannot meet the demand;

(3) The price fixed shall not be higher than the current international market price for similar equipment or materials.

Article 28 The industrial property or know-how contributed by the foreign partici-

pant as investment shall meet one of the following conditions:

(1) Capable of manufacturing new products urgently needed in China or products suitable for export;

(2) Capable of improving markedly the performance, quality of existing products and raising productivity;

(3) Capable of notable savings in raw materials, fuel or power.

Article 29 Foreign participants who contribute industrial property or know-how as investment shall present relevant documentation on the industrial property or know-how, including photocopies of the patent certificates or trademark registration certificates, statements of validity, their technical characteristics, practical value, the basis for calculating the price and the price agreement signed with the Chinese participants. All these shall serve as an annex to the contract.

Article 30 The machinery, equipment or other materials, industrial property or know-how contributed by foreign participants as investment shall be examined and approved by the department in charge of Chinese participant and then submitted to the examination and approval authority for approval.

Article 31 The parties to the joint venture shall pay in all the investment subscribed according to the time limit stipulated in the contract. Delay in payment or partial delay in payment will be subject to a payment of interest on arrears or a compensation for the loss as defined in the contract.

Article 32 After the investment is paid by the parties to the joint venture, a Chinese registered accountant shall verify it and provide a certificate of verification, in accordance with which the joint venture shall issue an investment certificate, which includes the following items: name of the joint venture; date, month and year of the establishment of the joint venture; names of the participants and the investment contributed; date, month and year of the contribution of the investment; and date, month and year of issuance of the investment certificate.

Chapter V

Board of Directors and Management office

Article 33 The highest authority of the joint venture shall be its board of directors. It

shall decide all major issues concerning the joint venture.

Article 34 The board of directors shall consist of no less than three members. The distribution of the number of directors shall be ascertained through consultation by the parties to the joint venture with reference to the proportion of investment contributed.

The directors shall be appointed by the parties to the joint venture. The chairman of the board shall be appointed by the Chinese participant and its vice-chairman by the foreign participant.

The term of office for the directors is four years. Their term of office may be renewed with the consent of the parties to the joint venture.

Article 35 The board of directors shall convene at least one meeting every year. The meeting shall be called and presided over by the chairman of the board. Should the chairman be unable to call the meeting, he shall authorize the vice-chairman or other director to call and preside over the meeting. The chairman may convene an interim meeting based on a proposal made by more than one-third of the directors.

A board meeting requires a quorum of over two-thirds of the directors. Should the director be unable to attend, he shall present a proxy authorizing someone else to represent him and vote for him.

A board meeting shall generally be held at the location of the joint venture's legal address.

Article 36 Decisions on the following items shall be made only after being unanimously agreed upon by the directors present at the board meeting:

(1) Amendment of the articles of association of the joint venture;

(2) Termination and dissolution of the joint venture;

(3) Increase or assignment of the registered capital of the joint venture;

(4) Merger of the joint venture with other economic organization.

Decision on other items shall be made according to the rules of procedure stipulated in the articles of association.

Article 37 The chairman of the board is the legal representative of the joint venture. Should the chairman be unable to exercise his responsibilities, he shall authorize the vice-chairman of the board or other director to represent the joint venture.

Article 38 A joint venture shall establish a management office which shall be responsible for daily management. The management office shall have a general manager and several deputy general managers who shall assist the general manager in his work.

Article 39 The general manager shall carry out the decisions of the board meeting and organize and conduct the daily management of the joint venture. The general manager shall, within the scope empowered him by the board, represent the joint venture in outside dealings, have the right to appoint and dismiss his subordinates, and exercise other responsibilities and rights as authorized by the board within the joint venture.

Article 40 The general manager and deputy general managers shall be engaged by the board of directors of the joint venture. These positions may be held either by Chinese citizens or foreign citizens.

At the invitation of the board of directors, the chairman, vice-chairman or other directors of the board may concurrently be the general manager, deputy general managers or other high-ranking management personnel of the joint venture.

In handling major issues, the general manager shall consult with the deputy general managers.

The general manager or deputy general managers shall not hold posts concurrently as general manager or deputy general managers of other economic organizations. They shall not have any connections with other economic organizations in commercial competition with their own joint venture.

Article 41 In case of graft or serious dereliction of duty on the part of the general manager, deputy general managers or other high-ranking management personnel, the board of directors shall have the power to dismiss them at any time.

Article 42 Establishment of branch offices (including sales offices) outside of China or in Xianggang (Hongkong) or Aomen (Macao) is

subject to approval by the Ministry of Foreign Economic Relations and Trade.

Chapter VI

Acquisition of Technology

Article 43 The acquisition of technology mentioned in this chapter refers to the necessary technology obtained by the joint venture by means of technology transfer from a third party or participants.

Article 44 The technology acquired by the joint venture shall be appropriate and advanced and enable the venture's products to display conspicuous social economic results domestically or to be competitive on the international market.

Article 45 The right of the joint venture to do business independently shall be maintained when making technology transfer agreements, and relevant documentation shall be provided by the technology exporting party in accordance with the provisions of Article 29 of the regulations.

Article 46 The technology transfer agreements signed by a joint venture shall be examined and agreed to by the department in charge of the joint venture and then submitted for approval to the examination and approval authority.

Technology transfer agreements shall comply with the following stipulations:

(1) Expenses for the use of technology shall be fair and reasonable. Payments are generally made in royalties, and the royalty rate shall not be higher than the standard international rate, which shall be calculated on the basis of net sales of the products turned out with the relevant technology or other reasonable means agreed upon by both parties.

(2) Unless otherwise agreed upon by both parties, the technology exporting party shall not put any restrictions on the quantity, price or region of sale of the products that are to be exported by the technology importing party.

(3) The term for a technology transfer agreement is generally not longer than 10 years.

(4) After the expiration of a technology transfer agreement, the technology importing party shall have the right to use the technology continuously.

(5) Conditions for mutual exchange of information on the improvement of technology

by both parties of the technology transfer agreement shall be reciprocal.

(6) The technology importing party shall have the right to buy the equipment, parts and raw materials needed from sources they deem suitable.

(7) No irrational restrictive clauses prohibited by Chinese law and regulations shall be included.

Chapter VII

Right to the Use of Site and Its Fee

Article 47 Joint ventures shall practise economy in the use of land for their premises. Any joint venture requiring the use of a site shall file an application with local departments of the municipal (county) government in charge of land and obtain the right to use a site only after securing approval and signing a contract. The acreage, location, purpose and contract period and fee for the right to use a site (hereinafter referred to as site use fee), rights and obligations of the parties to a joint venture and fines for breach of contract should be stipulated in explicit terms in the contract.

Article 48 If the Chinese participant already has the right to the use of site for the joint venture, the Chinese participant may use it as part of its investment. The monetary equivalent of this investment should be the same as the site use fee otherwise paid for acquiring such site.

Article 49 The standard for site use fee shall be set by the people's governments of the province, autonomous region or municipality directly under the central government where the joint venture is located according to the purpose of use, geographic and environmental conditions, expenses for requisition, demolishing and resettlement and the joint venture's requirements with regard to infrastructure, and filed with the Ministry of Foreign Economic Relations and Trade and the state department in charge of land.

Article 50 Joint ventures engaged in agriculture and animal husbandry may, with consent of the people's government of the local province, autonomous region or municipality directly under the central government, pay a percentage of the joint venture's operating revenue as site use fees to the local department in charge of land.

Projects of a development nature in economically undeveloped areas shall receive special preferential treatment in respect of site use fees with consent of the local people's government.

Article 51 The rates shall not be subject to adjustment in the first five years beginning from the day the land is used. After that the interval of adjustment shall not be less than three years according to the development of economy, changes in supply and demand, and changes in geographic and environmental conditions.

Site use fee as part of the investment by the Chinese participant shall not be subject to adjustment during the contract period.

Article 52 The fee for the right to the use of site obtained by a joint venture according to Article 47 of the regulations shall be paid annually from the day to use the land stipulated in the contract. For the first calendar year, the venture will pay a half-year fee if it has used the land for over six months; if less than six months, the site use fee shall be exempt. During the contract period, if the rates of site use fees are adjusted, the joint venture shall pay it according to the new rates from the year of adjustment.

Article 53 Joint ventures that have permission to use a site shall only have the right to the use of it but no ownership. Assignment of the right to use land is forbidden.

Chapter VIII

Planning, Purchasing and Selling

Article 54 A joint venture shall work out a capital construction plan (including construction ability, building materials, water, power and gas supply) according to the approved feasibility study report, and the plan shall be included in the capital construction plan of the department in charge of the joint venture and shall be given priority in arranging supplies and be ensured to be carried out.

Article 55 Funds earmarked for capital construction of a joint venture shall be put under unified management of the bank where the venture has opened an account.

Article 56 A joint venture shall work out a production and operating plan in accordance with the scope of operation and scale of production stipulated in the contract. The plan

shall be carried out with the approval of the board of directors and filed with the department in charge of the joint venture.

Departments in charge of the joint ventures and planning and administration departments at all levels shall not issue directive on production and operating plans to joint ventures.

Article 57 In its purchase of required machinery, equipment, raw materials, fuel, parts, means of transport and things for office use, etc. (hereinafter referred to as materials), a joint venture has the right to decide whether it buys them in China or from abroad. However, where conditions are the same it should give first priority to purchase in China.

Article 58 Joint ventures can purchase materials in China through the following channels:

(1) Those under planned distribution shall be brought into the supply plan of departments in charge of joint ventures and supplied by materials and commercial departments or production enterprises according to contract;

(2) Those handled by materials and commercial departments shall be purchased from these departments;

(3) Those freely circulating on the market shall be purchased from production enterprises or their sale or commission agencies;

(4) Those export items handled by foreign trade corporations shall be purchased from the appropriate foreign trade corporations.

Article 59 The amount of materials needed for office and daily use for joint ventures purchased in China is not subject to restriction.

Article 60 The Chinese Government encourages joint ventures to sell their products on the international market.

Article 61 Products of joint ventures that China urgently needs or imports can be mainly sold on the Chinese market.

Article 62 A joint venture has the right to export its products itself or entrust sales agencies of the foreign participant or Chinese foreign trade corporations with sales on a commission or distribution.

Article 63 Within the scope of operation stipulated in the contract, a joint venture can import machinery, equipment, parts, raw materials and fuel needed for its production. A joint venture shall make a plan every year for

items on which import licenses are required by the stipulation of the state, and apply for them every six months. For machines, equipment and other objects a foreign participant has contributed as part of his investment, the foreign participant can apply directly for import licenses with documents approved by examination and approval authority. For materials to be imported exceeding the stipulated scope of the contract, separate application for import licenses according to state regulations is required.

A joint venture has the right to export its products by itself, for those export licenses are required by the stipulation of the state, the joint venture shall make an export plan every business year and apply for them every six months.

Article 64 A joint venture may sell its products on the Chinese market in the following ways:

(1) For those items under planned distribution, departments in charge of joint ventures will bring them into the distribution plan of the materials administration departments, which sell them to designated users according to plan.

(2) For those items handled by materials and commercial departments, the materials and commercial departments will sign purchase contracts with the joint ventures.

(3) For excess portions other than those purchased by plan of the above two categories, and materials that do not belong to these two categories, the joint venture has the right to sell by itself or entrust sales to the organizations concerned.

(4) For products of a joint venture that Chinese foreign trade companies need to import, the joint venture may sell to Chinese foreign trade companies, and foreign currency shall be paid.

Article 65 Materials purchased and services needed in China by joint ventures shall be priced according to the following stipulations:

(1) The six raw materials—gold, silver, platinum, petroleum, coal and timber—that are used directly in production for export shall be priced according to the international market prices provided by the State Administration of Foreign Exchange Control or foreign trade departments, and payed in foreign currency or Renminbi.

(2) When purchasing export or import commodities handled by Chinese foreign trade companies, the suppliers and buyers shall negotiate the price, with reference to the prices on the international market, and foreign currency shall be paid.

(3) The prices for purchasing coal used as fuel and oil for motor vehicles, which are needed for manufacturing products to be sold domestically, as well as materials other than those listed in (1) and (2) of this article, and the fees charged for water, electricity, gas, heat, goods transportation, service, engineering, consultation service and advertisement etc. provided to joint venture, shall be treated equally with state-owned enterprises and payed in Renminbi.

Article 66 Prices of products of a joint venture for sale on the Chinese domestic market, except those items approved by the price control department for valuation with reference to the international market, shall correspond with state-set prices, be rated according to quality and paid in Renminbi. Prices fixed by a joint venture for its products shall be filed with departments in charge of joint ventures and of price control.

Prices of export products of a joint venture will be fixed by the joint venture itself and shall be filed with departments in charge of joint ventures and of price control.

Article 67 A joint venture and other Chinese economic organizations shall, in their economic exchanges, undertake economic responsibilities and settle disputes over contracts in accordance with relevant law and the contract concluded between both parties.

Article 68 A joint venture shall fill statistical forms on production, supply and marketing in accordance with relevant regulations, and file them with departments in charge, statistics departments and other departments concerned.

Chapter IX

Taxes

Article 69 Joint ventures shall pay taxes according to the stipulations of relevant laws of the People's Republic of China.

Article 70 Staff members and workers employed by joint ventures shall pay individual income tax according to the Individual Income Tax Law of the People's Republic of China.

Article 7 Joint ventures shall be exempt from customs duty and industrial and commercial consolidated tax for the following imported materials:

(1) Machinery, equipment, parts and other materials (materials here and hereinafter mean required materials for the joint venture's construction on the factory site and for installation and reinforcement of machines) which are part of the foreign participant's share of investment according to the provisions of contract.

(2) Machinery, equipment, parts and other materials imported with funds which are part of the joint venture's total investment.

(3) Machinery, equipment, parts and other materials imported by the joint venture with the additional capital under the approval of examination and approval authority, of which China cannot guarantee production and supply.

(4) Raw materials, auxiliary materials, components, parts and packing materials imported by the joint venture for production of export goods.

Taxes shall be pursued and payable according to regulations when the above-mentioned duty-free materials are approved for sale inside China or switched to the production of items to be sold on the Chinese domestic market.

Article 72 Except for those export items restricted by the state, products of a joint venture for export will be exempt from industrial and commercial consolidated tax, subject to the approval by the Ministry of Finance of the People's Republic of China.

A joint venture can apply for reduction or exemption of industrial and commercial consolidated tax for a certain period of time for products that are sold on the domestic market when it has difficulty to pay such tax in its initial period of production.

Chapter X

Foreign Exchange Control

Article 73 All matters concerning foreign exchange for joint ventures shall be handled according to the Interim Regulations on Foreign Exchange Control of the People's Republic of China and relevant regulations.

Article 74 With the business license issued by the General Administration for Industry and Commerce of the People's Republic of

China, a joint venture can open foreign exchange deposit accounts and Renminbi deposit accounts with the Bank of China, or some other banks designated. The bank handling the accounts of the joint venture exercises supervision of receipts and expenditures.

All foreign exchange income of a joint venture must be deposited in the foreign exchange deposit account in the bank where an account has been opened; all payments by the joint venture in foreign exchange are to be made from its foreign exchange deposit account. The deposit interest rate shall be set as announced by the Bank of China.

Article 75 A joint venture shall in general keep balance between its foreign exchange income and expenses. When a joint venture whose products are mainly sold on domestic market under its approved feasibility study report and contract has an unbalance of foreign exchange income and expenses, the unbalance shall be solved by the people's government of a relevant province, an autonomous region or a municipality directly under the central government of the department in charge under the State Council from their own foreign exchange reserves, if unable to be solved, it shall be solved through inclusion into plan after the examination and approval by the Ministry of Foreign Economic Relations and Trade together with the State Planning Commission of the People's Republic of China.

Article 76 A joint venture shall get permission from the General Administration of Foreign Exchange Control or one of its branches to open a foreign exchange deposit account with an overseas bank or one in Xianggang or Aomen, and report to the State Administration of Foreign Exchange Control or one of its branches its foreign exchange receipts and expenditures, and provide account sheets.

Article 77 Sub-divisions set up by a joint venture in foreign countries or in Xianggang or Aomen shall open an account with the Bank of China wherever there is a branch. The subdivision shall submit its annual statement of assets and liabilities and annual profit report to the State Administration of Foreign Exchange Control or one of its branches through the joint venture.

Article 78 A joint venture can apply to the Bank of China for foreign loans and Renminbi loans according to business needs and following the Provisional Regulations for

Providing Loans to Joint Ventures Using Chinese and Foreign Investment by the Bank of China. Interest rates on loans to joint ventures are as announced by the Bank of China. A joint venture can also borrow foreign exchange as capital from banks abroad or in Xianggang or Aomen, but shall file a report with the State Administration of Foreign Exchange Control or one of its branches.

Article 79 After foreign staff and workers and staff and workers from Xianggang and Aomen have paid income tax on their salaries and other legitimate incomes according to law, they can apply to the Bank of China for permission to remit outside China all the remaining foreign exchange after deduction of their living expenses in China.

Chapter XI

Financial Affairs and Accounting

Article 80 Procedures for handling financial affairs and accounting of a joint venture shall be formulated in accordance with China's relevant laws and procedures on financial affairs and accounting, and in consideration of the conditions of the joint venture, and then being filed with local financial departments and tax authorities.

Article 81 A joint venture shall employ a treasurer to assist the general manager in handling the financial affairs of the enterprise. If necessary a deputy treasurer can be appointed.

Article 82 A joint venture shall (small venture may not) appoint an auditor to be responsible for checking financial receipts, payments and accounts, and to submit reports to the board of directors and the general manager.

Article 83 The fiscal year of a joint venture shall coincide with the calendar year, i.e. from January 1 to December 31 on the Gregorian calendar.

Article 84 The accounting of a joint venture shall adopt the internationally used accrual basis and debit and credit accounting system in their work. All vouchers, account books, statistic statements and reports prepared by the enterprise shall be written in Chinese. A foreign language can be used concurrently with mutual consent.

Article 85 Principally joint ventures shall adopt Renminbi as the standard currency. In keeping accounts, however, another currency

can be used through consultation by the parties concerned.

Article 86 In addition to the use of standard currency to record accounts, joint ventures shall record accounts in currencies actually used in payments and receipts, if such currencies in cash, bank deposits, funds of other currencies, creditor's right, debts, gains, expenses, etc. are inconsistent with the standard currency in recording accounts.

Joint ventures using a foreign currency in accounting shall work out a statement of accounts in Renminbi equivalents in addition to those in the foreign currency.

The actual amounts of losses and gains caused by differences in exchange rates in the course of remittances shall be recorded in the year's losses and gains accounts. No adjustments shall be made for recorded changes in exchange rates and remaining sum on the book of related foreign exchange accounts.

Article 87 Principles of profit distribution after payment of taxes in accordance with the Income Tax Law of the People's Republic of China Concerning Joint Ventures with Chinese and Foreign Investment are as follows:

(1) Allocations for reserve funds, bonuses and welfare funds for staff and workers and expansion funds of the joint venture. Proportion of allocations is decided by the board of directors.

(2) Reserve funds can be used to make up the losses of the joint venture, and with the consent of examination and approval authority, to increase the joint venture's capital for production expansion.

(3) After the funds described in (1) of this article have been deducted and if the board of directors decides to distribute the remaining profit, it should be distributed according to the proportion of each participant's investment.

Article 88 Profits cannot be distributed unless the losses of previous year have been made up. Remaining profits from previous year (or years) can be distributed together with that of the current year.

Article 89 A joint venture shall submit quarterly and annual fiscal reports to parties to the joint venture, the local tax authority, department in charge of the joint venture and financial department at the same level to those departments.

A copy of the annual fiscal reports shall be submitted to the original examination and approval authority.

Article 90 Only after being examined and certified by an accountant registered in China can the following documents, certificates and reports be considered valid.

(1) Certificates of investment from all parties to a joint venture (lists of assessed value shall be attached to documents on investments involving materials, site use rights, industrial property and know-how);

(2) Annual fiscal reports of the joint venture;

(3) Fiscal reports on liquidation of the joint venture.

Chapter XII Staff and Workers

Article 91 The employment, recruitment, dismissal and resignation of staff and workers of joint ventures, and their salary, welfare benefits, labour insurance, labour protection, labour discipline and other matters shall be handled according to the Regulations of the People's Republic of China on Labour Management in Joint Ventures Using Chinese and Foreign Investment.

Article 92 Joint ventures shall make efforts to conduct professional and technical training of their staff and workers and establish a strict examination system so that they can meet the requirements of production and managerial skills in a modernized enterprise.

Article 93 The salary and bonus systems of joint ventures shall be in accordance with the principle of distribution to each according to his work, and more pay for more work.

Article 94 Salaries and remuneration of the general manager and deputy general manager(s), chief engineer, deputy chief engineer(s), treasurer and deputy treasurer(s), auditor and other high-ranking officials shall be decided upon by the board of directors.

Chapter XIII Trade Union

Article 95 Staff and workers of a joint venture have the right to set up grass-roots trade unions and carry on trade union activities

in accordance with the Trade Union Law of the People's Republic of China (hereinafter referred to as Chinese Trade Union Law) and the Articles of Association of Chinese Trade Union.

Article 96 Trade unions in joint ventures are representatives of the interests of the staff and workers. They have the power to represent the staff and workers to sign labour contracts with joint ventures and supervise the execution of these contracts.

Article 97 The basic tasks of the trade unions in joint ventures are: to protect the democratic rights and material interests of the staff and workers pursuant to the law; to help the joint ventures with the arrangement and rational use of welfare and bonus funds; to organize political, professional, scientific and technical studies, carry out literary, art and sports activities; and to educate staff and workers to observe labour discipline and strive to fulfil the economic tasks of the enterprises.

Article 98 Trade union representatives have the right to attend as nonvoting members and to report the opinions and demands of staff and workers to meetings of the board of directors held to discuss important issues such as development plans, production and operational activities of joint ventures.

Trade union representatives have the right to attend as nonvoting members of meetings of the board of directors held to discuss and decide on awards and penalties to staff and workers, salary system, welfare benefits, labour protection and labour insurance, etc. The board of directors shall heed the opinions of the trade unions and win its co-operation.

Article 99 A joint venture shall actively support the work of the trade union, and, in accordance with stipulations of the Chinese Trade Union Law, provide housing and facilities for the trade unions' office work, meetings, and welfare, cultural and sports activities. The joint venture shall allot an amount of money totalling 2 per cent of all the salaries of the joint venture's staff and workers as trade union's funds, which the trade union of the joint venture shall use according to the relevant managerial rules for trade union funds formulated by the All-China Federation of Trade Unions.

Chapter XIV Duration, Dissolution and Liquidation

Article 100 The duration of a joint venture shall be decided upon through consultation

of all parties to the joint venture according to the actual conditions of the particular lines of business and projects. The duration of a joint venture engaged in an ordinary project is usually from 10 to 30 years. Duration for those engaged in projects requiring large amounts of investment, long construction periods and low interest rates on funds can be extended to more than 30 years.

Article 101 The duration of a joint venture shall be stipulated by all parties to the joint venture in the agreement, contract and articles of association. The duration begins from the day when the joint venture is issued a business license.

When all parties to a joint venture agree to extend the duration, the joint venture shall file an application for extending the duration signed by representatives authorized by the parties with the examination and approval authority six months before the date of expiration of the duration. The examination and approval authority shall give an official written reply to the applicant within one month beginning from the day it receives the application.

Upon approval of the extension of the duration, the joint venture concerned shall go through registration formalities for the alteration in accordance with the Procedures of the People's Republic of China for the Registration and Administration of Chinese-Foreign Joint Ventures.

Article 102 A joint venture may be dissolved in the following situations:

- (1) Termination of duration;
- (2) Inability to continue operations due to heavy losses;
- (3) Inability to continue operations due to the failure of one of the contracting parties to fulfil the obligations prescribed by the agreement, contract and articles of association;
- (4) Inability to continue operations due to heavy losses caused by force majeure such as natural calamities and wars, etc.;
- (5) Inability to obtain the desired objectives of the operation and at the same time to see a future for development;
- (6) Occurrence of other reasons for dissolution prescribed by the contract and articles of association.

In cases described in (2), (3), (4), (5) and (6) of this article, the board of directors shall make an application for dissolution to the examination and approval authority.

In the situation described in (3) of this article, the party failed to fulfil the obligations prescribed by the agreement, contract and articles of association shall be liable to the losses thus caused.

Article 103 Upon announcement of the dissolution of a joint venture, its board of directors shall work out procedures and principles for the liquidation and nominate candidates for the liquidation committee. It shall report to the department in charge of the joint venture for examination, verification and supervision of the liquidation.

Article 104 Members of a liquidation committee are usually selected among directors of a joint venture. In case the directors cannot serve or are unsuitable to be members of the liquidation committee, the joint venture may invite accountants and lawyers registered in China to do the job. When the examination and approval authority deems necessary, it may send personnel to supervise the process.

The liquidation expenses and remuneration to members of the liquidation committee shall be paid in priority from the existing assets of the joint venture.

Article 105 The tasks of the liquidation committee are: to conduct thorough check of the property of the joint venture concerned, its creditors' rights and liabilities; to work out the statement of assets and liabilities and the list of property; to put forward a basis on which property is to be evaluated and calculated; and to formulate a liquidation plan. All these shall be carried out upon approval of the board of directors.

During the process of liquidation, the liquidation committee shall represent the joint venture concerned to sue and be sued.

Article 106 Joint venture shall be liable to its debts with all of its assets. The remaining property after the clearance of debts shall be distributed among parties to the joint venture according to the proportion of each party's investment unless otherwise provided by agreement, contract and articles of association of the joint venture.

At the time when a joint venture is being dissolved, the value added to its net assets or

remaining property that exceeds the registered capital is regarded as profit on which income taxes shall be levied according to law. The foreign participant shall pay income taxes according to law for the portion of the net assets or remaining property that exceeds his investment when he remits it abroad.

Article 107 On completion of the liquidation of a dissolved joint venture, the liquidation committee shall submit a liquidation report approved by a meeting of the board of directors to the original examination and approval authority, go through formalities for nullifying its registration and hand in its business license to the original registration authority.

Article 108 After dissolution of a joint venture, its account books and documents shall be left in the care of the Chinese participant.

Chapter XV Settlement of Disputes

Article 109 Disputes arising over the interpretation or execution of the agreement, contract or articles of association between the parties to the joint venture shall, if possible, be settled through friendly consultation or mediation. Disputes that cannot be settled through these means may be settled through arbitration or courts of justice.

Article 110 Parties to a joint venture shall apply for arbitration in accordance with the relevant written agreement. They may submit the dispute to the Foreign Economic and Trade Arbitration Commission of the China Council for the Promotion of International Trade in accordance with its arbitration rules. With mutual consent of the parties concerned, arbitration can also be carried out through an arbitration agency in the country where the sued party is located or through one in a third country in accordance with the arbitration agency's procedures.

Article 111 If there is no written arbitration agreement between the parties to a joint venture, each side can file a suit with the Chinese People's Court.

Article 112 In the process of solving disputes, except for matters in dispute, parties to a joint venture shall continue to carry out other provisions stipulated by the agreement, contract and articles of association of the joint venture.

Chapter XVI Supplementary Articles

Article 113 The Chinese office in charge of visas shall give convenient service by simplifying procedures for staff and workers from foreign countries or from Xianggang and Aomen (including their family members) who frequently cross Chinese borders.

Article 114 Departments in charge of joint ventures are responsible for handling applications and procedures for Chinese staff and workers going abroad for study tours, business negotiations or training.

Article 115 Staff and workers from foreign countries or from Xianggang and Aomen working for a joint venture can bring in needed means of transport and items for office use, paying regular customs duty and industrial and commercial consolidated tax on them.

Article 116 Joint ventures set up in the special economic zones shall abide by the provisions, if any, provided otherwise in the laws and regulations adopted by the National People's Congress, its Standing Committee or the State Council.

Article 117 The power to explain the regulations is vested in the Ministry of the Foreign Economic Relations and Trade.

Article 118 The regulations shall come into force on the day of promulgation.

Some Key Terms Used in the Regulations

Total Amount of Investment

The total amount of investment of a joint venture refers to the sum (total) of the capital construction funds needed for the production scale specified in the contract and the articles of association of the joint venture and the circulating funds for production. If the funds contributed by the parties to the venture fall short of the total amount of investment, the joint venture may, in its own name, obtain loans from the banks as its investment. Therefore, the total amount of investment of a joint venture may generally consist of two categories, funds provided by the parties to the venture themselves and loans obtained in the name of the venture.

Registered Capital

The registered capital of a joint venture refers to the total amount of investment registered at the administrative departments for industry and

commerce for the establishment of the joint venture, and it should be the sum of investment subscribed by the parties to the joint venture. The parties to the joint venture may, in accordance with the provisions of the joint venture contract, put in their subscribed investments to the venture in a lump sum or by installments.

Investment Subscribed

This refers to the amount of capital the parties to a joint venture agreed to put in for the establishment of the venture. The contribution to the joint venture by the parties is to be judged by the amount of investment subscribed and the responsibility of each party for the joint venture is limited to their respective investment subscribed.

The Right to the Use of Site

The right to the use of site of a joint venture is the right to the use of a site obtained by the joint venture in accordance with the needs of its operation. The right may be obtained by the joint venture by concluding a leasing contract with the land department concerned of the local government or it may be contributed by the Chinese participant as its investment by evaluating the right. Whichever way does the joint venture obtain the right to the use of site, it should only have the right to use, but not the ownership. And transfer of the right to the use of site is not permitted.

Investment Certificates

Investment certificates are the certificates issued by a joint venture to testify the amount of investment subscribed by the parties to the joint venture. They are issued to the joint ventures after the parties to the venture have put in their respective subscribed investment and after the Chinese-registered accountant has verified the amount and issued the verification report. Without the consent of the other parties and the approval of the examination and approval authority of the joint venture, no party to the joint venture is allowed to dispose of the certificate by transfer, mortgage or other ways.

Reserve Fund

The reserve fund of a joint venture is a special fund withheld from its profits to make up for the losses the venture may be subjected to and to guard against accidents. The proportion of the fund is to be decided upon by the board of directors, but it is not to exceed a certain amount. The reserve fund is in general not to be used for other purposes, but, with the approval of the joint venture's examination and approval authority, may be used by the joint venture for increasing its capital or expanding production.

Bonus and Welfare Fund for Staff and Workers

The bonus and welfare fund for the staff and workers of a joint venture is a special fund withheld from the venture's profits to improve the welfare of the staff and workers and encourage individuals or groups who have made comparatively great contributions to the production and work.

It can be used only for commending those who have made comparatively great contributions and providing collective welfare facilities for the staff and workers, medical and health service and financial aids.

Enterprise Expansion Fund

The expansion fund of a joint venture is a special fund withheld from the joint venture's profits to expand its production. It can be used for purchasing fixed assets, increasing circulating funds and expanding operation. It can also be used for the trial manufacture of new products, undertaking scientific research and running technical training for the staff and workers.

Industrial Property

The industrial property is the proprietary right acquired in accordance with the law for patented inventions, new designs and trade marks. It is to be protected according to the law, although such protection is strictly regional. Exclusive in character, the industrial property shall not be encroached upon by others. Use of such a right by others must have the consent of the owner of the right and a fixed amount of reward for him. The Law on Joint Ventures Using Chinese and Foreign Investment stipulates that a joint venture may make its investment in industrial property, to which provision rules have been added in the Regulations for the Implementation of the Law on Joint Ventures Using Chinese and Foreign Investments.

Know-how

Know-how, also called technical secret, is technical knowledge which can be transferred or imparted and which not know to the public and not patented. Unlike the patent right whose effective period is limited, know-how is monopolized by means of secrecy.

Accrual Basis

This is an accounting method of ascertaining the income and costs of a venture in a fiscal period (a month, a season or a year). In other words, the income and costs of a current period should be dealt with as such, no matter if the sum is received or paid in that particular period. Conversely, the income and costs not of the current period shall not be dealt with as such, even if the sum is received or paid in that particular period. For instance, the rent of September should still be entered into the account book as the costs of that month, even if it was paid in August or October. The adoption of accrual basis makes it possible to accurately calculate a venture's income, costs and profit or loss in various fiscal periods.

Debit-Credit Bookkeeping Method

In accounting, the words "debit" and "credit" are used to record the increase and decrease of a venture's application of funds (assets or costs) and its sources of funds (liabilities, capital or income). "Debit" signifies the increase in the application of funds or the decrease in the source of funds and "credit" denotes the decrease in the application of funds or the increase in the source of funds. In accordance with the principle that a venture's

application of funds must equal its sources of funds, each item of the economic activity that should be entered into the account book should be thus entered in accordance with the principle that "with debiting, there must be crediting and debiting and crediting must balance." In other words, the equivalent sums should be entered on both the debit side of one or several accounts and the credit side of one of several accounts. The sum total entered on the debit side of all accounts should equal that entered on the credit side of all accounts, and the total balance of the debit side of all accounts at the end of a period should equal that of the credit side of all accounts at the end of the same period. The account with debit balance is the account of the application of funds and the account with credit balance is the account of the source of funds.

Statement of Assets and Liabilities

This is also called "balance sheet." In Chinese-foreign joint ventures, it is an accounting report

presenting in a summarized form the venture's financial situation on a certain date (for instance, at the end of a month, season or year). There are usually two sides in the form, the left side listing the item of assets (including property, materials, receivables and rights, etc.) and the right side listing the item of liabilities (including short-term and long-term debts of different types) and the item of the investor's equity (including capital and retained earnings). The sum total of the items on the left side should equal that on the right side.

Standard Currency in Bookkeeping

The standard currency, or standard money, is the legal tender of a country. For example, the Renminbi (RMB) is the standard currency of China, the American dollar of the United States, the pound sterling of Britain, and the French franc of France. The standard currency used in accounting is called standard currency in bookkeeping. □



dora Group and the Latin American countries in their position against the superpowers' attempt to involve Central America in their rivalry and confrontation, and we support them in their endeavour to uphold the right of the Central American peoples to self-determination and ease the tension in Central America. The issue of the Malvinas Islands remains a matter of public concern. We maintain that Argentina's claim of sovereignty over the Malvinas Islands must be respected by the international community and that the relevant resolution adopted by the 37th Session of the UN General Assembly must be implemented.

In the face of the tense and turbulent world situation, we call on all states to strictly observe the basic principles of peaceful coexistence in their mutual relations and resolutely condemn and halt any acts that violate these principles so as to uphold the noble purposes of the UN Charter and promote the noble cause of world peace and human progress.

The World Economy

The question of development is one of the most important issues of our time. It has a direct bearing not only on the effort of the developing countries to safeguard their national independence and develop their national economy but also on the world economy as a whole and international peace and security. Many countries in Asia, Africa and Latin America have now entered a new historical period of bolstering their political independence with economic independence. Although they have achieved some gratifying results in their economic development, they have also come across serious difficulties. In particular, under the impact of the worldwide economic crisis, some developed countries have tried to get rid of their own troubles by shifting the consequences of the crisis on to others. This has played havoc among the developing countries, and many of them are faced with an economic situation grimmer than ever since their independence. We hope that these developed countries will become more far-sighted, for all countries are closely linked in their economies, and the economy of the developing countries constitutes an important part of the world economy. If their economic difficulties are not resolved or are even aggravated, the entire world economy is bound to suffer. In trying to harm others these developed countries will end by harming themselves and will find it difficult to achieve a steady recovery and growth in their own economies.

Last April, it was pointed out at the minis-

terial meeting of the Group of 77 held in Buenos Aires that the crisis confronting the world economy today is structural as well as periodic. It called on the international community to make the maximum effort to seek a global settlement and work out a set of mutually complementary and co-ordinated policies and measures on a short-term as well as a long-term basis. The Chinese Government supports the series of concrete proposals put forward by the Group of 77 for this purpose. It has become an increasingly urgent task to take emergency measures in the fields that are vital to the developing countries and carry out the necessary reforms in international economic relations. We always maintain that the long-term objective of establishing the new international economic order should be linked with the solution of the immediate urgent problems. In order to promote North-South dialogue and break the present deadlock, it was proposed at the Seventh Non-Aligned Summit Conference that global negotiations be carried out in phases and that some problems in specific fields be chosen as the basic content of the first-phase negotiations. This proposal is quite reasonable, but it has not been accepted by the major developed countries. The just proposal of the Group of 77 also failed to win positive response from the developed countries at the Sixth UN Conference on Trade and Development held not long ago. We hope that the major developed countries, and the United States in particular, will change their rigid position in response to the wishes of the developing countries and display sagacity and goodwill in promoting North-South negotiations and improving North-South relations.

While North-South dialogue is at a stalemate, South-South co-operation is making steady progress. South-South co-operation is international economic relations of a new type. A sure way to economic prosperity and greater economic strength for the developing countries is to expand South-South co-operation, embark on collective self-reliance, build up independent national economies and reduce dependence on developed countries. The strengthening of South-South co-operation of course does not replace North-South dialogue, nor does it mean to lighten the commitments of the developed countries towards the developing countries. But it can serve as a stimulus to North-South dialogue. China, being a developing socialist country and a member of the third world, has had similar historical experience to other third

(Continued on p. 25.)

On the Reform of the System of Party And State Leadership

(August 18, 1980)

Deng Xiaoping

There are the last two sections of an article and its first three sections were published in our previous issue. — Ed.

IV

NOW I come to the question of eliminating the influences of feudalism and bourgeois thinking.

All the maladies which I have just described are more or less tinted with feudalism. Of course, the vestigial feudal influences are not merely confined to these areas. For example, we have the lingering ideas of patriarchal clan and hierarchy in social relations; certain instances of inequality in the relations between leading comrades and their subordinates and between cadres and masses; manifestations of a weak sense of the rights and duties of citizens; and certain bureaucratic systems and work styles in industry, commerce and agriculture. Furthermore, we have the one-sided stress on regional and departmental administration and management in economic work, which has led to compartmentalization and the shifting of troubles on to others and which has sometimes created difficulties in the relationship between two socialist enterprises or regions when there should not have been such difficulties at all. We also have instances of an autocratic style of work in the cultural sphere; failures to recognize the tremendous importance of science and education to socialism and to recognize the impossibility of building socialism without science and education; closed-door policy and ignorant arrogance in foreign relations; and so on and so forth. And let us take a look at the patriarchal clan ideas. During the "cultural revolution," when someone got to the top, his relatives got there with him; likewise, when someone was down on his luck, the same lot befell his relatives. This situation was once developed to a very serious extent. Even now, the abominable practice of

appointing people through favouritism and factionalism has not been put right in some regions, departments and units. There are quite a few instances where cadres abuse their power to enable their relatives or friends to become permanent residents in cities or to get them employed or promoted. It is thus clear that the residual pernicious influences of patriarchal clan ideas must not be underestimated. We need to exert ourselves if the above-mentioned problems are to be solved thoroughly.

We successfully and thoroughly overthrew the reactionary rule of feudalism and the feudal system of land ownership through 28 years of new-democratic revolution. However, since we underestimated its importance and soon proceeded to the socialist revolution, we did not fulfil the task of eliminating the remnant feudal influences in the ideological and political fields. Now it is imperative to state clearly that we must continue to tackle this task and carry out a number of effective reforms in our systems. Otherwise, our country and people will suffer once again.

It is necessary to adopt the scientific approach of seeking truth from facts towards this task, and make a concrete, accurate and realistic analysis of the manifestations of the lingering pernicious influences of feudalism by applying Marxism-Leninism and Mao Zedong Thought. First and foremost, we must draw a clear line of demarcation between socialism and feudalism and never allow anyone to oppose socialism in the guise of opposing feudalism or use the kind of sham socialism advocated by the gang of four to engage in feudalism. Secondly, we must carefully distinguish between the democratic essence of our cultural heritage and its feudal dross, and distinguish between the lingering pernicious influences of feudalism and certain unscientific methods and imperfect systems in our work resulting from lack of experience. We

should guard against once again whipping up a gust of wind and uncritically labelling everything feudal.

For the broad sections of cadres and masses, the elimination of the remnant feudal influences is a kind of self-education and self-remoulding, the purposes of which are to free themselves from such influences, emancipate their minds, raise their political awareness, adapt themselves to the needs of China's modernization programme and thus make contributions to the people, society and the whole of mankind. In our endeavour to eliminate the remnant feudal influences, we must lay stress on earnestly restructuring and improving the Party and state systems in such a way as to ensure institutionally the practice of democracy in the political life of the Party and state, in economic management and in all other aspects of social life so as to promote the smooth development of our modernization drive. For this purpose, it is necessary to make conscientious investigations and studies, look at the experiences of various other countries and work out feasible plans and measures by drawing on collective wisdom. We should not think that we just need to put destruction first and construction will follow in its wake. It must be made amply clear that no anti-feudal political movement or propaganda campaign is to be launched, nor should there be the kind of political criticism previously directed at some individuals, and still less should any struggle be aimed at cadres or the masses. Historical experience has proved that no ideological education among the masses can succeed by launching mass movements instead of using exhaustive persuasion and calm discussion, and that no reform of the existing systems and the initiation of new ones can succeed through mass movements instead of through down-to-earth and steady approaches. This is so because solving the ideological problems of the masses and the concrete problems in the organizational and work systems in a socialist society is, in principle, fundamentally different from cracking down on the counter-revolutionaries and destroying the reactionary system in the period of revolution.

While trying to eliminate the remnant feudal influences in the political and ideological fields, we must not in the least neglect or slacken criticism of bourgeois and petty-bourgeois ideologies, of ultra-individualism and anarchism. Whether the remnant feudal influences or the bourgeois influences are more serious—this must on no account be decided in a sweeping

manner because actual conditions may vary tremendously in different regions and departments, on the different issues involved as well as with regard to people of different age groups, personal experiences and cultural backgrounds. Furthermore, because ours had been a semi-feudal and semi-colonial society for more than a century, feudal ideology is in some cases intermingled with bourgeois ideology and the slavish colonial mentality, and there is interpenetration of the three. With the increasing international exchanges in recent years, instances have begun to appear of worshipping things foreign or fawning on foreigners owing to the influence of foreign decadent bourgeois ideology and way of life. And such instances may multiply in the future. This poses an important problem which must be taken very seriously.

China may be backward economically and culturally, but it is not backward in everything. Some foreign countries may be advanced in technology and management, but they are not advanced in everything. Our Party and people established a socialist system after long years of bloodshed and struggle. Although our socialist system is still imperfect and suffered disruption, it is much better than the capitalist system based on the law of the jungle and the principle of benefiting oneself at the expense of others. Our system will become better and better with each passing day. By absorbing the progressive elements from various countries, it will become the best system in the world. This is something capitalism can never achieve. It is absolutely wrong to lose faith in socialism and think that socialism is inferior to capitalism because we have made mistakes in our past practice of socialist revolution and construction. It is also absolutely wrong to think that we may spread capitalist ideology because we are trying to eliminate the remnant feudal influences. We must thoroughly repudiate these wrong ideas and check their spread. In upholding the principle, "to each according to his work," and recognizing material interests, we mean to work to increase the material well-being of the entire people. Everyone is entitled to certain material interests, but this in no sense means that we encourage people to work solely for their personal material interests without regard for the interests of the state, the collective and other people, nor do we encourage people to put money above all else. Otherwise, what would be the difference between socialism and capitalism? We have all along maintained that, in a socialist society, there is, fundamentally speaking, a community

of interests of the state, the collective and the individual. Should there be any clash of these interests, we should subordinate the individual interests to those of the state and the collective. Where necessary, all advanced elements who have revolutionary consciousness should sacrifice their personal interests for those of the state, the collective and the people. We should do better in disseminating this noble idea among our people, especially the youth.

Now we have some young people, including the children of some cadres, and even some cadres themselves, who have violated the law and discipline, accepted bribes and engaged in smuggling, speculation and profiteering for the purpose of getting a chance to go abroad or gaining money even at the expense of the dignity of themselves, the state and the nation. This is most despicable. In the past couple of years, some pornographic, obscene, filthy and repulsive photographs, films, publications, etc. have been smuggled into our country through different channels. These things have served to degrade the standards of social conduct and corrupt some young people and cadres. If we allow this pestilence to run wild, it will affect many weak-willed persons and cause their degeneration, mentally and morally. Organizations at all levels should pay serious attention to this problem and take resolute and effective measures to ban and destroy those decadent things mentioned above and firmly forbid their influx. In domestic economic work, more individuals, groups of people and even enterprises and other units engage in various kinds of illegal activities by distorting the existing economic policies and taking advantage of the loopholes in our economic management. These illegal, anti-socialist activities and criminals must also be seriously guarded against and resolutely dealt with.

In a word, the elimination of the remnant feudal influences must be integrated with the criticism of bourgeois ideology, which promotes the principle of benefiting oneself at the expense of others and putting profit first, and with the criticism of other decadent ideas.

Naturally, we should also adopt a scientific approach to capitalism and bourgeois ideology. Not long ago, in order to conduct education in revolutionary ideology, some localities raised anew the slogan, "Foster proletarian ideology and eliminate bourgeois ideology." Though I read the relevant documents, I did not find anything wrong at the time. As I see it now, this old slogan is neither comprehensive nor

precise enough. Some comrades, for lack of investigation and analysis, have criticized as capitalism some of our current reforms, which are advantageous to the development of production and the socialist cause as a whole. This is wrong. We need to make further studies and work out some appropriate stipulations with regard to what bourgeois ideas should be resolutely criticized and prevented from spreading, what capitalist tendencies in our economic life should be resolutely resisted and overcome, and how the criticism of them should be conducted correctly. We need to do all this in order that we can avoid our past mistakes.

V

The Party Central Committee has repeatedly deliberated on the reform of the system of Party and state leadership. Some reform measures have been initiated following the Fifth Plenary Session of the Central Committee, others will be put forward at the Third Session of the Fifth National People's Congress, and still others will successively materialize when conditions are ripe. In addition to the reforms referred to previously, the following major ones are now under consideration and will be instituted step by step:

First, the Party Central Committee will submit to the Third Session of the Fifth National People's Congress its proposals for revising the Constitution. Our Constitution should be made more perfect, better conceived and more precise so that it can really ensure the people their right to manage state organs at all levels as well as the various enterprises and institutions, enable our people to fully enjoy their rights as citizens, enable the different nationalities to exercise genuine regional national autonomy, improve the system of the people's congresses at all levels, etc. The principle of forbidding the overcentralization of power will also be reflected in the revised Constitution.

Second, the Party Central Committee has already set up its Commission for Discipline Inspection, and is now deliberating on the establishment of an advisory commission (its name is subject to further consideration). Together with the Central Committee itself, this commission is to be elected by the National Congress of the Party, and the respective functions and authority of the two commissions are also to be specified. In this way, a large number of veteran comrades working in the Party Central Committee and the State Council will be

able to make the best use of their experiences and fully play their guiding, supervisory and advisory role. At the same time, the regular executive bodies of the Party Central Committee and the State Council will become more compact and efficient and the average age of their personnel will be gradually reduced.

Third, it is necessary to set up a truly effective work system from the State Council down to the local governments at different levels. From now on, all government work shall be discussed and decided upon, and the relevant documents issued, by the State Council and the local governments concerned. The Party's central and local committees will no longer issue directives or make decisions on such work. The work of the government is, of course, done under the political leadership of the Party. The strengthening of government work means the strengthening of the Party's leadership.

Fourth, congresses or representative conferences of workers and staff members should be introduced in all enterprises and institutions. This was decided on long ago. The question now is how to popularize and perfect this system. The congresses or representative conferences of workers and staff members have the right to discuss and make decisions on major issues concerning their own units, to propose to the higher organizations the recall of incompetent administrative leaders of their units, and to gradually introduce the practice of electing their leaders within an appropriate scope.

Fifth, Party committees at all levels should apply in earnest the principle of combining collective leadership and division of labour with individual responsibility. It should be made clear what ought to be discussed by the collective and what ought to fall within individual responsibilities. Major issues must be discussed and decided upon by the collective. In the process of making a decision, it is essential to strictly observe the principle of the minority being subordinate to the majority, with one committee member having one vote and each secretary being entitled only to one vote. The first secretary must not make arbitrary decisions. Once a collective decision is made, it should be carried out separately, with each individual taking his own share of responsibility. No shifting of responsibility should be allowed on any account, and those who neglect their duties should be duly dealt with. As head in the collective leadership, the first secretary of

a Party committee must shoulder chief responsibility for its day-to-day work while among its other members, stress should be laid on individual responsibility based on division of labour. We should encourage leading cadres to be bold in shouldering responsibilities, and this is totally different from making arbitrary personal decisions. There should be no confusing of the two.

Comrades are requested to carefully discuss and study the above five points and fully air their views, including divergent views. With regard to certain matters, experiments will have to be carried out following decisions in principle by the central authorities, in order to gain experience and pool collective wisdom. Efforts will be made to solve one particular problem after another when the necessary conditions are ripe, and the central authorities will make formal decisions on each of them and work out well-thought, feasible and long-term rules and regulations so as to systematically achieve the respective goals. Pending the formulation and formal promulgation of new rules and regulations by the central authorities, work in various fields should continue to be done in compliance with those in current use.

The purpose of reforming the system of Party and state leadership is precisely to adhere to and strengthen, rather than weaken, Party leadership and discipline. In a big country like ours, it would be inconceivable for us to achieve unity in thinking among our several hundred million people and pool their efforts for building socialism if there were not a Party composed of members with a high level of political awareness, discipline and self-sacrificing spirit, a Party which truly represents and unites with the masses of people, and if there were no unified leadership by such a Party. Without these conditions, our country would fall apart and accomplish nothing. This is a truth which the people of all our nationalities have come to realize profoundly through long years of struggle. The unity of the people, social stability, the promotion of democracy and the reunification of our country—these all depend on Party leadership. At the core of the four cardinal principles is adherence to the leadership of the Party. The point at issue is that the Party must be good at providing leadership; only through its constant improvement can such leadership be strengthened.

We have before us the extremely arduous and complex task of socialist modernization. While continued efforts are needed to settle a

host of old problems, new ones emerge one after another. Only by relying closely on the masses, maintaining close ties with them and heeding their voices, understanding their feelings and representing their interests at all times can the Party become a powerful force capable of smoothly accomplishing its various tasks. At present, there are many ideological problems both among the masses and within the Party that call for solution. We must give priority to ideological and political work, earnestly endeavouring to do it well instead of slackening our efforts. This work should be done by Party committees and leading cadres at all levels as well as by all Party members. It should be done with a clear objective in mind and in a painstaking and thoroughgoing way, which is acceptable to the masses. Here, the most important condition for success is that all Party members, especially those in leading positions, are the first to do what they expect the masses to do. In order to make our ideological and political work more successful, it is, therefore, also necessary to improve the Party's leadership, to improve its leadership system.

Comrades! It is an arduous and long-term task to reform and perfect the various Party and state systems, and the key to its accomplishment is the reform and perfection of the system of Party and state leadership. We must fully understand this. Comrade Mao Zedong and the other veteran revolutionaries who passed away left us without fulfilling this task so that it has fallen on our shoulders. All Party comrades, especially veteran comrades, should devote all their energy to the fulfilment of this task. We have done quite a lot, solved many problems and had much to our credit since the Third Plenary Session of the 11th Party Central Committee, which means that we have gained a solid position from which to proceed further. The time and conditions are now ripe for us to put forward the task of reforming and perfecting the system of Party and state leadership so as to meet the needs of our modernization drive. While our generation may not be able to fully accomplish this task, at least we have the responsibility to lay a firm foundation and chart a correct course for its completion. This much we can do, I believe. □

Intellectuals in Minority-Inhabited Areas

by Our Correspondent Li Yongzeng

THE Chinese Government has adopted a series of measures to encourage scientists and technicians from all over China to work in regions inhabited by the minority nationalities, which are vital to the nation's modernization drive.

These regions of Inner Mongolia, Xinjiang, Tibet, Qinghai, Ningxia, Yunnan, Guizhou, Guangxi and Guangdong make up 60 per cent of the nation's total territory and are inhabited by 67 million minority peoples, or 6.7 per cent of China's total population. Ninety per cent of China's grasslands and seven of its ten major forest areas are located in these regions, which also boast a wide variety of cash crops and abundant mineral and water resources. Sixty per cent of China's 279 key construction projects will be completed in these areas during the Sixth Five-Year Plan period (1981-85). Most of these projects are related to energy, transport and communications and development of raw material. From these facts, it is clear why the

government is attaching increasing importance to the development of these regions.

500,000 Working to Help

At a Beijing conference held in late July, 2,000 scientists and technicians were cited as model workers and 320,000 others who had worked in minority areas for more than two decades were issued honorary certificates for their outstanding performance. Among them were engineers, agronomists, doctors and veterinarians, some of whom are recognized experts in their fields. Others are minority people trained after liberation in 1949. Most of these intellectuals settled in the frontier areas during the 1950s and early 1960s, in response to the Party call "go to the frontiers and areas where the life is harsh but where the motherland needs you most."

More than 500,000 scientists and technicians are currently working alongside the people of



Peng Jiamu (right) and his colleagues surveying the Lop Nur area in October 1979.

various minority nationalities to help build up the remote regions.

One outstanding example is Peng Jiamu, an eminent Shanghai scientist and former vice-president of the Xinjiang branch of the Chinese Academy of Sciences who was utterly devoted to the scientific development of the remote regions. In 1956 he turned down an offer from his leadership to study abroad and chose to continue his career in Xinjiang. He surveyed the region 15 times and helped establish research centres there. To assess the ecological impact of human activity in the region, he also investigated the natural resources and conditions around Lop Nur in eastern Xinjiang. During his last field trip in the area in mid-June 1980, he left his tent to find drinking water for his colleagues, braving the sweltering 50 degree Celsius heat. He never returned.

Gao Shiyang, a university graduate of the 1950s, is now associate research fellow of the Qinghai Salt Lake Research Institute. Since 1955, he has surveyed 30 lakes in the desolate Qaidam Basin during a dozen trips. His long years of exposure to the sub-freezing temperatures in that area left him almost paralyzed by recurring rheumatoid arthritis and neuro-arthritis. But this did not keep him from his work.

which was interrupted only by visits to his doctors. He broke new ground in the research into a new kind of highland salt lake and contributed to techniques for tapping boron, lithium and other salt-lake resources.

Jin Che, a college graduate of Korean nationality, is now an assistant research fellow who has worked in a Korean area in the northeast for 24 years. He has popularized 19 advanced techniques for paddy-rice cultivation on more than 200,000 hectares of land and vastly increased the grain output. He has also sponsored 70 training classes for 10,000 Korean peasants eager to learn the new techniques.

Jian Guomin, a doctor in Yunnan Province's Bijiang County, peeled six pieces of skin from her own body to cure a Lisu girl suffering brain skin necrosis. The girl quickly recovered, but the doctor refused payment for her contribution.

These regions have changed profoundly, thanks to the close co-operation between intellectuals from all over China and the local inhabitants. In 1981, the value of industrial and agricultural output in the national autonomous regions was 41,270 million yuan — 13.3 per cent more than in 1978; in 1982 the figure topped 56,490 million yuan, a considerable increase over that of the previous year. Culture, education, science and public health work have also enjoyed rapid development.

Shortage of Talent

However, the 500,000 scientific and technical workers now in minority areas are not enough to meet the actual needs. For example, construction of the Huolinhe open-cast coal mine in the Inner Mongolian Autonomous Region, which is one of the nation's key construction projects, was regarded due to a serious shortage of capable technicians. Since 1978, the project has imported 817 pieces of equipment at a cost of approximately 200 million yuan. Most of it was electrical equipment and machinery, but none of the project's seven leaders knew enough about machines and electricity to use them properly. This caused serious problems. In one

instance only 37.2 per cent of the imported equipment was in good condition due to improper maintenance. The project did not even have a senior engineer. It is no wonder that when these facts were disclosed in a July 29 *Remin Ribao* article, they caused a stir nationwide. Such shortage of talent is rather common in many fields in the regions inhabited by minority peoples.

What causes worry is the fact while few scientific and technical workers are willing to go to these regions, quite many are leaving and the rate seems to be increasing. Undeniably, this exodus can be attributed to the many difficulties which confront scientists and technicians working in these outlying areas. Their relatively backward economies make for a harsh life. Education, which intellectuals consider so vital for their children, is underdeveloped. And they have no place to



Two university graduates who volunteered to work in Tibet arrive in Lhasa earlier this year.

go to improve their own professional competence.

Measures and Results

Improving the lot of scientists and technicians assigned to border regions became a major topic at the Beijing conference. After some lively and informative discussions, the conference commended and publicized those who had done important work in these regions. The conference encouraged more intellectuals from the rest of the country, especially recent university graduates, to go and work there.

Encouragement, however, is certainly not enough. The government has therefore adopted a series of new measures:

— Enterprises and institutions in frontier regions may advertise for scientists and technicians or invite them to go to their places to give lectures or technical advice, or to work for them.

— College and secondary technical school graduates are encouraged to work in the remote and frontier areas. Institutions of higher learning may open classes especially for students who want to work in the frontier regions. For these classes, enrolment is geared to what is needed in the regions, so that when the students finish their studies, there is a specific job waiting for them. Those working on the Tibet-Qinghai Plateau are entitled to one higher grade wages. Those who wish to stay on after eight years enjoy further pay rises.



Ying Baicai, deputy director of a prefectural scientific commission in Qinghai, has succeeded in breeding fry in lakes 2,800 metres above sea level.

— Enterprises and organizations in remote regions are allowed to issue various allowances, floating wages and bonuses for scientists and technicians.

— Scientific and technical workers in the frontier regions may moonlight or engage in paid scientific research during their spare time, on the condition that they do their regular jobs well.

— College and secondary vocational school graduates and scientists and technicians may, after working for eight years on the Tibet-Qinghai Plateau, be transferred back to coastal areas. Those who have worked there for more than 20 years and stay on after retirement will have their pensions increased by 10 per cent.

These measures are paying off. A good example is Li Liping, who graduated from the Beijing Institute of Chemical Industry earlier this year. He had been an outstanding student for four consecutive years, and on the eve of graduation he was cited as a model student in the municipality of Beijing. Such a student may work in any big city or scientific research institute he chooses. But he decided to go to the Qinghai Plateau, where he thought he was most needed. He is now working in the Qinghai Potash Fertilizer Plant, a key national project.

About 1,000 college students this year have decided to go to the remote and frontier regions. Their selfless devotion to the interests of the nation is being widely publicized and sets an excellent example.

(Continued from p. 17.)

world countries, and is faced with a similar task. For the purpose of developing China's economic relations with foreign countries and strengthening South-South co-operation, Premier Zhao Ziyang, in his recent visit to Africa, put forward four principles, namely, "equality and mutual benefit, stress on practical results, diversity in form, and attainment of common progress." We are prepared, in accordance with these principles, to explore with other developing countries ways for active co-operation.

China is ready to work together with other countries for the defence of world peace, in the interest of smooth progress in its modernization programme and of its national security and in the fundamental interests of the people of the world. We will steadfastly pursue an independent foreign policy. We are opposed to all acts of hegemonism. We are striving to maintain and develop normal relations with all countries on the basis of the Five Principles of Peaceful Coexistence and will persist in a long-term policy of opening to the outside world on the basis of self-reliance. We attach special importance to strengthening our unity and co-operation with the other third world countries. We support the Non-Aligned Movement which is playing an increasingly important role in maintaining world peace. With unflinching interest we have done our best to develop good-neighbourly and friendly relations with our neighbouring countries. We are steadily promoting our good relations with the developed countries in Western Europe, North America and Oceania.

We are striving to improve and strengthen our relations with the East European countries. As for the United States and the Soviet Union, we also hope that the obstacles in our relations with them can be removed and normal relations maintained and developed in accordance with the Five Principles of Peaceful Coexistence. We believe this will not only benefit the people of various countries but is also in the interest of world peace.

As a founding member, China has always attached importance to the role of the United Nations. We have noted that thanks to the joint efforts of member states and particularly those of the third world, the United Nations has in recent years played a positive role in the maintenance of international peace and security, in decolonization and the promotion of economic development. However, we cannot but point out that many of the correct resolutions adopted by the United Nations have not been implemented. As a result, it becomes rather flabby in the settlement of many important issues. The permanent members of the Security Council have a special responsibility to remedy this regrettable state of affairs. We appreciate the suggestions made by the Secretary-General in his annual report for the strengthening of the role of the United Nations. We support the views put forward by the Non-Aligned Summit regarding the democratization of international relations. Together with other countries, we will strive to enable the United Nations to play a more positive and useful role in realizing the purposes and principles of its Charter. □

OPINION

Shanghai economic zone

THE Changjiang delta economic zone, with Shanghai as its centre, is both a new experiment and a logical result of China's economic development, said economist Zhang Zhongli.

He said that the Central Committee decision to establish the Shanghai economic zone covering 10 cities and 57 counties in Jiangsu and Zhejiang Provinces is of major strategic importance. This new economic zone has the conditions and capabilities essential to leading the nation in economic development. Last year, the zone's total value of industrial and agricultural output was nearly one-fifth that of the entire country. It also provided one-fourth of the nation's total finance income and one-third of China's total foreign exports.

This economic zone is the nation's biggest commercial, foreign trade, and science and technology information centre, and also a base of the processing industry.

Historically the Shanghai, Wuxi, Changjiang delta area is an integrated geographic and economic region. The close ties characterized by their common prosperity and mutual help in supplying each others' needs should be further strengthened today.

The successful experiences of some developed countries in the world show that development in one advanced area will spur other areas to develop. Take the United States for example. The US economy

started first in the northeast and then spread to the west and finally to the south in the last 10 to 20 years.

The goal of the Shanghai economic zone should be to improve the economy of the entire region. Zhang Zhongli noted that the zone should work out an overall regional development plan by which it may play a central role in the economic development of the nation as a whole. It can do this by expanding its historical industrial

COMMENT

DEVOTING himself for many years to the compilation of the Modern Chinese Dictionary, 74-year-old Professor Ding Shengshu did not ask for one penny, nor does his name appear on it.

As editor-in-chief of the dictionary, Prof. Ding spent 19 years of hard work checking and correcting over 56,000 entries on cards. This dictionary contains 2.7 million words, and over 6.5 million copies have been published. The information and convenience this work offers deserves high praise. However, had it not been for the warm introduction of reporters, the identity of this work's author who remained anonymous for years would have remained unknown to its users.

An author of a book usually signs his name and receives a certain amount of money after

and technological base and making full use of its role as the largest port for foreign trade. If this is achieved, then the Shanghai economic zone will inevitably be a successful centre of both domestic and foreign contacts, rapid scientific and technological progress and vigorous socialist economic development.

Zhang Zhongli studied in the United States in his early days and has lived abroad twice. He devoted himself to economics after his return to the motherland in 1958.

—“*Jingji Ribao*”
(*Economic Daily*)

Anonymous editor

its publication. However, Prof. Ding did not claim to be a scholar, and the dictionary was published as a collective work concealing its real authorship. For years Prof. Ding remained anonymous. During the war to resist US aggression and aid Korea, Prof. Ding made a donation to buy artillery. However, he went to the bank alone, lest his name should be known to his colleagues by contributing through his unit. He bought construction bonds and provided relief to people in disaster areas in the same peculiar way.

Prof. Ding is an outstanding example of the best of China's tradition of scholarship and learning of intellectuals, who work to bring knowledge to others rather than seeking fame and fortune for themselves.

—“*Guangming Ribao*”
(*Guangming Daily*)

Beijing Review, No. 41

Guards of the green treasure-house

THE frontier soldiers stationed in Yunnan Province bordering Viet Nam have been honoured as "guards of the green treasure-house" by the cadres and masses in the Jiangcheng Hani and Yi Autonomous County for their active support to the local government in protecting the forests.

From March to July this year the soldiers put out five mountain fires and saved more than 430 hectares of forest.

A fierce fire was discovered at 9 p.m. this April 4 in the mountains 9 kilometres from the county seat, endangering the

vast forests and the property of the peasants nearby. When the news reached Battalion No. 3 at 11 p.m., the battalion commander and the director immediately sent more than 60 soldiers to the site of the blaze. The frontier soldiers, who climbed several mountains and crossed a deep quagmire in the pitch-dark, joined the fight against the fire as soon as they arrived. One of them, Liu Chunhong, rolled his body on the ground to press down the grass and stop the fire. His trousers were burnt and he suffered injury, but he never stopped working. Another

soldier, Zhou Shuping, broke his left forefinger while fighting the fire, but he continued working for 6 hours until the fire was put out. When he was sent to the hospital the next morning, his left hand was terribly swollen.

The soldiers also take good care of two giant trees, each more than 30 metres high. According to the Tropical Botanic Institute of the Chinese Academy of Sciences, they are a rare variety of peanut trees. Their leaves are like the Chinese toon's and their fruit, in the shape of a single peanut, contains a high grade of edible oil. Apart from building walls around each of them, the soldiers also popularize the significance in protecting the peanut trees.

— "Renmin Ribao"
(People's Daily)

Peasants instal telephones in their homes

BY the end of May 1983, 500 peasant households had installed telephones at their own expense. Ninety-one are members of Xiguan brigade in Muping County, Shandong Province, and more and more peasants in Fujian, Shandong, Jiangsu, Shanghai and other provinces and cities are applying to follow suit.

It continues to be something new in China for a peasant household to own a telephone. Two or three years ago, only units above the level of produc-

tion brigade (each brigade comprises about dozens or hundreds of households) were furnished with telephones.

— "Zhongguo Qingnian Bao"
(China Youth News)



"Hello..." An old couple in Shanghai's Baoshan County enjoy a chat on their new telephone.

MOVIES

New historical films

This September, two new films about the later feudal period of China, *The Burning of Yuanmingyuan* and *Reign Behind the Curtain*, were released. These films, the most expensive ones ever produced in China since liberation, feature the fabulous grandeur of the emperor's court with meticulous attention to every detail.

The films, co-produced by the China Film Co-production Corporation and Hongkong New Kwun Lun Film Production Company Ltd. under the directorship of Lee Han Chiang from Xianggang (Hongkong), span the 10 years from 1851 to 1861, when the Qing Dynasty (1644-1911) was beset by numerous peasant rebellions and invasions by European imperialists. Trying to expand their market for raw materials and manufactured goods, the French and British launched the Second Opium War (1857-58) and forced the Qing government to sign the Treaties of Tientsin and Peking. These unfair treaties led to a series of territorial cessions, indemnities and open seaports for foreigners, and sank China into a semi-feudal, semi-colonial society.

The Burning of Yuanmingyuan traces the events before and after the Second Opium War and the rise of the notorious Empress Dowager Cixi, who became the new emperor's regent, the real ruler of China at the turn of the century. It shows how the Anglo-French allies seized Beijing and plundered it, how they set fire to the most famous imperial gar-

den in China, how the impotent Qing government signed the unfair treaties while the Qing soldiers and peasants bravely fought the invaders, and how the shrewd concubine of the emperor schemed to usurp his power. *Reign Behind the Curtain* further traces her cruel reign; how she crushed her enemies and manipulated the new boy-emperor and the former Queen.

The director of both films, Lee Han Chiang, was born in Jinxi, Liaoning Province. He studied painting in Beijing as a boy, then turned to the theatre and went to study drama in Shanghai. Later, he moved to Xianggang and entered the film industry. Lee has a good grasp of Chinese history, which has been the subject of several of his films. However, this was the first time he collaborated with his counterparts on the mainland to film historical events at their actual locations and with real props.

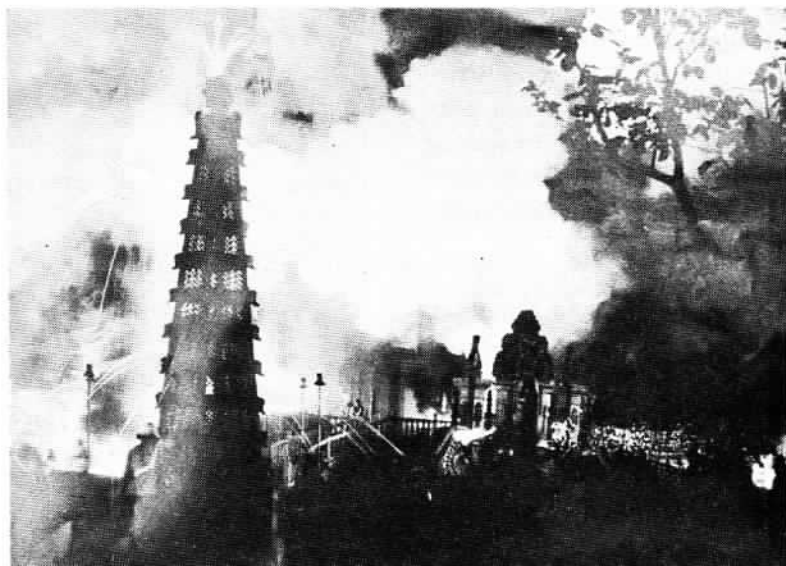
For example, the first film begins with the magnificent coronation ceremony of the emperor. Amidst stately music

and hymns, hundreds of Qing cavalymen ride into the Forbidden City with flags and weapons in hand. Then, at the crack of a whip, officers and civil servants from the court who await in the 30,000-metre-square terrace in front of the imperial palace begin to kneel and bow, as required by Chinese feudal rites. They are paying respect to a new emperor—the six-year-old Tongzhi. But the real ruler, his regent Cixi, seats herself behind a silk curtain behind the emperor.

In filming the death of Tongzhi's father, Emperor Xian Feng, actors and actresses used the actual bed and quilts the emperor himself had used 120 years ago.

To recreate the burnt down Yuanmingyuan palace and gardens, the film unit constructed a set in the Ming Tombs near Beijing on 3.7 acres. There they copied parts of the buildings of the *xiyanglou*, *dashuifa* and *yuanyingguan* from the Yuanmingyuan. The tens of thousands of costumes also imitated the Qing style. It is no wonder these films became so costly.

A scene from "The Burning of Yuanmingyuan": the Anglo-French allies set fire to the imperial garden after their pillage.





A scene from "Reign Behind the Curtain": the six-year-old emperor with his regent (left) behind the silk curtain.

The cast is as impressive as the props. The role of Emperor Xian Feng is played by Liang Jiahui from Xianggang. He was chosen because he resembles the emperor both in appearance and manner. Liu Xiaoqing, from the mainland, played opposite Liang as Cixi. With experience in 13 films behind her, she has become very popular at home for her versatile playing and characterization. The favourite courtier of Emperor Xian Feng, Su Shun, was played by Xiang Kun, also from the mainland. Though already in his seventies, he played his part vividly, as is typical of his skill.

The head of the China Film Release Co., Hu Jian, said that audiences will not only be entertained by these two films, but will learn something about the history of China from them as well.

PAINTING

Painter Chen

Donghu

An exhibition was held not long ago in Beijing's Tiantan Park of paintings by Chen Donghu (1901-62) who was famous

for painting in the *mogu* manner.

Mogu ("boneless") painting is a school of painting without first drawing the outline with pencil or carbon but accurately and meticulously drawing the objects by skilful colouring. *Mogu* painting was first mentioned by Xu Chongsi of the Song Dynasty (960-1279), and later evolved into a school. It differs from the *gongbi* (detailed and meticulous) method, where subjects are first sketched in pencil or charcoal, and *xieyi* (impressionist) painting, which uses freehand brushwork. Chen always finished his paintings at one stroke, setting everything down right the first time.

Chen Donghu began his study of painting when he was a child. In his early teens, he studied with the master painter Jin Beilou while working for him. Chen concentrated on flower, bird and landscape painting, and in 1930, he won a gold medal at the Belgium International Fair.

Chen combined a deep understanding of traditional Chinese painting since the Tang and Song Dynasties with a thorough knowledge of the theory of modern fine arts to create his own unique style. His flower paint-

ings are noted for their integration of brushstrokes, ink, water, colours and paper. His works are well-arranged, elegant and exquisite.

The *Magpies and the Cypress* is representative of his works. He started from the daylily at the bottom, then the rocks, then he brought out the theme of the picture, the cypress, and two lively magpies. Finally, he concluded the painting with cypress branches on the left.

In recent years, *Mogu* paintings have become increasingly rare because the technique is difficult for beginners to learn. The aim of this exhibition is to revive this school of painting and encourage painters to develop many different styles.



"Magpies and the Cypress."

New Publications

China's Foreign Economic and Trade Laws and Regulations

The *Collection of Laws and Regulations of China Concerning Foreign Economic and Trade Relations* was published recently in Melbourne, Australia.

Jointly published by the Beijing-based China Market Publishing Corporation and the David Syme and Co. Ltd. of Australia, the book will be the legal basis for international arbitration in business transactions with China.

In a loose-leaf format, the book has both Chinese and English editions. Included in it are China's laws and regulations concerning foreign investment, foreign trade administration, special economic zones, foreign exchange controls, taxation, customs, inspection and quarantine, resident offices of foreign enterprises, trade mark administration, resources, contracts, arbitration and maritime affairs, as well as the Constitution of the People's Republic of China.

A foreword written for the book by Professor Qiu Shaoheng, advisor to the Law Department of the Legal Affairs Committee of the Standing Committee of China's National People's Congress, reviews the progress of China's foreign economic and trade relations.

'A Collection of Medicinal Food Recipes'

The People's Public Health Publishing House recently brought out *A Collection of*

Medicinal Food Recipes, the first of its kind since the founding of the People's Republic.

China has a long tradition of adding medicinal herbs to some recipes to both make the food tasty and prevent and cure diseases. Included in the book are more than 280 recipes to cure colds, tracheitis, chronic pharyngitis, hypertension, heart diseases, haematemesis, haematuria, oedema caused by nephritis, and hyperthyroidism. They were mainly selected from books on traditional Chinese medicine written in various dynasties. Some are from palace or folk cuisine books.

The author of the book is Weng Weijian, a specialist in medicinal foods. He is now writing another book entitled *A Collection of Imperial Medicinal Food Recipes of Various Dynasties in China*.

Rare Buddhist Sutra Manuscripts

China will soon issue at home and abroad collotype reproductions of rare ancient palm-leaf manuscripts of the *Lotus Sutra*, the most important Buddhist text of Mahayana Buddhism.

Palm-leaf manuscripts of Buddhist sutra were made by the ancient Indian and Nepalese Buddhists, who wrote scriptures on water-logged leaves of the palm (*pattra*) trees.

For many reasons, few such manuscripts still exist. Of all the palm-leaf manuscripts, the *Lotus Sutra* was especially precious. Many scholars have tried to investigate the development of Buddhism, philology and the history of the cultural exchange

between the East and the West through studying the palm-leaf manuscripts of *Lotus Sutra*.

The manuscripts, photolithographed by the library of the Cultural Palace of Nationalities in Beijing, were a Nepalese-Sanskrit copy. They were first discovered in the Sagya Monastery in Tibet in 1960.

According to the date at the end of the book, the manuscripts were finished on March 17, 1082. The whole book has 137 leaves, or 274 pages. It is 55.7 centimetres long, a dozen centimetres wide and 5.2 centimetres thick.

The narrative is intact and the writing is graceful and clear. It is considered one of the best palm-leaf manuscripts of *Lotus Sutra* ever discovered in the world.

The collotype edition is the same size as the original. It will be released in 200 numbered copies.

The title of the book appears in the calligraphy of Zhao Puchu, President of the Chinese Association of Buddhism. Professor Ji Xianlin, an expert on Sanskrit and Vice-President of Beijing University, wrote the preface.



*Traditional Chinese
paintings by
Wu Dongkui*

Born in 1956, Wu Dongkui is a native of Heze County, Shandong Province. Since graduating from the Shandong Light Industrial Fine Arts School in 1981, Wu has devoted himself to traditional painting.

His fresh style paintings, full of simplicity and grace, have been displayed in many cities and provinces.



A Pine Tree and an Eagle.



Lotus Blossoms.



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