Welcome

The Center for US-China Policy Studies (CUSCPS) is a newly created research unit housed in the College of Behavioral and Social Sciences (BSS). CUSCPS links faculty in the College of BSS and other academic units at San Francisco State University (SFSU) to each other as well as to the larger community interested in US-China policy issues. The Center promotes research, teaching, training, and outreach on US-China domestic and international policy issues in all areas. It provides policy research, data collection, analysis, and consultation to government agencies, non-profit organizations, community groups and businesses interested in this area. It promotes academic exchange and serves as a bridge and a base for collaboration between the college and the university and any other institutions or organizations, particularly in China. Please contact us at cuscps@sfsu.edu if you are interested in the US-China relations and would like to make a connection with us.

Contents

♦ International/Regional Issues ...........................................................................................................................................1
♦ Politics ..................................................................................................................................................................................3
♦ Economy .............................................................................................................................................................................5
♦ Society ................................................................................................................................................................................5
♦ Other ..................................................................................................................................................................................6

International/Regional Issues

The Chinese opinions polled in a joint Japanese-Chinese survey

JAPAN, Aug. 3 - Half of the Chinese polled in a joint Japanese-Chinese survey said they disapproved of Japanese politicians visiting the Yasukuni Shrine even if the names of Class-A war criminals were moved from the shrine. 30 percent, however, said they could tolerate the visits of Japanese politicians to the shrine if the Class-A war criminals were removed (Source: Japan Times).

The PLAN Drills in the East China Sea

BEIJING, Aug. 4 - The People’s Liberation Army Navy (PLAN) conducted “hard drills” in the East China Sea in early August including nighttime artillery attacks, narrow channel navigation, and operations in extreme weather conditions (Source: People’s Daily).
Chinese Ambassador Wang Yi and Japanese Chief Cabinet Secretary Shinzo Abe “cross fired” at the Second Beijing-Tokyo Forum

BEIJING, Aug. 4 - About 90 officials and scholars from China and Japan attended the Second Beijing-Tokyo Forum on Thursday, August 4, looking for ways to defrost the icy bilateral relations. At the Forum, Ambassador Wang Yi said that the souring of relations between Beijing and Tokyo owed much to Japanese Prime Minister Junichiro Koizumi's annual visits to the Yasukuni shrine, where convicted World War II war criminals were honored along with Japanese war dead. He told the forum that if Tokyo decided to remove the political obstacles, Beijing would be sure "to respond with good will." Japanese Chief Cabinet Secretary Shinzo Abe, the favourite candidate for Japan's next prime minister, said in a keynote speech that he personally wanted a strong Sino-Japanese relationship. He attributed the current difficulty in bilateral ties to "misunderstandings." Abe cited some figures to support his view: in 1980, 78 per cent of Japanese people had a positive attitude towards China, but this percentage had dropped to only 32 per cent some 25 years later. In China, only 15 per cent of the population now feel positively towards Japan. Abe said the Japanese Government had decided to invite 1,200 Chinese high school students to Japan this year. The annual event, jointly held by China Daily, the Peking University and Japanese think-tank Genron NPO, moved to Tokyo this year after its first meeting in Beijing last year (www.chinanews.cn)

China concerned about Abe's reported Shrine visit

BEIJING, Aug. 5 - China expressed concern over reports that Japanese Chief Cabinet Secretary Shinzo Abe visited the Yasukuni Shrine in April, Foreign Ministry spokesman said. "It is a common aspiration of the two peoples and conforms with the fundamental interest of the two countries for Japanese leaders to stop visiting the Yasukuni Shrine, where World War II criminals were worshiped, and take tangible action to eliminate political obstacles hindering the normal development of Sino-Japanese relations," spokesman Qin Gang said while asked for comments. "If Abe, a candidate of the next Japanese prime minister, continued to visit the Yasukuni Shrine, it will pose a severe challenge to the recovery of China-Japan relations," said Huo Jiangang, a researcher with the China Institute of Contemporary International Relations (Xinhua).

China and Chad resume diplomatic ties

BEIJING, Aug. 6 - The central African country of Chad has severed diplomatic relations with Taiwan, and switched its recognition and open official ties with China. Chinese Foreign Minister Li Zhaoxing and his Chadian counterpart Ahmad Allam-mi signed a joint communique here Sunday night to resume diplomatic ties between the two countries. "The Chadian government recognizes that there is only one China in the world and the government of the People’s Republic of China is the sole legitimate government representing the whole China. Taiwan is an inalienable part of the Chinese territory," the communique says. The Chinese government expresses appreciation for the above stance the Chadian government pursues, it says. Chad is the 169th country that has diplomatic ties with China (Xinhua).

Chinese foreign ministry spokesman – DPRK missile test negative

SEOUL, Aug. 8 - "North Korea's missile launches have led to a disagreement between China and North Korea," Chinese foreign ministry spokesman Liu Jianchao said in comments posted
on the Web site of the South Korean daily Chosun Ilbo late on Monday in Chinese and Korean. Liu said the tests have had a negative impact on the politics on the Korean peninsula as well as North Korea. The interview was conducted when Liu was in South Korea earlier this month. During his stay in South Korea, Liu called on the North to return to stalled six-party talks on ending its nuclear weapons program and for flexibility in the negotiations. (Source: Reuters)

**Politics**

**Party plans session in October**

BEIJING, July 25 - The Political Bureau of the Communist Party of China (CPC) Central Committee passed a resolution in Beijing that the 16th CPC Central Committee will hold its sixth session in October. The main topics of the session include the hearing of a report on the work of the political Bureau and the exploring of the issue of “building a harmonious socialist society” (China Daily).

**Beijing restate anti-corruption stance**

BEIJING, Aug. 4 - Beijing Olympic Organizing Committee (BOCOG) Thursday signed letters of responsibility with its all department chiefs to make them accountable for anything involving corruption after The sacking of an allegedly corrupt Beijing vice mayor who was in charge of overseeing construction projects for the 2008 Olympics. According to the agreement, heads of the departments will be held responsible if wrongdoing such as breaching anti-corruption regulation, embezzlement or corruption occurs. Beijing Olympics will kick off on August 8, 2008 in the most populous country. (Xinhua)

**China's newly-promoted generals**

BEIJING, Aug. 5 - A Beijing News article has published an analysis of China’s newly-promoted generals. China's Central Military Commission conferred the rank of general on 10 senior military officers on June 24, bringing the total number of China’s generals to 164. The Beijing News article, which quotes a CCTV report, is particularly interested in the advanced education of the 10 new generals. After graduating from military academies, they then went abroad or to the National Defense University for further study. They all have profound knowledge and capabilities in using new technology, which is an important part of modern warfare (CRIENGLISH.com)

**Economy**

**China's economy roars 10.9% in first half**

BEIJING, July 17 - The National Bureau of Statistics described China's economic situation during the first half of 2006 as “high growth, high efficiency, high employment, and low inflation.” GDP increased by 10.9% over the first six months of the year, industrial profits rose by 28%, and 6 million jobs were created in cities and towns around the country. The Bureau observed that investment in high-value industries was increasing while investment in industries requiring costly inputs—e.g., cement, aluminum, and coking was failing. Grain production increased significantly while rural per capita incomes also reflected improvement (Source:
Beijing to build 2nd international airport

BEIJING, Aug. 1 - With extension work already underway at the Capital International Airport, plans have been unveiled for a second airport for Beijing. The new airport will be built after the 2008 Olympics, said a civil aviation administration official. The National Development and Reform Commission (NDRC) recently called for authorities to speed up their consultations on where the new airport will be. Hong Shanyuan, an official with the airport department of the General Administration of Civil Aviation (CAAC) said it could be built in Hebei Province or to the south of the city. "The site of the airport will be chosen from either the city of Langfang, in Hebei Province or at the Nanyuan Airport to the south of Beijing," said Hong. He told China Daily that authorities have only got as far as looking for a site (Source: China Daily)

China's rural development divided into three tiers

BEIJING, Aug. 2 - The China Youth Daily reports that the result of a recent investigation suggests that rural areas in China are now as diversified as urban areas in regard to their social development status. The result showed that the richest village was Huaxi in Jiangsu Province, with the annual per capita income reaching 18,820 yuan in 2005. In contrast, the annual per capita income in Nanniwan Village in Shaanxi was only 1,526 yuan. The annual per capita income of the former was nearly 12 times that of the latter. In regard to the difference of the annual per capita income, the investigative team divides China's rural areas into three tiers: villages with an annual per capita income reaching 5,000 yuan or more are regarded as the most economically developed area, or the first tier; villages with an annual per capita income between 3,000-5,000 yuan are regarded as the middle level countryside, or the second tier; and villages with an annual per capita income below 3,000 yuan are the least developed countryside, or the third tier (Source: Chinanews.com)

RMB now below 7.97 against greenback

BEIJING, Aug. 8 - The RMB advanced to less than 7.97 against the US dollar on August 7, showing signs of quickening appreciation. The yuan has so far gained an accumulated 3.7 per cent against the greenback since revaluation. "Clearly, the yuan's appreciation pace is accelerating, which is in line with the market situation as pressure from both the foreign exchange reserves and trade surplus is mounting," said Yi Xianrong, a research fellow at the Chinese Academy of Social Sciences (CASS). But some experts say the currency appreciation is not a fundamental way to resolve the trade imbalance. Fuelled by the swelling trade surplus and foreign investment inflow, China's foreign exchange reserve surged to US$941.1 billion by the end of June. The mounting foreign exchange reserves, which are already the world's largest, are also driving a growth in money supply and credit (Source: China Daily).

New property policy aims to deter hot overseas money

BEIJING, Aug. 8 - China's new policy on overseas investment in the property sector aims to shut the gates on hot speculative money from overseas, a spokesperson for the Ministry of Construction said here Monday. This is the first time Chinese officials have spoken out on the new policy since it was promulgated in mid-July. China is in the midst of a property boom,
with housing prices in major cities soaring despite massive housing development. The new policy is part of the government's three-year efforts to rein in the galloping market. Under the new policy, overseas institutions must provide documents approving their presence in China when buying properties for their own use. The new policy allows overseas residents who have worked or studied in China for more than one year to buy one housing unit for their own use. The spokesperson said these people are considered residents and their economic activities are part of China's gross domestic product (GDP). The new policy also tightened controls on overseas investment in the property development sector. To engage in the property development business, overseas investors will have to register a new company in China and apply for property development licenses. The spokesperson said the policy does not discriminate against foreign businesses, because it also applies to Chinese firms. (Source: Xinhua)

**Society**

**China society in a reversed T-shape**

BEIJING, Aug. 7 – At present, China's social structure is like a reversed T-shape, which is an irrational social structure. It might still take China at least 40 years to change this structure. The statement was made by Li Qiang, director of the Human Science Department of the Beijing-based Tsinghua University. Based on the statistics in the fifth national population census, Li concluded that the social structure in China had undergone tremendous changes. It was not the traditionally pyramid-shaped society, nor was it a spin-shaped society like some Western countries where the middle-class makes up the greater part of society. The fact that China's society structure is now in a reversed T-shape reflects a serious fact: in China, the lower strata make up an irrationally large part of society. According to Li, the current Chinese society has several characteristics: the income gap between the poor and the rich is expanding; social wealth is controlled by a few people; the disparity between town and country and between different regions is becoming serious increasingly and the disparity problem also exists in both urban and rural areas; the low-income earners are divorced from the main society and the phenomenon of people gathering wealth by illegal means is quite common (Source: Chinanews).

**China might no longer benefit from surplus labor force in 2013**

QINGDAO, Aug. 7 – As the country's birth rate continues to drop, China would no longer benefit from its surplus labor force as it did for the past twenty years. Director of the Population and Labor Economics Research Institute under the Chinese Academy of Social Sciences Cai Fang made the above statement recently at the second Top Chinese Economists 50 Forum in Tianhengdao Island, Qingdao. The population benefit refers to a spindle-shape population structure in China. Cai said that over the past twenty years, sufficient labor force and high deposit rate had benefited Chinese economy greatly. It had contributed to one-fourth of the per capita GDP growth in China. However, as China's population structure begins to change, such benefit will gradually disappear. Cai said that as China's birth rate declined, the population of the workforce in China would reach its highest point in 2013, and then start to decrease gradually. It would mean that by then, China's economy would no longer benefit from its surplus labor force (Source: Chinanews).
Wealthy young Chinese divided into four types

BEIJING, Aug. 4 - The Nomura Research Institute, a Japanese think tank, recently conducted an investigation among young consumers in China. The investigation shows that young Chinese at the age of 25 and 35 are a group of people with a high income (4,000 yuan), a high consumption power and keen on consumption. In light of their different characteristics, they can be grouped into four types. The first type spends all their income every month. The second type depends on their parents for a good life, and they spend even more than the first type. In addition to spending their own savings and monthly income, they also ask their parents to subsidize them every month. The third type is a group of people who returned after finishing their education overseas. In Shanghai, about 80,000 people went abroad to receive education and 50,000 of them have returned. Influenced by overseas culture, these people adopt a different life style and way of thinking from people in the mainland. The fourth type is called the “golden collar” workers, since some work in well-known large corporations. Most of these people are the backbones of their company, which is either a foreign-funded company or a collectively-owned domestic company. They live the high life and care much about the comfort and quality of their life (Source: Chinanews).

Other

The Editors have prepared this newsletter using publicly-released media and research accounts that are believed to be reliable. The Editors, the CUSCPS, and San Francisco State University do not guarantee the accuracy, and any such information should be checked independently by the reader.

The contents of this newsletter may be freely disseminated for non-commercial purposes. Direct quotes from newsletter should be properly referenced.

© 2006 Center for U.S.-China Policy Studies
All Rights Reserved