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-North Korea Customs Post to Close on Tuesday

BEIJING, Oct. 9 - The main customs posts on North Korea's border with China will shut to most traffic on Tuesday, restricting one of the isolated North's key portals to the outside world one day after Pyongyang carried out a nuclear test. Officials and businessmen in Dandong, a bustling Chinese border city that looks across the Yalu River to North Korea, told Reuters that traffic across a bridge between the two countries would halt on Tuesday except for special official cars. It was unclear whether the move was prompted by Pyongyang's nuclear test on Monday and the strikingly sharp condemnation it drew from China, its longtime partner and aid-provider (Source: Reuters).

Sino-Japanese Trade Volume to Rise

CHANGXING, Oct. 10 - Bilateral trade between China and Japan is expected to experience renewed growth over the next few months, jumping to at least US$200 billion by the end of this
year, Ministry of Commerce spokesman Chong Quan said yesterday. Chong told the 11th Sino-
Japanese Economic Symposium in Changxing, East China's Zhejiang Province, that Sino-
Japanese trade had experienced slower growth last year due to the deteriorating political
relationship between the two countries in recent years. This year's growth will see Japan retain
its position as China's third-largest trading partner, after trade with the European Union and
United States respectively reached US$217.31 billion and US$211.63 billion last year. While
Japan is now China's third-biggest trade partner, China is Japan's second-biggest. Participants
from both sides at yesterday's event suggested China and Japan should expand co-operation in
the fields of environmental protection and saving energy, an important aspect of the 11th Five-
Year Plan. "It is a promising field in which China and Japan will have active and effective co-
operation. Japan has ample management experience and apparent technological advantages in
the area, such as burning rubbish, processing sewage and the development of renewable
energy," said Chong. Nikai Toshihiro, Japan's former economy, trade and industry minister, said
Japan looked forward to expanding co-operation with China in these fields. "In addition to the
environmental and energy sectors, there is great potential for China and Japan to develop trade
coopération in many new fields," he said. "Today, about 80 per cent of Japan's investment in
China is in the manufacturing industry. China's ambition in developing its electronic and
biological technologies indicates more co-operation possibilities between Chinese and Japanese
businesses," he added (Source: China Daily).

**Chinese President Speaks to American President George W. Bush about DPRK**

BEIJING, Oct. 10 - China has urged the Democratic People's Republic of Korea (DPRK) to stop
taking moves that may worsen the situation, and has expressed its hope that all parties
concerned will persist in seeking a solution through consultation and dialogue, President
Hu Jintao said last night. He made the remark in a telephone conversation with US President
George W. Bush after the DPRK announced it had conducted a nuclear test. Hu told Bush that it
has been China's consistent stance to realize non-nuclearization on the Korean Peninsula and to
oppose proliferation of nuclear weapons to safeguard peace and security on the peninsula and
in Northeast Asia. "This policy will not change," Hu said. Bush said the DPRK has embarked on
a dangerous road with its nuclear test. But the United States believes there is still room for
diplomacy to settle the issue, and it will continue to communicate with China in this regard
(Source: Xinhua).

**CPC, Taiwan party Leaders to Attend Agricultural Cooperation Forum**

BEIJING, Oct. 11 - A forum on agricultural cooperation between mainland China and Taiwan
will be held in south China's Hainan Province from Oct. 17 to 18, announced a mainland official
on Wednesday. Leaders of the Communist Party of China (CPC), the Kuomintang Party, the
People First Party and the New Party are expected to attend the forum. He Shizhong, director
of the economic bureau of the Taiwan Affairs Office under the State Council, said at a press
conference that about 400 delegates across the Straits will attend the forum in Bo'ao, Hainan
Province. An exhibition on cross-Straits agricultural cooperation will be held in Xiamen, Fujian
Province on Oct. 19 and 20, and more than 4,000 delegates will be present including at least
220 members of the Kuomintang, the People First Party and the New Party, roughly 1,450
Taiwan businessmen and more than 2,000 exhibitors from the mainland, according to He.
Taiwan delegates would also be invited to inspect pilot agricultural projects in mainland
provinces and regions including Shandong, Guangdong, Guangxi and Fujian, He said. "Several
preferential policies for Taiwan farmers are expected to be made public at or after the forum," He noted. By the end of last year, more than 5,000 Taiwan agricultural enterprises have invested on the mainland which involves a total investment of four billion U.S. dollars, according to He (Source: Xinhua).

**China Reiterates its Stance on Ties with the DPRK**

BEIJING, Oct. 11 - China said Tuesday that it has not changed its policy on developing good-neighborly relations with the Democratic People's Republic of Korea (DPRK), though the latter's nuclear test has had a negative impact on the ties. "In dealing with the bilateral ties, we stick to two principles: first, the development of the ties should serve the common interests of both sides; second, it should be conducive to the peace, stability and development of Korean Peninsula and Northeast Asia," Chinese Foreign Ministry spokesman Liu Jianchao told a regular press conference. He said the DPRK ignored opposition of the international community and flagrantly conducted the nuclear test, and the Chinese government is resolutely opposed to it. But the spokesman said China will continue to develop good-neighborly and friendly cooperation with the DPRK and this policy is unshakable (Source: Xinhua).

**China Defends Value of “Six-Party Talks” with DPRK**

BEIJING, Oct. 11 - Chinese Foreign Ministry spokesman Liu Jianchao said Tuesday that the six-party talks as a mechanism to resolve differences are "not a failure" despite the nuclear test by the Democratic People's Republic of Korea (DPRK). He also urged the concerned parties to remain cool-headed and make efforts to resolve the issue within the framework of six-party talks. According to a report by the official Korean Central News Agency (KCNA), the DPRK has conducted an underground nuclear test on Monday. "I don't think it (the nuclear test) should be regarded as a failure of China's foreign policy and a failure of the six-party mechanism. The concerned parties should continue to generate effort to keep the six-party talks mechanism on track," Liu said at a routine press conference. "The six parties, together with most countries in the world, are willing to resolve the Korean nuclear issue through consultation and dialogue under the six-party talks framework, which is enough to prove that the mechanism is still the best way to resolve the issue", Liu added. The six parties, involving China, the DPRK, the United States, the Republic of Korea, Russia and Japan, converged five rounds of talks aiming to settle the nuclear issue of Korean Peninsula. The talks stalled after the DPRK criticized the United States for imposing economic sanctions after the first phase of the fifth round of talks ended last November (Source: Xinhua).

**China Rejects Military Action against DPRK**

BEIJING, Oct. 13 - China on Thursday said it opposed any military action to deal with the Korean Peninsula situation, following the nuclear test by the Democratic People's Republic of Korea (DPRK). "China opposes any military action to resolve the Korean Peninsula nuclear issue," Chinese Foreign Ministry spokesman Liu Jianchao told the regular briefing. The members of the United Nations Security Council have been discussing a draft resolution circulated by the United States, which tends to take punitive sanctions against the DPRK. "Any action, any decision, any resolution, must be conducive to resolving the issue peacefully," Liu said. While urging all parties to keep coolheaded, Liu called for the early resumption of the six-party talks. Following DPRK's nuclear test on Monday, China has been engaged in a string of diplomatic
activities. Chinese President Hu Jintao late on Monday held phone talks with U.S. President George W. Bush, exchanging views on the DPRK nuclear test. Chinese Foreign Minister Li Zhaoxing exchanged views via phone with his counterparts from the United States, European Union, Britain and Canada. China's State Councillor Tang Jiaxuan headed to the United States on Wednesday as a special envoy of President Hu Jintao. The ROK President Roh Moo-hyun will arrive in Beijing on Friday. During Roh's one-day working visit, President Hu Jintao, top legislator Wu Bangguo and Premier Wen Jiabao will hold talks or meet with him respectively. U.S. Secretary of State Condoleezza Rice's possible visit to Beijing is also under arrangement, the spokesman said (Source: Xinhua).

China: UN move should help resolve Korean nuclear issue

BEIJING, Oct. 16 - The U.N. Security Council voted unanimously on Saturday to impose punishing sanctions on North Korea including ship searches for banned weapons, calling Pyongyang's claimed nuclear test "a clear threat to international peace and security." China hopes the UN Security Council will move to indicate the firm stand of the international community and help create conditions for peaceful solution of the Korean nuclear issue, Foreign Ministry spokesman Liu Jianchao said Sunday. The resolution, co-sponsored by the United States and eight other nations, condemns the nuclear test proclaimed by the DPRK, demands that the DPRK eliminate its nuclear weapons and nuclear programs, and imposes sanctions on the DPRK in spheres related to its nuclear, ballistic missiles and weapons of mass destruction (Source: Xinhua).

Politics

Plan unveiled to build harmonious society

BEIJING, Oct. 12 - The Communist Party of China (CPC) unveiled a landmark policy drive yesterday to curb mounting social inequality and develop a fair and just society as top leaders ended a four-day plenary session. The annual plenum approved the "Resolutions of the CPC Central Committee on Major Issues Regarding the Building of a Harmonious Socialist Society," according to a communique issued after the meeting. The blueprint, aimed at building a "harmonious society," mapped out guidelines for the country's sustainable social and economic development by 2020, ranging from reducing the wealth gap to cracking down on corruption. The Xinhua News Agency said it was the first time for the Party to devote a plenary meeting specifically to social development issues other than political and economic affairs. It singled out rural development, employment, education, medical services, environmental protection, income distribution and social security systems as key sectors that should be given priority. The Party also made it clear that it will seek to maintain rapid economic growth. "A harmonious society above all needs development," the communique said. The communiqué said the 17th Party Congress will convene in Beijing in the second half of 2007 (Source: China Daily).

CPC seeks advice on building harmonious society

BEIJING, Oct. 13 - The Central Committee of the Communist Party of China (CPC) had recently held a symposium to solicit advice from non-CPC members and non-party affiliated personages for its decision on the building of a harmonious socialist society.
Hu Jintao, general secretary of the CPC Central Committee, presided over the symposium, at which China's non-communist parties, the All-China Federation of Industry and Commerce and non-party personages were invited to give their opinions. Hu said the construction of a harmonious socialist society is an important part of the overall plan of the socialism cause with Chinese characteristics. He said that to maintain a stable and harmonious social and political environment in the country will help reinforce the Chinese people's cohesiveness and the country's ability to counter risks so as to better cope with international challenges and risks (Source: Xinhua).

**Economy**

*China’s Stock Market Enters New Stage*

SHANGHAI, Oct. 9 - 1,014 Chinese companies listed on the Shanghai and Shenzhen stock exchanges have completed shareholding reforms that convert their nontradable shares into tradable shares. Beginning Monday, the stocks of these firms will recover their original names, with the prefix "G" removed. Meanwhile, as a reminder to investors, the prefix "S" will be added to the stock names of the 276 firms on the bourses that have not completed the shareholding reform, the announcements said. Analysts here said this is an indication that the one-year-old shareholding reform is almost at an end, ushering in a whole new era in China's burgeoning stock market. Most of China's listed companies were former state-owned enterprises. Even after becoming public firms, they were still controlled by the state, whose majority stocks could not be traded on the bourses. The 1,014 firms that have finished the shareholding reform include all the major blue chips. Together they account for over 90 percent of market capitalization. Observers, however, warned that there remains much to be done to build a fair and efficient stock market in China. The new market has produced new challenges for the regulators in relation to the improvement of stock issuance, trading and regulating systems, the attraction of more qualified investors and the protection of minority investors, said Hu Zuliu, general manager of Goldman Sachs Group (Asia) Ltd. (Source: Xinhua).

*China’s Top Ten Richest Company Asset Holders in 2005*

BEIJING, Oct. 10 - According to the latest report from the National Bureau of Statistics, the Chinese companies with the biggest assets in 2005 were, in order, the State Grid Corporation of China (SGCC), China National Petroleum Corporation (CNPC), China International Trust and Investment Corporation (CITIC), China Petrochemical Corporation (CPC), China Everbright Group (CEC), China Telecommunications Corporation (China Telecom), China Mobile Communication Corporation (CMCC), Ping An Insurance (Group) Company of China, Ltd. ("Ping An"), China Network Communications Corporation (CNC), China Southern Power Grid Co., Ltd. (CSG). The total assets of these ten companies are valued at 6338.567 billion yuan, which is 769.866 billion yuan more than in 2004. The assets of the State Grid Corporation of China (SGCC) are worth 1169.7 billion yuan, 58.2 billion yuan more than in 2004. China Southern Power Grid Co., Ltd. (CSG) placed tenth on the list and has assets worth 270.12 billion yuan, 24.07 billion yuan more than in 2004 (Source: People’s Daily Online).

*China Targets 10 Billion Dollar Software Exports by 2010*

BEIJING, Oct. 10 - China plans to boost its software exports to 10 billion U.S. dollars by 2010, as part of its bid to evolve from a manufacturing powerhouse to a major player in innovation and
services. To reach the goal, China's software exports will have to grow by 25 percent per year, according to a document jointly issued by the Ministry of Commerce, the State Administration of Taxation (SAT) and seven other central authorities. The document, posted on SAT's website, says the government's goal is to foster a group of globally competitive software firms with their own brands and intellectual property rights. Software firms will receive preferential treatment in regard to taxation, borrowing and foreign exchange controls, among other areas. In the face of increasing friction with major trading partners over goods, China has drafted an ambitious plan to increase trade in services from 160 billion dollars in 2005 to 400 billion dollars in 2010. The development of the software industry is a key part of the strategy, the document says. According to figures from the Ministry of Commerce, China exported 3.6 billion dollars worth of software and related services in 2005, a rise of 28 percent year on year (Source: Xinhua).

**China's Ten Most Profitable Companies in 2005**

BEIJING, Oct. 10 - China's ten most profitable companies in 2005 were, in order, China Petrochemical Corporation (CPC), China National Petroleum Corporation (CNPC), State Grid Corporation of China (SGCC), China Mobile Communication Corporation (CMCC), China Southern Power Grid Co., Ltd. (CSG), China Telecommunications Corporation (China Telecom), Shanghai Baosteel Group Corporation (Baosteel), Sinochem Corporation (Sinochem), China Faw Group Corporation (FAW), China Railway Engineering Corporation (CREC). Their combined profits were close to 3530 billion yuan, an increase of 565 billion yuan from 2004. In 2004 profits increased by 500 billion yuan, which indicates that profits are actually growing faster too. China Petrochemical Corporation (CPC) recorded a profit of 857.2 billion yuan, which is 193.44 billion yuan more than in 2004. China Railway Engineering Corporation (CREC), which placed tenth on the list, made 126.26 billion yuan, an increase of 29.95 billion yuan. Profits increased at a rate of 31.1 percent against the figures from 2004 (Source: People's Daily Online).

**EU Remains China’s Top Trading Partner**

BEIJING, Oct. 13 - The European Union (EU) continues to be the largest trading partner of China in the first nine months, said the General Administration of Customs on Thursday. The United States, Japan and the Association of Southeast Asian Nations (ASEAN) held their positions in China's trading partners chart as the second, third and fourth largest partners respectively, according to statistics released by the Customs. Two-way trade between China and the EU reached 194.44 billion US dollars, up 23.3 percent from the same period of last year. Trade volume between China and the United States rose 24.8 percent to 191.51 billion US dollars in the first nine months, Sino-Japan trade, up 12.3 percent to 150.97 billion US dollars and the trade between China and the ASEAN, up 23.1 percent to 116.33 billion US dollars. Bilateral trade volume between Chinese mainland and Hong Kong hit 116.75 billion US dollars with a year-on-year growth of 23.3 percent (Source: Xinhua)

**China's Foreign Trade Rises by 24.3% between January and September 2006**

BEIJING, Oct. 13 - On Wednesday China’s State Customs issued information on the foreign imports and exports between January and September this year. The total value of China's foreign import and export trade in the first three quarters was US$1272.61 billion, 24.3 percent more than in the same period last year. Of the total value, exports were worth US$691.23 billion, an increase of 26.5 percent, while imports where worth US$581.38, a 21.7 percent
increase. The total value of imports and exports in domestic trade for the first three quarters of the year is US$547.18 billion, an increase of 25.3 percent. The total value of imports and exports in China's processing and assembling trade is US$596.17 billion, an increase of 21.8 percent, according to statistics from State Customs (Source: People’s Daily).

**Society**

**Govt suspends unauthorized use of foreign textbooks**

BEIJING, Oct. 12 – The National Copyright Administration and three other government departments jointly issued an urgent notification on Tuesday, requiring all colleges to stop printing and selling foreign textbooks without permission. The notification says that if college teachers need to use foreign textbooks for their lectures, they should first report their requirement to college leaders for approval. The notification also demands that no colleges or individuals should print, sell, or use foreign textbooks without the permission of the copyright owners. Foreign textbooks introduced from abroad, the reprint, copy and use of these books should be strictly checked (Source: Chinanews).

**World’s largest hotpot banquet**

CHONGQING, Oct. 14 - Up to 100,000 diners were estimated to have showed up for the world's largest hotpot feast last night in southwest China's Chongqing, the birthplace of the hot and spicy stockpot of mutton, beef and vegetables. Sixty-four restaurants offered to host the feast, and over 1,000 tables were set up on Nanbin Road, a popular downtown bar and restaurant area along the banks of the Jialing River, a major tributary of the Yangtze River (Xinhua).

(Photo: chinacqsb.com/sina.com.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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