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

Contents

♦ International/Regional Issues ..........................................................1
♦ Politics......................................................................................3
♦ Economy.................................................................................4
♦ Society..................................................................................5
♦ Other....................................................................................5

International/Regional Issues

Chinese State Councilor Highlights Ill-Effects of Koizumi’s Visits to Yasukuni

BEIJING, Aug. 20 – During a meeting in Beijing with Doi Takako, the honorary leader of the Social Democratic Party of Japan, Chinese State Councilor Tang Jiaxuan stated that Japanese Prime Minister Junichiro Koizumi’s recent visit to the Yasukuni Shrine had seriously hindered the improvement of Sino-Japanese relations as well as injured the international image and national interest of Japan. Specifically, Koizumi’s visits had hurt the feelings of people victimized by Japanese militarist aggression and damaged the political basis of Sino-Japanese relations. Tang highlighted the visits of Japanese leaders to Yasukuni as one of the main causes of currently frigid Sino-Japanese relations. Tang called on the Japanese to remove political barriers and to work with China to put Sino-Japanese relations back on the right track (Source: Xinhua).
China and U.S. Agree to Boost Bilateral Economic Ties

BEIJING, Aug. 22 – In a phone call with Chinese President Hu Jintao, U.S. President George W. Bush expressed hopes that China and the U.S. would improve their economic dialogue and cooperation. Hu responded that enhanced bilateral economic dialogue would help Sino-American trade and economic cooperation and lay a foundation for a more cooperative relationship between the two countries (Source: Xinhua)

U.S. Trade Representative to Visit China at End of August

BEIJING, Aug. 23 – At the end of August, U.S. Trade Representative Susan Schwab will meet with Bo Xilai, China’s Minister of Commerce. Schwab is to focus on China’s World Trade Organization (WTO) obligations, intellectual property rights (IPR), and the opening of the Chinese market to American commodities and services. The top issue on Schwab’s agenda will be IPR issues. Another contentious issue to be discussed is China’s practices with respect to auto parts which may become the basis for the filing of a complaint by the U.S. against China at the WTO. Schwab also will speak with Chinese officials about China’s potential role in reinvigorating the stalled Doha round of the WTO. Lastly, Schwab will talk with China officials about China’s liberalization of its financial services industry (Source: People’s Daily Online)

China and Venezuela Deepen their Political and Economic Relationship

BEIJING, Aug. 25 – Venezuelan President Hugo Chavez’s state visit to China resulted in the conclusion of a number of agreements as well as a deepening of the Sino-Venezuelan political and economic relationship. Two agreements pertained to the joint development of Venezuelan oil fields by the China National Petroleum Corp. and PDVSA, the state-owned Venezuelan energy company. Chavez and Hu also signed agreements relating to trade, energy, infrastructure construction, and tourism. Chavez reiterated his desire to increase oil shipments to China by 500,000 barrels per day. Hu expressed a desire to increase high-level exchanges and bilateral dialogues. He also pledged to encourage Chinese businesses to invest in Venezuela. Hu further proposed that China and Venezuela enhance scientific, cultural, and educational interactions. Hu also suggested that China and Venezuela improve their cooperation in the U.N., WTO, and Organization of American States (Source: Xinhua).

China Signs its First Trade Agreement Outside Asia

SANTIAGO, Aug. 21 – China concluded a free-trade agreement with Chile, its first trade agreement outside Asia, which would bolster Chilean copper, fruit, and fish oil sales to China. China is Chile’s second-biggest trading partner and a major consumer of Chilean copper. As of 2005, bilateral trade totaled $6.99 billion (Source: Bloomberg.Com).

Taiwan Vows to Boost Military Spending by 30 Percent

Aug. 23 – The Taiwan Cabinet decided to boost defense spending by 30 percent in 2007. The spending increase, if approved by the Taiwan parliament, primarily would be used to buy high-tech American weaponry (Source: Yahoo! News).
Taiwan’s Top Army Commander Observes Live Fire Drills in Japan

TOKYO, Aug. 26 – The top commander of the Taiwan Army, General Hu Chen-Pu, observed the Japanese ground Self-Defense Force’s conduct live-fire drills. China challenged Hu Chen-Pu’s participation in the activity, with its Foreign Ministry issuing a statement saying that “China strongly protests the move, which explicitly violated the principles and commitments in the three Sino-Japanese political documents.” It also encouraged Japan to “demonstrate its one-China policy with concrete acts.” The Japanese government did not explicitly confirm Hu Chen-Pu’s presence at the drills (Source: The Japan Times).

China to Aid Vietnam in the Latter’s Quest for WTO Admission

BEIJING, Aug. 24 – During a meeting with Vietnamese Communist Party Leader Nong Dec Manh, Chinese Premier Wen Jiabao stated that China would “continue to actively promote Vietnam’s accession to the World Trade Organization in multilateral forums.” Wen urged China and Vietnam to increase trade as well as broaden and diversity their economic ties. China is now Vietnam’s biggest trade partner, with bilateral trade hitting above $8 billion in 2005. Estimates suggest that bilateral trade already has reached $10 billion in 2006, far exceeding goals (Source: Xinhua).

China and Vietnam to Make Progress on Boundary Issues and to Cooperate More

BEIJING, Aug. 25 – At the conclusion of Vietnamese Communist Party leader Nong Duc Manh’s visit to Beijing, China and Vietnam issued a joint communiqué which revealed that the two countries had reached a number of accords pertaining to inter alia borders, trade, and sub-regional economic cooperation (e.g., ASEAN). Of note, China and Vietnam agreed to accelerate oil and gas exploration and extraction activities in the border waters of the Beibu Gulf. They also agreed to pursue joint naval patrols and the proper implementation of border and fishing treaties in the Beibu Gulf. They further expressed a willingness to continue consultations on the South China Sea and the possibilities for joint development. China and Vietnam concurred on the importance of accelerating the demarcation of the Sino-Vietnam land boundary and vowed to sign a new border control agreement by 2008. The communiqué also noted that China and Vietnam entered into agreements about economic and technological cooperation and Chinese loans for the construction of a power plant in northern Vietnam. In the communiqué, Vietnam stated that it was “diametrically opposed to any separatist activities for ‘Taiwan independence’” (Source: Xinhua).

Politics

Wal-Mart China sees 1st Communist Branch

BEIJING, Aug. 25 - The world's largest retailer, Wal-Mart, has seen the establishment of the first branch of the Communist Party of China (CPC) and the first branch of the Communist Youth League of China (CYLC) in one of its outlets in the northeastern city of Shenyang, capital of Liaoning Province. They were the first CPC and CYLC branch set up in the Wal-Mart's 22 China outlets to have established trade unions and the first among all 59 Wal-Mart stores nationwide, said Chen Lie, head of the Organization Department of the Dongda District
Committee of the CPC (Source: Xinhua)

**PLA Holds High-Tech War Exercise**

BEIJING, Aug. 25 – According to military sources, China conducted a war exercise in Northern China to test its high-technology capabilities. The exercise, which involved 20,000 personnel, was the first joint exercise involving PLA troops, the Air Force, the Second Artillery, and the Chinese People’s Armed Police. The exercise also included a thousand tanks, armored vehicles, and troop carriers. The assembled personnel and equipment were divided into two divisions, one designed to test long-range operations and the other which used “electromagnetic” equipment (Source: Xinhua).

**More than 670 female mayors in China**

BEIJING, August 22 – Currently there are more than 670 female city mayors in China, a more than 400% growth rate compared with 15 years ago. Besides these female mayors, more and more other Chinese women have started to take part in politics. Currently, 38% of Chinese officials are women, 9 of them even taking up the great responsibility for running state affairs (Source: Chinanews.cn).

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**Economy**

**People’s Bank of China Increases Main Lending Rate**

BEIJING, Aug. 18 – Following shortly on the heels of its decision to increase reserve ratios, the People’s Bank of China (PBOC) increased its main lending rate by 0.27 percent to 6.12 percent. The PBOC stated that “it’s necessary to use interest rates as a lever to curb investment and demand for credit while mopping up liquidity.” With the Chinese economy registering a rapid growth rate of 11.3 percent in the second quarter, the PBOC raised its interest rates for the second time this year in an effort to ensure inflation did not become a problem (Source: BBC News).

**China Designates Eight Cities as Special Auto Export Zones**

BEIJING, Aug. 19-20 – At a ceremony attended by Commerce Minister Bo Xilai and other senior officials, China announced that it had designated eight cities as special zones for the export of cars and auto parts. China said it would give companies, including foreign-invested ones, preferential loans and export-tax reports in an effort to turn China into a leading player in the global automobile sector. China became a net exporter of cars for the first time last year and local Chinese firms such as Shanghai Automotive have intentions to become major exporters to Europe and the U.S. In 2005, China exported $10.8 billion of finished cars and automobile components, which represented a 34 percent increase over 2004. To date, China’s total exports of finished cars and automobile components are running around $7.7 billion. Paul Gao, a consultant at the Shanghai office of McKinsey, stated that “if you talk to industry players, everyone has the sense that the moment has finally come in terms of technical and capability improvements” (Source: Financial Times).

**China Joins the Fight against E-Mail Spammers**
LONDON, Aug. 23 – For the first time, China has fined a company, Hesheng Zhihui Enterprise Management Consulting, pursuant to anti-spam regulations which came into force in March. According to the regulations, commercial emails must explicitly note that they are advertisements in their headers. Moreover, all commercial emails must contain options allowing for recipients to block further messages (Source: ZDNet Asia). Spam has increasingly become a concern given China’s large and growing population of internet users, estimated by some to exceed 100 million.

Society

Traditional School Declared Illegal

BEIJING, Aug.25 - A school that uses the ancient Chinese style of teaching focused on recitation of classics has been branded illegal by the country's top education authority. A senior official from the Ministry of Education warned on Wednesday that Meng Mu Tang, a private, full-time "Sishu" in Shanghai that uses traditional Chinese teaching methods as an alternative to regular primary schooling, is running against China's newly revised Law on Compulsory Education. As a full-time Sishu, Meng Mu Tang has not applied for a license from the local educational authority, and the school's teaching methods and curriculum also contravene the law, she said (Source: China Daily).

China's Ecological Environment Worsening

BEIJING, Aug.25 - China's ecological environment has deteriorated according to two major pollution indicators in the first half of the year, said an environmental protection official in Beijing Friday. The amount of chemical oxygen demand (COD), used to estimate the amount of organic matter in waste water, rose 4.2 percent while discharges of sulfur dioxide (SO2) were up 5.8 percent, said Yang Chaofei, an official with the State Environmental Protection Administration (Source: Xinhua).

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 their accuracy and any such information should be checked independently by the reader.

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