Welcome! The Center for US-China Policy Studies (CUSCPS) is a research unit based in the College of Behavioral and Social Sciences (BSS) at San Francisco State University. The Center seeks to advance knowledge of China and deepen understanding of US-China relations. It 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 interested government agencies, non-profit organizations, community groups and businesses. It facilitates 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 would like to make a connection with us.

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International/Regional Issues

China Reportedly Reduces Oil Shipments to North Korea

SEOUL, Aug. 26 – According to the South Korean paper, Chosun Ilbo, China has made a significant cut in the amount of oil it supplies to North Korea since Pyongyang tested a variety of missiles on July 5. Chosun Ilbo’s source was Chinese officials at an oil storage terminal near the Chinese border city of Dandong. It also has been reported that China has agreed with work with South Korea to prevent a possible North Korean nuclear test (Source: Yahoo! News).

China Will Extend New Tibet Railway to Nepal

BEIJING, Aug. 28 – Qiangpa Puncog, Chairman of the Tibetan Autonomous Region, told visiting Nepali Deputy Prime Minister K.P. Sharma Oli that China would extend its newly finished Tibet railway to the China-Nepal border in an effort to provide more business opportunity for remote Tibet. The extension would take more than 5 year and would help expand the limited
infrastructure connecting Tibet and Nepal (Source: Xinhua).

**USTR Schwab Speaks on China and the Stalled WTO Doha Round in Beijing**

BEIJING, Aug. 29 – During a speech given to the American Chamber of Commerce in Beijing and the U.S.-China Business Council, United States Trade Representative (USTR) Susan C. Schwab called on China to play an active role in moving the Doha Round of the World Trade Organization (WTO) forward because of the benefits that would accrue to China if the Round experienced a successful conclusion. In her remarks, Schwab highlighted that the American manufacturers, farmers, and service providers as well as consumers have derived benefits from the bilateral trade relationship and “having China in the rules-based trading system.” Schwab stressed that the Sino-American trade relationship was entering a new phase in which “China has become, should behave, and will be treated as a ‘mature’ and responsible member of the global trading system.” Despite problems, Schwab noted that China were working to resolve their problems and had achieved certain successes through dialogue and other means (Source: USTR).

**Commerce Minister Bo Xilai Says China Willing to Revive Global Trade Talks**

BEIJING, Aug. 29 – Chinese Commerce Minister Bo Xilai stated that China was willing to work with others to restart the stalled Doha Round. He noted, though, that the developed members of the WTO should make the first move to re-energize the Doha Round by making substantial contributions. In remarks to USTR Susan Schwab during a meeting in Beijing, Bo stressed China’s “firm and consistent” commitment to protecting IPR. Bo expressed hope that the U.S. would move to give China market economy status, ease its export controls, and cooperate in various areas such as tourism (Source: Xinhua).

**China Comments Favorably on USTR Schwab Visit and Speech**

BEIJING, Aug. 30 – In a report on USTR Schwab’s meetings with Chinese leaders and the aforementioned speech, Xinhua commented favorably on the tenor of her visit, observing that Schwab played down disputes and avoiding haranguing China. Zhang Yansheng, Director of the Foreign Economic Research Department of the Macro Economic Research Institute of the National Development and Reform Commission, suggested that U.S. wanted China to play an intermediary role because of China’s position as the world’s largest developing country and a country that would benefit both from the opening of the service sector in Brazil and India and a reduction of American and European agricultural trade barriers (Source: Xinhua).

**U.S. Pushes Reform of IMF to Give China a Greater Role**

WASHINGTON, D.C., Aug. 30 – The U.S. is leading an effort to restructure the International Monetary Fund (IMF) in an effort to give China and other countries more voting rights. Under the American proposal, voting rights would be a function not only of a member’s contributions or quotas, but also economic growth and the size of an economy. In the view of Timothy D. Adams, under secretary of the U.S. Treasury for International Affairs, “by re-engineering the I.M.F. and giving China a bigger voice...China will have a greater sense of responsibility for the institution’s mission” (Source: New York Times).
Beijing and Tokyo Reportedly Agreed on Need for Asian Currency Unit

BEIJING, Aug. 30 – Fan Gang, the head of the National Economic Research Institute in Beijing and the sole non-government member of the monetary advisory committee of the People’s Bank of China, told a conference at the Australian National University that China and Japan had developed “an unusual consensus” in favor of an Asian currency unit (ACU), which would be a hypothetical currency based on a weighted basket of foreign currencies. An ACU would not function as a currency but rather a benchmark that could be used to price international financial instruments and to denominate exports. The purpose of the ACU would be to allow Asian countries to reduce their dependence on the U.S. dollar (Source: Financial Times).

Chinese Government Spokesman says Japan Making Trouble over East China Sea

BEIJING, Aug. 31 – Addressing reports that Japan had protested China’s gas exploration activities in the East China Sea, Chinese Foreign Minister Qin Gang said the Chinese government opposed Japan “making new trouble” over the disputed maritime space. He defended China’s energy exploration activities on its continental shelf in the East China Sea as “beyond reproach.” He further called on Japan to work with China to resolve their controversy over the East China Sea maritime boundary through negotiations (Source: Xinhua).

China and Brazil Aiming to Boost Partnership

BRASILIA, Aug. 31 – Meeting in Brasilia, Wu Bangguo, Chairman of China’s National People’s Congress (NPC), and Brazilian President Luiz Inacio Lula da Silva, pledged to improve their partnership. Wu stated that he was in Brazil to bolster Sino-Brazilian ties and announced that he had signed an agreement with the president of Brazil’s Chamber of Deputies pursuant to which the two countries would establish a regular parliamentary consultation mechanism. Wu reported that China and Brazil would sign further economic agreements and noted that the two countries have many common interests as well as similar views on a number of international and regional issues. Wu commented that a cornerstone of China’s foreign policy is to enhance solidarity and cooperation with developing countries (Source: Xinhua).

Politics

China’s top legislature adopts people’s congress supervision law

BEIJING, Aug. 28 - China’s top legislature, the Standing Committee of the 10th NPC, voted on Sunday to adopt a new supervision law, in an effort to enhance the supervision power of the people’s congresses at various levels and prevent administrative and judicial bodies from abusing power. The new law will go into effect on Jan. 1, 2007 (Source: Xinhua).

The CPC Politburo renews internal supervision to curb corruption

BEIJING, Aug. 30 - The Political Bureau of the CPC Central Committee yesterday called for stricter internal supervision within the Party by implementing the decade-old Regulations on Reporting Major Personal Matters by Leading Officials. The regulations were promulgated on January 31, 1997 as a "sunshine" policy to fight corruption by placing under Party scrutiny all major economic activities of leading Party officials. The regulations target leading officials in the
Party’s organs, people’s congresses, governments, political advisory organs and judicial departments at county level or above, as well as cadres whose rank is equivalent to county head or above in State-owned enterprises and companies. According to the regulations, leading officials are required to report to the Party within a month if they or their immediate family members build, buy, rent or sell property, marry foreigners, or travel abroad for private reasons. Under the rules, they must inform higher-ups if their spouses or children are under judicial investigation, if they move abroad or if they run businesses or hold high-ranking positions in joint ventures or mainland branches of overseas companies (Source: China Daily)

**Regulations on mapping work conducted by foreigners in China to be issued**

BEIJING, Aug. 31 – State Bureau of Surveying and Mapping (SBSM), the Ministry of Education, the Ministry of Science and Technology, the Ministry of State Security, China Customs, State Tourism Bureau and State Secrecy Bureau will jointly issue the regulations to strengthen administration over mapping work conducted by foreigners or foreign organizations. The regulations cover the procedures of examination, approval, and administration over their specific work. It will also stipulate the areas where mapping is allowed. All the devices they use must be certified by SBSM, too. After the publication of the regulations, any foreigner or foreign organization that need to do mapping in China for research, teaching or exploration must get the approval of SBSM, and all their work shall be under the administration of SBSM, too. Officials or workers involved in foreign affairs work must report all the illicit mapping cases to SBSM, and do their best to stop the concerned foreigners or foreign organizations, or they will also be given legal sanctions (Source: Chinanews.cn)

**Economy**

**China’s Investment Growth is Still too Rapid**

BEIJING, Aug. 26 – Ma Kai, Minister in charge of the National Development and Reform Commission, said in a report to the 23rd meeting of the 10th Standing Committee of the NPC that China’s investment growth was still too rapid. As for investment, Chinese cities recorded a 30.5 percent growth rate in capital investment in the first seven months of 2006, with more than 115,000 projects launched, 20,000 more than the same period in 2005. During the same seventh month period in 2006, bank loans were $115 billion more than the corresponding period in 2005. Ma emphasized that China had made some progress in curbing excessive investment growth, but that there were still too many blindly pursuing growth. As well, structural reforms had not achieved their objectives (Source: Xinhua).

**China Enacts New Bankruptcy Law**

Aug. 28 – China's NPC recently passed a new Corporate Bankruptcy which is aimed at giving greater protection to creditors. The law, which applies to foreign and domestic firms alike, helps to clarify rules pertaining to the liquidation of firms, the distribution of assets between creditors, and workers, and the reorganization of firms. According to reports, the law helps to synchronize Chinese practice with Western practice and will help to ensure creditors have access to a firm's assets in the event a firm goes bankrupt (Source: BBC News).
China Opens up to Foreign Investment in the Securities Market

HONG KONG, Aug. 29 – China has eased rules for investment in its securities markets in an effort to encourage more non-speculative capital inflows into the country. The adjustments to rules governing qualified foreign institutional investors (QFII), which were first promulgated in 2002 in order to allow for investment in Chinese stock shares, have reduced the asset requirements for QFII status from $10 billion to $5 billion. In addition, for QFII status, foreign insurers must only be in business for 5 years as opposed to an original requirement for having been in business for 30 years. The rule modifications also allow for new types of entities such as charity funds to obtain QFII status. Another aspect of the rule change is to allow for QFII investors to purchase a wider range of investment products (Source: Asia Times Online).

China Publishes Plans for Development of its Information Industry

BEIJING, Aug. 30 – At a national meeting on innovation in the information industry, Wang Xudong, Minister of Information Industry (MII), said the information industry was a priority as it was a driving force of sustainable economic growth. MII also presented China’s recently published 11th-Five Year Plan and Long- and Medium-Term Outline of the Development of the Information industry. In the reports, China identified 13 areas for emphasis including integrated circuits, software, and new electronic components. The reports also identified some of the factors hindering China’s progress in innovation such as backwardness in basic science. According to the MII, China plans to bolster its information industry by developing key technologies, holding core patents, and becoming a standards setter. In 2005, China’s information industry represented about 7.2 percent of its total GDP. While China is the world’s leading producer of mobile phones, personal computers, displays, and so on, most of its core technologies derive from foreign brands (Source: Xinhua).

China is On Pace to Make 50% of All Mobile Phones in the World

BEIJING, Aug. 31 – Wang Bingke, Deputy Director of the Economic Structure Reform and Economic Operation Department under the Ministry of Information Industry stated that China’s mobile phone production in 2006 would exceed 400 million phones or 50% of total global mobile phone output (Source: People’s Daily Online).

Society

Undergraduate spends 9,638 yuan on average annually in China

SHANGHAI, Aug. 31 – After sampling and surveying that lasted more than 6 months, "China Undergraduates' Consumption and Lifestyle Report" reveals that the consumption of undergraduates in China has increased greatly compared with 2004 and 2005. Currently, an undergraduate spends 9,638 yuan annually on average. Statistics in the report shows that 67% of undergraduates' consumption goes to education. They spend large sums of money on extra-courses, technique training and job-hunting. The report also finds that 67.6% of all the responders think diplomas are the most important factor to start a career. The survey and sampling were conducted among nearly 9,000 undergraduates in 125 colleges and universities in 31 cities in China, using multistage questionnaires on their consumption tendency, information sources and their values. The result can be applied to 4.4 million undergraduates in
China (Source: Chinanews.cn).

**Foreign companies to enter Chinese album market**

HANGZHOU, Sept. 1 – With China strengthening her protection of intellectual property rights, many foreign album companies are planning to enter the Chinese market. Many foreign album companies have long wanted to get a share of China's big music market, but their worries about piracy stopped them. With the decline of the European music market, many album companies in Western countries have begun to consider China as their next profit growth point. Currently, the Chinese CD and DVD market is worth 114 million pounds, and it is still growing very fast. Being a rapidly developing country with 1.3 billion population, the Chinese music market has nearly infinite potentials. China's entry into the WTO also offers foreign companies a chance of access to a market with more than 400 million latent customers. Many foreign album companies are very optimistic about developing the Chinese music market (Source: Chinanews.cn)

**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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