

S. KOREAN PRESIDENT IN BEIJING P.14 | CHINA'S BLIND MAESTRO P.42

# BEIJING REVIEW

VOL.55 NO.3 JANUARY 19, 2012

北京周報 WWW.BJREVIEW.COM



## FINANCING TANGIBLE GROWTH

Financial sector to serve China's real economy

RMB6.00  
USD2.90  
AUD3.00  
GBP1.20  
CAD2.60  
CHF2.60

ISSN 1000-9140



JPY188 邮发代号2-922 · 国内统一刊号: CN11-1576/G2

# CHINA AFRICA

中國非洲  
A news monthly covering China & Africa



An Africa-oriented English monthly covering China and Africa published by BEIJING REVIEW, ChinAfrica is the only one in China featuring news, views and analysis for an African audience.

**12 issues a year at a subscription rate of 180 yuan**

Subscription hotlines: (8610) 6831 0644, 6899 6223, 6899 5808

**Postal Distribution Code: 2-916**

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## Discussing China's Financial Future

The ongoing global financial crisis, which has its origins in the U.S. subprime debt collapse of 2008, has plunged the whole world into a deep and continuing recession.

However, in spite of the extreme economic damage the crisis has caused, it has also left something positive; it serves as a lesson to policymakers who can now work out preventive measures to guard against future disasters.

As its economy has been stable throughout the crisis, China is in a prime position to learn from the mistakes that triggered the longest economic slowdown since the Great Depression. At the most recent national financial work conference held in Beijing on January 6-7, the Chinese Government said it would ensure that more capital was channeled into the country's brick-and-mortar economy. This move largely stems from lessons learned from the current financial crisis in the Western world, where the development of the virtual financial economy in the early 2000s became unbridled. Inflated returns, legal loopholes and extremely complex financial products meant the financial sector was beyond effective management and supervision.

The decision to channel financial resources into the real economy will mitigate the risk of China suffering a Western-style financial crisis and also serve the needs of China's own economy. For instance, as China moves into a more mature phase of development, small and medium-sized businesses across the country are in desperate need of cash, which they need to expand and grow. However, Chinese banks have traditionally been reluctant to lend to smaller businesses, lending instead to large state-owned enterprises. Moves to increase capital flows into smaller business will be conducive to achieving more balanced economic growth and social development.

Maintaining a sound and risk-free financial sector is also a crucial part of ensuring sustainable economic growth. The just concluded national financial work conference, the fourth of its kind since 1997, has set the tone for the country's financial development in the coming five years. The previous conferences have helped China ward off the Asian financial crisis, deepen reforms to comply with its WTO commitments, and also helped the financial sector forge a modern banking system. Judging from the previous meetings' success, we have reason to hope the guidelines and policies set down at the latest conference will help lead the nation's financial sector in a more sustainable direction. ■

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Please provide your name and address along with your submissions. Submissions may be edited.

北京周报 英文版 2012年 第3期 ISSN 1000-9140 广告许可证 0171号  
北京市期刊登记证第733号 邮发代号2-922 国内统一刊号: CN11-1576/G2 国内零售价: 人民币6.00元

CHINA...RMB6.00 U.S.A....USD2.90 AUSTRALIA....AUD3.00 UK....GBP1.20 CANADA....CAD2.60 SWITZERLAND....CHF2.00  
JAPAN....JPY188 EUROPE....EURO1.90 TURKEY....YTL5.00 HK....HKD9.30 NEPAL....RS40



## BEIJING REVIEW

A News Weekly Magazine  
Published Since 1958

<http://www.bjreview.com>

E-mail: [contact@bjreview.com.cn](mailto:contact@bjreview.com.cn)

**President & Editor in Chief:** Wang Gangyi

**Vice President:** Qi Wengong

**Associate Editors in Chief:** Li Jianguo, Huang Wei,

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**Photo Editor:** Wang Xiang

**Photographers:** Jiang Xiaoying, Wei Yao

**Art:** Li Shigong

**Art Director:** Wang Yajuan

**Chief Designer:** Cui Xiaodong

**Designer:** Zhao Boyu

**Proofreading:** Qin Wenli, Ma Xin

**Distribution Director:** Pan Changqing

**Human Resources:** Zhang Xiaoli

**International Cooperation:** Pan Shuangqin

**Legal Counsel:** Yue Cheng

**North America Bureau**

**Chief Reporter:** Chen Wen

**Tel/Fax:** 1-201-792-0334

**E-mail:** [chenwenwendy@gmail.com](mailto:chenwenwendy@gmail.com)

**General Editorial Office**

**Tel:** 86-10-68996252

**Fax:** 86-10-68326628

**English Edition**

**Tel:** 86-10-68996259

**Advertising Department**

**Tel:** 86-10-68995813

**Fax:** 86-10-68329398

**E-mail:** [ad@bjreview.com.cn](mailto:ad@bjreview.com.cn)

**Distribution Department**

**Tel:** 86-10-68310644

**Fax:** 86-10-68328738

**E-mail:** [circulation@bjreview.com.cn](mailto:circulation@bjreview.com.cn)

**Published every Thursday by**

BEIJING REVIEW, 24 Baiwanzhuang Lu,

Beijing 100037, China.

**Overseas Distributor:** China International Book Trading

Corporation (Guoji Shudian), P. O. BOX 399,

Beijing 100044, China

**Tel:** 86-10-68413849 **Fax:** 86-10-68412166

**E-mail:** [fp@mail.cibtc.com.cn](mailto:fp@mail.cibtc.com.cn)

**Website:** <http://www.cibtc.com>

**General Distributor for Hong Kong, Macao and Taiwan:**

Peace Book Co. Ltd.

**17/FI, Paramount Bldg, 12 Ka Yip St, Chai Wan, HK**

**Tel:** 852-28046687 **Fax:** 852-28046409

*Beijing Review* (USPS 2812) is published weekly in the United States

for US\$64.00 per year by Cypress Books,

360 Swift Avenue, Suite 48, South San Francisco, CA 94080

News Postage Paid at South San Francisco, CA 94080

POSTMASTER: Send address changes to *Beijing Review*,

Cypress Books, 360 Swift Avenue, Suite 48,

South San Francisco, CA 94080



## Year of the Dragon

2012 is the Chinese Year of the Dragon. Stamps to mark the year went on sale throughout the country on January 5. Hundreds of stamp lovers scrambled for the precious souvenirs. This is the third set of dragon stamps issued by China Post since 1949.

The dragon is the only legendary figure of the 12 Chinese zodiac signs. Chinese people have a special feeling for the dragon. It is traditionally seen as the highest-ranking animal and is endowed with the ability to control the forces of nature. Chinese people usually regard themselves as descendants of the dragon.

**“The Chinese side is willing to work together with the U.S. side to further cooperation in various fields including economy and trade, investment, finance and infrastructure, in order to spur the economy, increase jobs, and create more benefits for the people of the two nations.”**

Chinese Vice Premier Wang Qishan, during a talk with U.S. Treasury Secretary Timothy Geithner in Beijing on January 10

**“China’s national defense modernization serves the objective requirements of its national security and development. It is a positive factor in maintaining regional peace and stability.”**

Foreign Ministry spokesman Liu Weimin, at a press conference in Beijing on January 9, responding to the accusation of the U.S. Department of Defense in its latest strategic defense guidance

**“It is something that we owe to ourselves. It is a duty that we owe to Italy, and it is also a duty that we owe to the Chinese people and the Chinese community.”**

Italian President Giorgio Napolitano, in a visit on January 10 to Zheng Liyan, a Chinese victim whose husband and daughter were murdered during a recent robbery in Rome

**“Today, Libya will be listened to with respect at the UN, and Libyans will be recognized as people who have courageously asserted their dignity, and in doing so have risked—or in too many cases, laid down—their lives.”**

UN Secretary General’s Special Representative Ian Martin, after signing an agreement with Libya on the UN Mission of Support in Libya in Tripoli on January 10



BEIJING REVIEW

**WHITE WORLD** A Russian participant makes an ice sculpture at the 26th Harbin International Ice Carving Competition on January 7

## Land Reforms

The Ministry of Land and Resources said China is planning new pilot programs to promote land reforms this year.

“The new pilot programs will cover the examination and approval of urban land use, the transferring of land under collective ownership, land management that supports economic zones, and differentiated policies on land control,” said Minister Xu Shaoshi.

The reforms have drawn on the experience of previous land protection and compensation trial programs, according to Xu.

## Air Quality

Official statistics show that Beijing’s air has seen a marked decrease in the density of PM2.5, particulate matter with a diameter of 2.5 microns or less, over the past decade and the downward trend is expected to continue.

The average annual PM2.5 density in Beijing has decreased from 100-110 micrograms per cubic meter of air in 2000 to 70-80 micrograms per cubic meter in 2010, said the Beijing Municipal Environmental Protection Bureau.

Although Beijing did not monitor air quality using the PM2.5 gauge 10 years ago, PM2.5 data were available for laboratory use, according to the bureau.

China currently uses PM10, or particulate matter under 10 microns in size, to measure air quality. But finer PM2.5 particulates are considered more hazardous to people’s health as it can go deeper into the lungs.

The Ministry of Environmental Protection said it has been considering revising present standards and a new index standard that includes measurements of PM2.5 and ozone density is scheduled to be fully implemented nationwide in 2016 with pilot projects conducted in certain regions ahead of the national deadline.

## Clergies’ Benefits

China has made significant progress in expanding the coverage of social security services for religious personnel over the past year, said the State Administration for Religious Affairs.

In Beijing, all religious personnel are covered by the social security system, and in southeastern Fujian Province, the coverage of health insurance for local religious personnel has reached 99 percent.

## Basketball Star

**Yi Jianlian**, a Chinese basketball star, was named the most influential male athlete at the Sina Micro-blogging Night held in Beijing on January 4.

Yi, 24, signed a one-year contract with the NBA champion Dallas Mavericks on January 7.

Yi entered the Chinese Basketball Association (CBA) in 2002 when he was 15. He was a member of China’s national team in 2004 and became the youngest most valuable player in the history of the CBA in 2005. In 2007, Yi entered the NBA after being picked by the Milwaukee Bucks. He was traded to the New Jersey Nets in 2008 and Washington Wizards in June 2010.





LITERMANG

**ZODIAC SIGN** A 50-meter-long and 16-meter-tall dragon-shaped lantern, composed of 4,000 smaller lanterns, is built at the square of Yongdingmen Park in Beijing in celebration of the coming Year of the Dragon according to Chinese lunar calendar

## Diplomat Appointed

**Qin Gang**, former spokesman for the Chinese Foreign Ministry and Deputy Director General of the ministry's Information Department, was recently appointed director general of the department, taking over from Ma Zhaoxu, who has been in the post since 2009. The Information Department is responsible for releasing information on China's major diplomatic events and stating China's foreign policy.

Qin, 45, was the ministry's spokesman and deputy director general of the Information Department from 2005 to 2010. He worked as minister at China's Embassy to the UK from 2010 to 2011.



In Tibetan-inhabited areas of southwest China's Sichuan Province, religious personnel are covered by the same social security schemes that are available to local rural residents.

In other provincial-level regions, including Anhui, Henan, Hubei, Yunnan, Gansu and Qinghai provinces and Xinjiang Uygur Autonomous Region, social security services cover more than 80 percent of the clergy.

The country plans to include all religious personnel in its social security system by the end of this year.

## Lottery Sales

China's welfare lottery sales hit a record 127.8 billion yuan (\$20.24 billion) in 2011, up 32 percent year on year, said the Welfare Lottery Distribution and Management Center.

It was the first time welfare lottery sales exceeded 100 billion yuan (\$15.84 billion) in China. Around 96 billion yuan (\$15.20 billion) in welfare lottery tickets were sold in 2010, according to official data.

The lottery raised a total of 39 billion yuan (\$6.18 billion) for public welfare funds in 2011.

China began to raise welfare funds through lottery sales in 1987.

## Minority Language Software

China unveiled five software applications designed to further promote and standardize the

use of minority languages on January 6.

These programs include electronic dictionaries for the characters of the Yi and Zhuang ethnic groups, a proofreading tool for the Zhuang ethnic language, and transcoding applications for the languages of the Tibetan, Uygur, Kazakh and Kyrgyz ethnic groups.

These applications are highly compatible and can be used in "various operating sys-

tems," said a statement released by the State Ethnic Affairs Commission.

"Promoting the country's minority languages is significant for boosting ethnic cultures, as well as consolidating and developing equal and harmonious socialist ethnic relations," said Wu Shimin, Vice Minister of the commission.

China has some 30 million minority citizens who use their own languages.



DONG FANG

**E-MAGAZINE** Zhou Mingwei (second right), President of China International Publishing Group (CIPG), participated in the ceremony to launch *iDigest* magazine's apps for mobile devices in Beijing on January 10. The e-magazine brings the latest political and financial news to readers in English and Chinese

# THIS WEEK ECONOMY

## Surplus Shrinks

China's trade surplus narrowed 14.5 percent year on year to \$155.14 billion in 2011, the General Administration of Customs (GAC) said on January 10.

The figure shrank from \$295.47 billion in 2008, \$196.07 billion in 2009 and \$183.1 billion in 2010.

The country's foreign trade rose 22.5

percent in 2011 from a year earlier to \$3.64 trillion.

Exports rose 20.3 percent to reach \$1.9 trillion last year and imports grew 24.9 percent to \$1.74 trillion. (See page 40)

## Lending Recovery

Newly added yuan-denominated loans stood at 640.5 billion yuan (\$101.18 billion) in

December 2011, compared with 562.2 billion yuan (\$88.82 billion) in November 2011, said the People's Bank of China, the central bank.

The December figure brought the amount for the entire year of 2011 to 7.47 trillion yuan (\$1.18 trillion), down from 7.95 trillion yuan (\$1.21 trillion) in 2010.

By the end of 2011, the outstanding broad money supply (M2), which covers cash in circulation and all deposits, rose 13.6 percent



**HYDROPOWER GENERATION** The Three Gorges Power Plant, the country's largest hydropower project, generated 78.29 billion kilowatt-hours of electricity in 2011, down 7.2 percent from 2010

## Numbers

**507.3** billion yuan

In 2011, 282 companies went public on the A-share market and 220 listed companies began refinancing, raising a total of 507.3 billion yuan (\$80.5 billion), said Guo Shuqing, Chairman of the China Securities Regulatory Commission.

**51.51** billion yuan

Market turnover of the China Commodities City in Yiwu, Zhejiang Province rose 12.95 percent year on year to reach 51.51 billion yuan (\$8.16 billion) in 2011, the highest of all specialized markets across the country for 21 years, according to local government's statistics.



year on year to 85.16 trillion yuan (\$13 trillion).

## Less Confident

China's business climate index, a gauge for the country's macroeconomic outlook, continued to fall in the fourth quarter of 2011, and entrepreneur confidence further weakened during the previous quarter, the National Bureau of Statistics (NBS) said on January 6.

The quarterly business climate index, based on a survey of about 20,000 Chinese firms, dropped 5.2 points from the previous quarter to 128.2 in the fourth quarter.

Meanwhile, the entrepreneur confidence index, a measurement of the views and opinions of the country's entrepreneurs, fell 7.4 points to 122 in the last quarter of 2011.

Entrepreneur confidence in the real estate sector slid for seven consecutive quarters, plunging 18.4 points to 81.5 in the fourth quarter after falling below the boom-and-bust line of 100 in the third quarter of 2011.

## Resigned CEO

**Song Ke**, former CEO of Taihe Rye Music Co. Ltd., has resigned from the post and was said to have opened roast duck business.

There is wide speculation Song retired due to declining record sales. Song said himself last year, "Records are dead."

Song, 46, is a famous music producer in China. He founded Taihe Rye and made it one of the most renowned music production companies in the country. Song also discovered and cultivated many stars in the music business including Ye Pei, Lao Lang and Pu Shu.



## Box Office Up

China posted record high box office revenue of 13.115 billion yuan (\$2.01 billion) in 2011, surging 28.93 percent from that of the previous year, said Tong Gang, Director of the Movie Bureau of the State Administration of Radio, Film and Television.

The box office revenue of domestic movies reached 7.031 billion yuan (\$1.07 billion), while that of overseas films stood at 2.046 billion yuan (\$312.37 million).

In 2011, China produced 791 movies of various types and low-cost movies had been developing at a fast speed.

China's box-office revenue has risen for nine consecutive years since the country began reforming its film industry in 2002.

## Slowest Auto Sales Growth

Sales of passenger vehicles in China increased by 2.8 percent year on year in 2011, the lowest growth rate for those products since 1999.

Last year, China recorded sales of 13.7 million passenger cars, sports-utility vehicles, multi-purpose vehicles and minivans. In December, the sales number declined by 3.3 percent below what it had been in the same month a year ago, said China Passenger Car Association on January 10.

The decline came as the growth of the country's economy slowed and the government ceased favoring the industry with stimulus policies.

It brought an end to skyrocketing annual growth rates. The industry saw 46 percent growth in 2009 and 34 percent in 2010.

## Premium Collection

Insurance companies in China collected 1.43 trillion yuan (\$226.4 billion) of premiums in 2011, up 10.4 percent year on year, according to data from the China Insurance Regulatory Commission (CIRC) on January 7.

Assets of the country's insurance

companies totaled 5.9 trillion yuan (\$900.76 billion) at the end of last year, compared with 5 trillion yuan (\$763.36 billion) in 2010.

Property premiums rose 18.5 percent to 461.79 billion yuan (\$70.50 billion) and life insurance premiums added only 6.8 percent to 969.98 billion yuan (\$148.09 billion) in 2011.

Insured customers' claims amounted to 391.02 billion yuan (\$59.69 billion) last year.



**SMALLER FEE** The minimum expressway charges in Jiangsu Province were cut down from 15-20 yuan (\$2.38-3.17) to 5-10 yuan (\$0.95-1.59) effective on January 10

# 42.85 billion yuan

China's booming online gaming market brought in 42.85 billion yuan (\$6.8 billion) worth of revenue in 2011, a 32.4-percent year-on-year increase, according to the General Administration of Press and Publication.

# 127.8 billion yuan

China's welfare lottery sales hit a record 127.8 billion yuan (\$20.3 billion) in 2011, up 32 percent year on year, according to the Welfare Lottery Distribution and Management Center.

# THIS WEEK WORLD



## SOUTH AFRICA

Soldiers stand guard in front a poster bearing pictures of South Africa's former presidents Nelson Mandela (left) and Thabo Mbeki (center) and incumbent President Jacob Zuma at a stadium in Bloemfontein during celebrations of the centenary of the country's ruling party, the African National Congress, on January 8



Iranian President Mahmoud Ahmadinejad arrives at Caracas on January 8 for a visit to Venezuela, the first leg of his trip to four Latin American countries

## VENEZUELA



XINHUA/AFIP

## RUSSIA

Russian President Dmitry Medvedev and his wife Svetlana attend the Orthodox Christmas service at the Cathedral of Christ the Savior in Moscow on January 6. Christmas falls on January 7 for Orthodox Christians



XINHUA/AFIP

## AUSTRALIA

A Sea Shepherd Conservation Society vessel approaches a Japanese whaling ship off Australia's coast. The anti-whaling group said on January 8 three Australian activists were being held as "prisoners" by the Japanese harpoon fleet after sneaking aboard one of their ships to protest



XINHUA/AFIP

## SLOVENIA

Slovenian pilot, biologist and photographer Matevz Lenarcic prepares to take off from a Ljubljana airport on January 8 for a flight around the world in a 290-kg airplane consuming the smallest amount of fuel ever



XINHUA/AFIP

## THAILAND

Thai customs officials display a smuggled tiger skin and skull in Bangkok on January 5



COVER STORY

# SETTING FINANCIAL TONES

China's financial industry focuses on serving the real economy By Lan Xinzheng

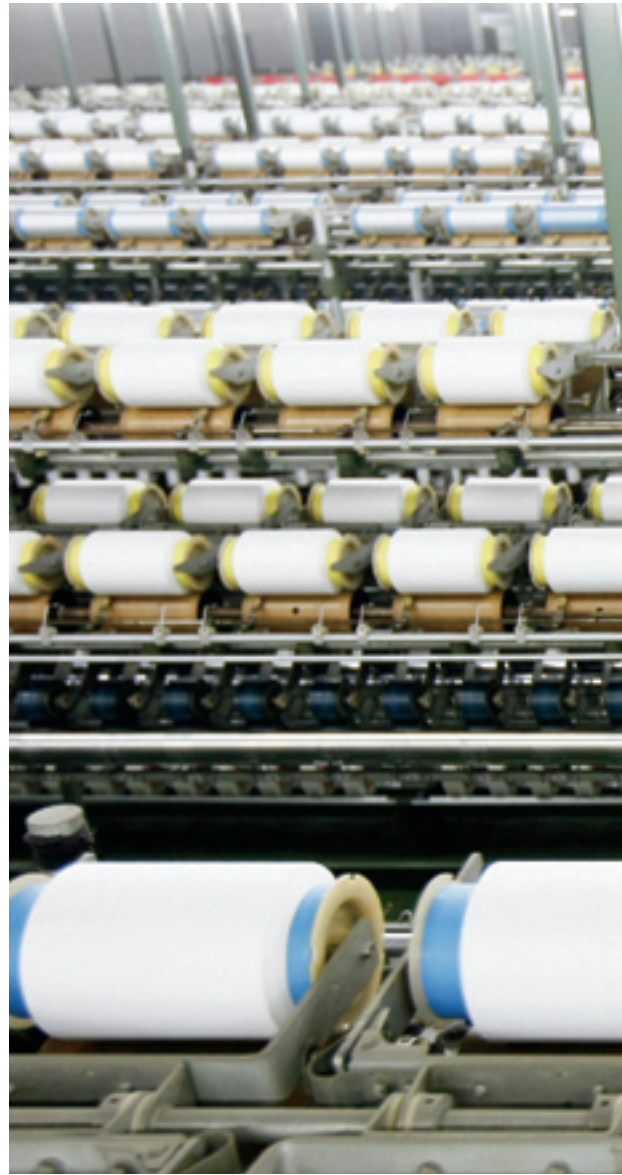
**T**he painful meltdown of Wall Street's virtual economy has taught China a valuable lesson: Overexpansion of the virtual economy can have serious consequences. At the fourth National Financial Work Conference on January 6-7, Premier Wen Jiabao noted that the country should direct its capital into the real economy, clamp down on rampant speculation and avoid reckless expansion in the virtual economy.

This was the first time Chinese policy-makers issued their concerns for the virtual

economy. This warning is expected to help spare the country from a possible financial crisis like the United States experienced in 2008. The overwhelming financial disaster has taken a heavy toll on the world's economy and its ripple effect remains a bottleneck choking growth of the world economy.

The National Financial Work Conference, held every five years, is China's top-level financial meeting. It usually sets the tone for the country's financial policies and maps out major reform measures for relevant institutions.

China has hosted the conference three times since 1997. But this time, both domestic and overseas financial landscapes have changed significantly. The European debt crisis is unlikely to be fixed any time soon, though it is less likely to deteriorate. That means China needs to put up defenses against external risks. Domestically, the country's financial safety faces several looming threats, such as default risks of local government's financing vehicles, regional property bubbles, waning external demands and abrupt cross-





FAST ROLLING: A worker at the Zhejiang Yongxin Group plant, a leading textile manufacturer in China

border capital flows.

Obviously, those risks have been the top concern for policymakers. How to ensure financial stability and safety became a hot issue at the conference.

Zhao Xijun, Deputy Director of the Financial and Securities Institute at the Renmin University of China, praised the government's call for closer links with the real economy.

"The experiences of advanced economies have showed that risks would escalate if financial institutions only focused on specula-

tive trading and product design, instead of services for the real economy," he said.

Guo Tianyong, Director of the Research Center of China's Banking Industry under the Central University of Finance and Economics, said the conference sent out a strong signal that the top priority of the financial industry is to better serve the real economy.

"Another focus is how to lift the efficiency and service level of the financial industry without igniting risks," he said.

"To achieve that, policymakers must encour-

age private investors to play a bigger role in the sector," added Guo. "But financial institutions must not decouple from the real economy."

Marketization of interest rates and bond market reform were not discussed at the conference, despite expectations that these issues would come up in talks.

Zhou Xiaochuan, Governor of the People's Bank of China, the central bank, told Xinhua News Agency that China has been pushing marketization of interest rates, but the sequence of the steps should be aligned in line with domestic



VIENIK

A HELPING HAND: Business owners in Nantong, Jiangsu Province, talk to employees of guarantee companies at a government-held monthly meeting aimed at providing better services to financially strained small businesses

and overseas economic situations.

“First of all, we have to deepen reforms to make financial institutions meet the required accounting standards,” he said.

“China’s large commercial banks have completed shareholding reforms and listed their stocks, paving way for interest rate marketization,” added Zhou. “But now is not a good timing to actually push through the marketization reform.”

“In response to the financial crisis, some developed countries have kept their interest rates at zero level. So if China now allows its interest rates to freely float, that will cause some acute problems such as dramatic capital flows,” he said.

## Growing demands

China is currently at a stage of rapid industrialization and urbanization, which requires heavy investments from enterprises. That partly explains why many Chinese firms have been reeling from debt. Adding fuel to their woes is a weak ability to financing.

Last year, newspapers were flooded with reports about serious credit contagion of private firms in Wenzhou, Zhejiang

Province, a boomtown of China’s private economy. The incident raised worries over the survival of small businesses and economists have been calling for greater capital support for them.

The question has become: How can these financially strained enterprises be helped?

Since Chinese regulators have tightened rules for stock issuance, it is harder for firms to raise capital from the stock markets. Meanwhile, the companies have limited access to market financing tools, such as private equity funds, industry investment funds, insurance funds and trust funds.

Without doubt, banks remain the most reliable source of financing for enterprises. Between 1997 and 2007, Chinese banks extended more than 3 trillion yuan (\$473.93 billion) to state-owned enterprises (SOEs), accounting for around 25 percent of the total increased capital of SOEs, according to data from the central bank.

As a result, the banks are expected to shoulder the responsibility of providing capital to the real economy.

“Requiring the financial industry, especially the banking sector, to service the real economy is a decision based on past experiences of Western countries and actual needs

of our economy,” said Zhao Qingming, a researcher with the China Construction Bank.

Major commercial banks are already taking steps to optimize services for the real economy. Shang Fulin, Chairman of the China Banking Regulatory Commission (CBRC) told Xinhua News Agency that the real economy and banking industry cannot prosper without support from each other.

“Looking ahead, the CBRC will require banks to optimize their credit structure, bolster service quality and ensure credit capital goes into the real economy,” he added.

Yang Kaisheng, President of the Industrial and Commercial Bank of China, said the bank will strengthen efforts to better shore up the weak links of the national economy.

## Unsolved problems

As the lingering effect of the financial crisis clouds the world economy, China’s financial industry is also facing growing uncertainties. Expectations abounded that

## Eight measures for China’s financial development

● **Providing better financial services to facilitate economic and social development** The financial industry must strengthen its service functions and market presence, tighten support to weak links of the economy, including agriculture and small and micro-sized enterprises. It is also imperative to enhance financial support to the country’s economic rebalancing, energy conservation and emission reductions, environmental protection, as well as indigenous innovation.

● **Deepening financial reforms** Financial institutions must improve corporate governance, build an effective internal incentive mechanism and push forward diversification of their shareholding systems. Efforts will also be made to eliminate monopolies, allow private capital into financial service sector and encourage them to participate in shareholding reform of banks, securities firms and insurers. The policy financial institutions should adhere

the country will deepen financial reforms in response to the simmering risks. Some economists even suggested the government establish a powerful commission that supervises and manages financial assets of the country.

But the latest National Financial Work Conference did not put emphasis on reforms as expected and the proposal of establishing a financial assets supervision and administration commission was not discussed, either.

Meanwhile, problems of the banking system are coming under the spotlight. In the past few years, China's banks helped lift the economy out of a downturn by staging a significant lending spree. They dodged external shocks thanks to the government's controls on capital accounts. But risks of local government debts are looming large, raising concerns over assets quality of the banking system. In terms of credit allocation, commercial banks prefer large SOEs to private ones. But that preference will obviously produce a negative impact on long-

term growth of the economy.

"To address those issues, China needs to press ahead with financial reforms," said Zhao Xijun. "But the reforms may encounter oppositions from vested interest groups, including SOEs, which have easily obtained bank loans at lower interest rates. The reforms may even lead to a tussle between supervision departments," he said.

In addition, China's financial sector is far from perfect. Corporate governance and risk management of financial institutions need further improvement. Meanwhile, sluggish development of rural finance and small and medium-sized financial institutions remains an acute concern. The country also has a lot to do to better coordinate financial policies with industry policies.

China may have to wait until the next National Financial Work Conference to take heavier measures to tackle those problems. ■

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 lanxinzen@bjreview.com

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to policy-related businesses and the China Development Bank will continue with the commercialization reform.

● **Tightening financial supervision and fending off risks** The banks are supposed to build a complete risk management system, while the securities industry must improve market systems to protect the interests of investors. It is also necessary to enhance supervision over the compensation capabilities of insurance companies.

● **Preventing and reducing risks of local government debts** China's overall local government debts remain controllable, but it is still imperative to streamline the financing vehicles, control the overall scale of the local government debts and build an effective early-warning mechanism.

● **Strengthening capital and insurance market building and promoting coordinated financial market development** China will promote the healthy development of stock and futures markets, crack down on illegal financial trading platforms, regulate the bond markets and foster healthy insurance markets.

● **Improving financial macro-controls** China will enhance coordination between monetary and fiscal policies, as well as supervision and industry policies to ensure economic and financial stability. It will further improve the yuan exchange rate regime.

● **Further opening up the financial sector to the outside world** China will gradually push forward convertibility of the yuan under capital accounts and better manage the foreign exchange reserves. It will also deepen the mainland's financial cooperation with Hong Kong, Macao and Taiwan, help consolidate Hong Kong's status as an international financial center, and speed up development of Shanghai as an international financial center. The country will also take a more active part in global financial management.

● **Reinforcing financial infrastructure construction and improving the market environment** The country plans to further improve financial rules and relevant laws, build a unified credit record platform and improve financial infrastructures in fields like registration, payment and clearance.

## National Financial Work Conference History

### First Conference (November 1997)

The 1997 Asian financial crisis exposed the vulnerability of China's financial system. In a bid to prevent a similar financial fallout, China initiated reforms to the banking sector. The country also established the China Securities Regulatory Commission and the China Insurance Regulatory Commission to supervise the securities and insurance sectors, respectively. Moreover, the People's Bank of China replaced its provincial branches with nine regional subsidiaries, which helped make its monetary policies more independent.

### Second Conference (February 2002)

As part of China's WTO entry commitment, the country pledged to open up its financial sector to foreign investors by the end of 2006. The conference decided to beef up reforms to the banking industry. The country in 2003 set up the Central Huijin Investment Ltd. to direct shareholding reform and share listing of commercial banks, including Industrial and Commercial Bank of China, China Construction Bank and the Bank of China. In the same year, the China Banking Regulatory Commission was established to supervise the banking sector.

At the conference, China also decided to reform the rural credit cooperatives and transform them into rural commercial banks.

### Third Conference (January 2007)

At this conference, Chinese policymakers decided to continue deepening reforms to state-owned banks and build a modern banking system. The conference also mapped out plans to restructure the Agricultural Bank of China, transform the China Development Bank into a commercial institution and establish a foreign exchange investment company.



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中国北京朝阳区潘家园南里19号 邮编:100021  
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