The Information Office, International
Department of the CPC Central Committee

MARCH 2019

China insight

Two Sessions in Focus

2018 in Review

Economy

GDP grew by **6.6%**

Consumer prices rose by **2.1%**

A further **13.61 mln** new urban jobs were added

The service sector's contribution to growth approached **60%**

The surveyed unemployment rate remained around **5%**

Per-capita disposable personal income grew by **6.5%** in real terms

Environmental Protection

PM2.5 density continued to fall

Trade

Total volume of trade in goods exceeded **30 tln yuan,** utilized foreign investment totaled **$138.3 bln**

Overall tariff level was reduced from **9.8%** to **7.5%**

Foreign exchange reserves were maintained at over **$3 tln**

More than **6.2 mln** housing units were rebuilt in rundown urban areas and **1.9 mln** dilapidated rural houses were renovated.

The 13th National People's Congress (NPC), China's national legislature, and the 13th National Committee of the Chinese People's Political Consultative Conference (CPPCC), the top political advisory body, opened their second sessions on March 5 and March 3, respectively. Lawmakers and political advisors discussed key topics, including raising the standard of living, economic development and environmental protection, at the annual sessions, also known as the Two Sessions.

At the opening of the Second Session

Minister of Commerce Zhong Shan answers questions from the media after the opening meeting of the Second Session of the 13th NPC at the Great Hall of the People in Beijing on March 5

People's Life

The prices of **17 cancer drugs** were slashed and these drugs were included in the national medical insurance catalogue

The minimum basic elderly care pension benefits for rural and non-working urban residents were increased from **70 to 88 yuan** per person per month.

Poverty Reduction

The rural poor population decreased by **13.86 mln**

It included **2.8 mln people** assisted through relocation from inhospitable areas.

Close to **100 mln payments** were made to assist students from families in financial difficulty, covering all school types.

(*Compiled by* Beijing Review; *designed by Pamela Tobey*) of the 13th NPC, Premier Li Keqiang delivered the Report on the Work of the Government, which reviewed China's economic and social development in 2018 and put forward proposals for government work in 2019. The following are the highlights of the report: ▶▶

Tasks for 2019

Reduce the tax burdens on and social insurance contributions of enterprises by nearly
2 tln yuan

Provide training for over
15 mln
people upgrading their skills or switching jobs or industries

Expand enrollment at vocational colleges by
1 mln

Keep government budgetary spending on education above
4%
of GDP

Invest
800 bln yuan
in railway construction and
1.8 tln yuan
in road construction and waterway projects

Include
577.6 bln yuan
in the central government budget for investment in next-generation information infrastructure development, an increase of 40 billion yuan on year

Cut sulfur dioxide and nitrogen oxide emissions by
3%

Achieve a
2%
drop in both chemical oxygen demand and ammonia nitrogen emissions

State Councilor and Foreign Minister Wang Yi meets the press on the sidelines of the Second Session of the 13th NPC in Beijing on March 8


Lin Yaowen, a deputy to the 13th NPC and Director of the Administrative Committee of the Pingtan Comprehensive Pilot Zone of Fujian Province, answers questions from the media after a plenary meeting of deputies from Fujian at the Second Session of the 13th NPC in Beijing on March 6

2018 in Review

The main economic indicators were kept within an appropriate range:

● Gross domestic product (GDP) grew by 6.6 percent, exceeding 90 trillion yuan.

● Consumer prices rose by 2.1 percent.

● In the balance of payments a basic equilibrium was maintained.

● A further 13.61 million new urban jobs were added, and the surveyed unemployment rate remained stable at a comparatively low level of around 5 percent.

Economic structure was further improved:

● Consumption continued to play an increasing role in driving economic growth.

● The service sector's contribution to growth approached 60 percent. Growth in hi-tech industries and equipment manufacturing outstripped that of other industries. Harvests were again good.

● Energy consumption per unit of GDP fell by 3.1 percent.

New growth drivers grew rapidly:

● A number of major scientific and technological innovations were made, like the Chang'e-4 lunar probe.

● Emerging industries thrived and traditional industries saw faster transformation and upgrading.

● Business startups and innovation continued to surge nationwide, with an average of over 18,000 new businesses opening daily and the total number of market entities passing the 100-million mark.

New breakthroughs were made in reform and opening up:

● Institutional reforms of both the State Council and local governments were implemented smoothly. New progress was made in reform in key fields.

● The negative list system for market access was put fully into effect. Reforms to streamline administration and delegate power, improve regulation, and upgrade services were intensified, and the business environment rose significantly in international rankings.

● Opening up was expanded on all fronts, and joint efforts to pursue the Belt and Road Initiative (BRI) made significant headway.

● The first China International Import Expo was a success. Work began on building the China (Hainan) Pilot Free Trade Zone.

● China's total volume of trade in goods exceeded 30 trillion yuan, and utilized foreign investment totaled $138.3 billion, ranking China first among developing countries.

The three critical battles got off to a good start:

They refer to the battles against potential risks, poverty and pollution.

● Major risks were forestalled and defused. The macro leverage ratio trended toward a stable level; the financial sector was generally stable.

● Precision poverty alleviation made significant progress, with the rural poor population reduced by 13.86 million, including 2.8 million people assisted through relocation from inhospitable areas.

● Pollution prevention and control was strengthened, and PM2.5 density continued to fall. Marked achievements were made in ecological conservation.

Living standards continued to improve:

● Per-capita disposable personal income grew by 6.5 percent in real terms.

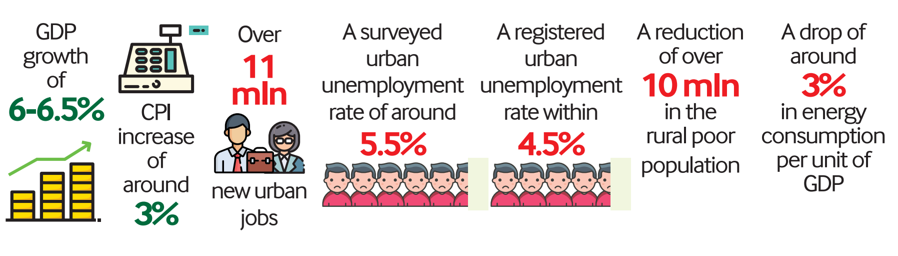
● The threshold for individual income tax was raised and six special additional deductions were created.

● Support for basic elderly care and basic health care was strengthened. Close to 100 million payments were made to assist students from families in financial difficulty, covering all school types.

● More than 6.2 million housing units were rebuilt in rundown urban areas and 1.9 million dilapidated rural houses were renovated.

● Urban and rural living standards continued to rise.

Targets for 2019



Tasks for 2019

Continue to develop new and improved approaches to macro regulation and keep the main economic indicators within an appropriate range

● Implement larger-scale tax cuts.

● Significantly reduce enterprise contributions to social insurance schemes.

● Ensure tax and fee cuts are fully implemented.

● Work hard to alleviate the difficulties faced by enterprises in accessing affordable financing.

● Make effective use of local government bonds.

● Use multiple channels to achieve stable and expanding employment.

Work to energize market entities and improve the business environment

● Cut government approvals and improve services to create a favorable environment for investment and business startups.

● Conduct impartial regulation to promote fair competition.

● Carry out reforms to promote reduction in business-related charges.

Continue to pursue innovation-driven development and foster new growth drivers

● Work to transform and upgrade traditional industries.

● Work to speed up the growth of the emerging industries.

● Increase the ability to provide scientific and technological support.

● Do more to encourage startups and innovation nationwide.

Stimulate the development of a robust domestic market and keep unlocking the potential of domestic demand

● Promote steady growth in consumption.

● Expand effective investment as appropriate.

Make solid progress in poverty alleviation and rural revitalization and

move closer to completing the tasks of building a moderately prosperous society in all respects

● Beat poverty with precision alleviation.

● Improve agriculture, particularly grain production.

● Take solid steps to upgrade rural infrastructure.

● Deepen comprehensive rural reforms.

Promote coordinated development across regions and improve the quality of new urbanization

● Improve the layout of development for all regions.

● Advance new urbanization.

Strengthen pollution prevention and control, enhance ecological improvement and make big advances in green development

● Keep intensifying efforts to prevent and control pollution.

● Strengthen green and environmental protection industries.

● Step up efforts to protect and restore ecosystems.

Deepen reforms in key sectors and speed up the improvement of market mechanisms

● Accelerate state capital and state-owned enterprise reforms.

● Work for big improvements in the development environment for the private sector.

● Deepen reforms of the fiscal, taxation and financial systems.

Promote all-around opening up and foster new strengths in international economic cooperation and competition

● Promote stable and higher quality growth of foreign trade.

● Do more to attract foreign investment.

● Promote the joint pursuit of the Belt and Road Initiative.

● Promote trade and investment liberalization and facilitation.

Speed up the development of social programs to better ensure and improve living standards

● Develop more equitable and higher quality education.

● Ensure access to basic medical and health services.

● Improve the social security system and related policies.

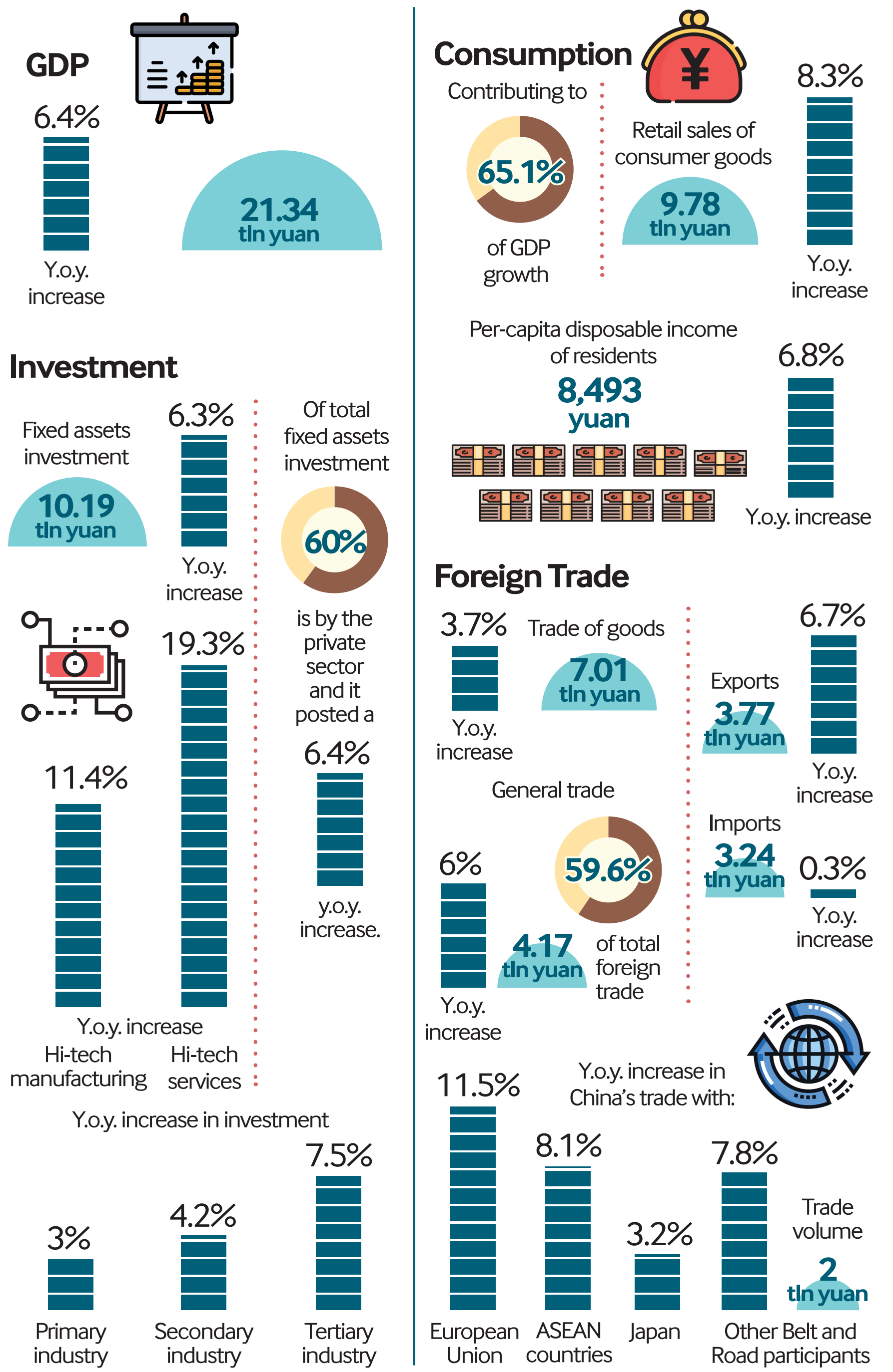
● Work to enrich the intellectual and cultural life of the people.

● Strengthen social governance and explore new ways to conduct it. CI

(Photos by Wei Yao)

China's Economic Performance

(Q1 2019)



(Source: *National Bureau of Statistics; designed by Pamela Tobey*)


XINHUA

A worker assembles engines in a workshop of Tianjin FAW Toyota Motor Co. Ltd. in Tianjin on December 3, 2018

Ready for More

After the Foreign Investment Law's adoption, investors anticipate more rules and policies to level the playing field By Zhang Shasha

If you thought vegetable oil was only for cooking, think again. With the hunt on for more eco-friendly materials in the asphalt industry, waste oil, especially from fast food industries, is being used to reinforce the blacktop on roads. Soybean oil is going into car seat foam and industrial starch is being used to make paper for newspapers and magazines.

In China, U.S. agricultural commodities trader Cargill is a textbook example of innovations from the fields. Since its entry to China in 1971, the company has been innovating, ranging from producing new food flavors to improving farming standards. It opened an innovation center in Shanghai in 2016 to create new nutrients and its farmland schools are training farmers to plant and raise livestock with greater efficiency. With continuous investment, Cargill has become an important contributor to modern agriculture in China.

Cargill now has a strong presence in China with more than 50 sites and 10,000 staff. Its investment in China doubled in the past seven years and will continue in the coming year. According to Cargill's 2018 annual report, the Asia-Pacific region accounted for 29 percent of its total sales and other revenues, with China playing a major role.

Cargill has seen China's business environment for foreign investment undergo profound changes with the government taking measures to make improvement and attract foreign capital as part of the resolution to deepen reform and opening up.

The latest measure, the Foreign Investment Law that was adopted at the Second Session of the 13th National People's Congress (NPC), the national legislature, on March 15 and will become effective on January 1, 2020, aims to improve the transparency of foreign investment policies. It also unifies rules for both domestic and foreign enterprises to level the playing field.

At a news conference after this year's NPC session concluded, Premier Li Keqiang said the new legislation will better protect the legitimate rights and interests of foreign investors. It will also better regulate government behavior.

The world responds

The new law has been garnering positive feedback from around the world.

"It changes the old impression," Hisham AbuBakr Metwally, First Economy Researcher at Egypt's Ministry of Industry and Foreign Trade, told China Focus, an online magazine published by the China International Publishing Group. "The new law is a good step forward for China's greater opening up. This is a very good time to invest. I expect that China will open more economic sectors for foreign investment and continue allowing foreign investment to play a more active role in the economy."

Nick Coyle, CEO and Executive Director of the China-Australia Chamber of Commerce, likened it to the free trade agreement (FTA) between China and Australia. "The FTA has been a boost over recent years to foreign firms' investment, particularly in the service sector. The new law is potentially another positive step in the same direction," Coyle said.

Last year, more than 60,000 foreign-invested companies established themselves in China, a 69.8-percent growth year on year. The total paid-in foreign capital was $135 billion, up 3 percent. It was no mean feat, especially as it was achieved amid a 19-percent drop in global cross-border direct investment flows, according to the National Bureau of Statistics and the UN Conference on Trade and Development.

This can be attributed to an array of measures taken in 2018. They include broadening market access; shortening the negative list for foreign investment, which now has just 48 items, slashed from 63 in 2017; and opening more sectors to full foreign equity operation. A negative list lays down the sectors where investment is limited for foreign investors, with all other areas presumed open.

Matthias Müller, a correspondent with Swiss daily *Neue Zürcher Zeitung*, said it's in China's interest to open more sectors to foreign investors and stimulate competition. Abolishing hurdles like the pre-condition to have a Chinese partner is very important, he said, adding that a new negative list would also be helpful.

An irresistible trend

In the early stage of reform and opening up, China attracted foreign investment by offering favorable policies. But in recent years, it is seeking to offer a sound legal system instead, according to Sang Baichuan, Dean of the Institute of International Economy, University of International Business and Economics in Beijing. A law-based and internationalized business environment is an "irresistible trend" today, Sang said, and the new law is a response to the prevailing times and conditions.

"With unified provisions for the entry, promotion, protection and management of foreign investment, it is a new and fundamental law for China's foreign investment and an innovative improvement of China's foreign investment-related legal system," Wang Chen, Vice Chairman of the Standing Committee of the 13th NPC, said.

XINHUA

Workers produce lipstick tubes on a production line of a foreign-funded enterprise in Shaoxing, east China's Zhejiang Province, on February 20

The new law replaces three earlier laws on Chinese-foreign equity joint ventures (JVs), wholly foreign-owned enterprises and Chinese-foreign contractual JVs.

Sang said while the three earlier laws were based on different corporate types, the new law focuses on investment behavior, which includes the experiences accumulated during the four decades of opening up.

"With the new law, China is truly showing the world that it stands for fairness, honesty, cooperation and development," Ali Farmandeh, Chairman of the China-Sweden Business Council, said. "The integration of the three main subjects—JVs, direct investment and intellectual property (IP)—will really speed up cooperation. A true win-win situation can be created for enterprises."

In addition, a management system of pre-establishment national treatment plus a negative list will be adopted.

Addressing concerns

For years, foreign companies have worried about IP rights protection and competition through inappropriate means in China. The new law contains specific provisions to allay these fears.

"The law explicitly prohibits forced technology transfer by administrative measures and encourages technological cooperation based on voluntary agreement between the parties involved and business rules," Liu Zhao, a professor at the Intellectual Property Right School, University of the Chinese Academy of Sciences, told *Beijing Review*. "Also, its implementation will mark an end to the three original laws, the source of foreign concerns about technology transfer."

A noteworthy development is that the new law ousts the rules that violate the World Trade Organization's Agreement on Trade-Related Aspects of Intellectual Property Rights, which is a boon for foreign investors, Liu added.

Erkin Öncan, a journalist with Sputnik Turkey, said the ban on forced tech transfer and government intervention in the operation of foreign companies is a new phase and an important decision.

"With the institutional assurance, companies with the most advanced technologies will feel assured to introduce them into China," Toshihiro Ueda, the China chief representative of the AGC Group, a Japanese glass producer, told *People's China*, a Beijing-based Japanese-language monthly.

He said as China's consumption upgrades with the development of the economy, it is not enough to merely introduce Japanese technologies. It is imperative to enhance enterprises' research and development (R&D) capacity for new products and technologies. AGC is discussing conducting R&D activities in Shanghai.

As for ensuring fair competition, Huang Wei, Deputy Director of the Department of International Law, Chinese Academy of Social Sciences, told *Beijing Review* that the gap between foreign-funded and domestic enterprises in terms of enjoying supportive policies and participating in standard-setting process and government procurement will be eliminated with the implementation of the new law.

The law stipulates that the measures announced by the government to support development of enterprises will be equally applied to foreign-invested enterprises in accordance with law. In addition, the principle of competitive neutrality—which means that government businesses in competition with the private sector should not have a competitive advantage or disadvantage because of their state ownership and control—will be followed in standardization, government procurement, financing, land use, supervision as well as bidding and tendering, Huang said.

According to him, as the market opens wider, both domestic and foreign enterprises will compete in a fairer arena. This may pose challenges for domestic players who had been depending on protective policies for survival. They should build up their muscles to adapt to the new requirement for opening up, Huang stressed.

Sang said in a fairly competitive environment, more foreign capital is expected to flow in. While stimulating competition, the entry of foreign investment will also increase opportunities for cooperation between domestic and foreign enterprises. This will lead to technological advancement, upgraded economic structures and high-quality economic development.

More in the pipeline

The next step is to ensure that the law is implemented smoothly, Premier Li said at the press conference. He added that a series of regulations and policies will be introduced in accordance with the law to protect the legitimate rights and interests of foreign investors.

However, some aspects still need to be improved. The investment information reporting system, security review system and the system for approval and filing of foreign investment projects are still insufficient, hampering transparency and predictability, Huang said. Also, the transition between the new law and other industrial regulations and policies is yet to be clarified. Moreover, it doesn't address the issue of variable interest entities (VIEs). VIEs are legal businesses that may not have enough resources to cover operations or where an investor has a controlling interest but not majority of voting rights.

Nevertheless, investors' confidence started to grow since the Foreign Investment Law began to be anticipated. Cargill, for instance, established another Asia-Pacific research and application laboratory in Shanghai in February, a step toward its 2020 plan for developing in China. Now with the adoption of the law, there has been a strong response.

"I would say to Thai business people, 'Please do come to China'," Vithit Powattanasuk, Thai Consul General in Chengdu, southwest China's Sichuan Province, told *China Report ASEAN*, a Beijing-based English-language magazine. "This new law is definitely a big step for China's commitment to the world economic communities. It will bring more benefits not only to foreign investors, but also to China, gaining the world communities' trust." CI

An Institutionalized Guarantee

By Nie Pingxiang

The Foreign Investment Law eliminates case-by-case approval and makes fundamental changes to the foreign investment management, which is expected to promote all-round opening up and bring a legal guarantee for a new open economic system.

It states that foreign investment shall be managed according to pre-establishment national treatment plus a negative list. Government policies supporting enterprise development will apply equally to them and they will be on par with domestic enterprises regarding participation in standard setting and government procurement.

The law cracks down on extra-legal curbs on foreign investment. Governments and relevant departments at all levels are required to formulate foreign investment-related regulatory documents in accordance with laws and regulations. There are also provisions that they may not undermine foreign-invested enterprises' lawful rights or impose obligations in violation of law, and shall not set market entry and exit conditions or interfere with or influence foreign-invested enterprises' normal business activities in violation of law.

In addition, the law stresses improving investment-related services and simplifying management procedures, demonstrating the government's commitment to creating a fair and equitable market mechanism and providing an open and transparent investment environment.

A phased approach

China's current legal system to manage foreign investment—consisting of the Law on Chinese-Foreign Equity Joint Ventures, the Law on Non-Equity Joint Ventures and the Law on Wholly Foreign-Owned Enterprises—was put in place in the initial phase of reform and opening up that started in 1978. Foreign investment projects are subject to administrative approval and normally enjoy preferential treatment.

After it joined the World Trade Organization in 2001, China focused on developing its legal system in line with international standards and the laws and regulations on foreign investment were amended substantially. Still, the three laws, which will be replaced by the Foreign Investment Law, are not in line with the Company Law and the Contract Law that were amended in 2018.

Since the global financial crisis in 2008, the United States and other developed countries have accelerated negotiations on free trade agreements and come up with new rules of global trade and investment. China needs to restructure the domestic economic system and creates new driving forces through a higher level of opening up as its economy has shifted from high-speed to high-quality growth.

A new round of opening up started in 2013, focusing on establishing pilot free trade zones (FTZs). The China (Shanghai) Pilot FTZ was established the same year and China began to explore a pre-establishment national treatment plus a negative list system for managing foreign investment. After a negative list was implemented in the Shanghai FTZ, which specifies the sectors off-limits to foreign investors, relevant laws on foreign investment management were suspended within the zone for a three-year trial period.

On January 19, 2015, the Ministry of Commerce (MOFCOM) published the draft Foreign Investment Law to solicit public feedback and in the following year, the pre-establishment national treatment plus a negative list system was expanded across China based on the experience of pilot FTZs and trial reforms. In the same year, MOFCOM issued interim policies specifying that foreign-funded enterprises no longer need approval to invest in areas not designated in the negative list.

In June 2018, a shortened negative list for foreign investment came into effect, containing just 48 items, down from the 63 in the previous version. The new negative list, the Special Administrative Measures on Access to Foreign Investment, was jointly released by MOFCOM and the National Development and Reform Commission.

In November 2018, President Xi Jinping gave his assurance at the first China International Import Expo in Shanghai that China will speed up new foreign investment legislation, fully implement the pre-establishment national treatment plus a negative list system and develop a world-class business environment.

As China is shifting from opening up based on the flow of commodities and production factors to liberalization of rules and systems, the case-by-case approval system in the original foreign investment laws fails to meet the needs of the new open economic system and wider opening up. There is a need for a more favorable legal environment for institutional openness. The new law meets that need, creating a more transparent, stable and predictable policy environment for foreign investors.

Doing business in China

Global direct investment has shrunk with the rise of trade and investment protectionism. China's original advantages for attracting investment have been weakened by the rising cost of domestic labor and other factors. Besides, there are higher demands on China's investment environment, such as opening up more sectors, treating foreign investors on par with domestic enterprises, strengthening the protection of intellectual property rights and banning forced technology transfer.

The author is a researcher with the Chinese Academy of International Trade and Economic Cooperation

Faced with these considerations, China has striven to follow international standards by opening up wider, enhancing government services and streamlining approval procedures, and improving its business environment.

According to the World Bank's Doing Business 2018 report, China's ranking in the ease-of-doing-business index improved from 78th to 46th last year. Against the sharp decline in global direct investment, China maintained steady growth, with the paid-in amount reaching a record high at $134.97 billion.

In 2018, Singapore accounted for 53.4 percent of the Chinese mainland's total foreign investment, a year-on-year increase of 10.6 percent. The investment went to industrial parks, including demonstration projects such as the Suzhou Industrial Park in east China's Jiangsu Province that began as a bilateral project with Singapore, and the Sino-Singapore Tianjin Eco-City in north China. Besides capital, Singapore also exports advanced management expertise to China.

Investment from European Union countries maintained rapid growth. In 2018, their investment amounted to $11.86 billion, up 35 percent year on year.

The adoption of the Foreign Investment Law reflects China's resolve to widen opening up and provide a more fair, open and institutionalized business environment based on the rule of law that favors long-term development of foreign-funded enterprises. Notably, it will promote utilization of high-quality overseas capital, technologies and professionals on a larger scale and give full play to resources from the domestic and international markets to ensure steady growth of foreign investment. CI

Long Xianwen (right), Secretary of the Communist Party of China Niujiaoshan Village Branch in Guzhang County of Hunan Province, talks with villagers in a tea garden in the village on April 7, 2018

COURTESY PHOTO

Road Out of Poverty

China has set the goal to eliminate poverty by 2020. Across the country, particularly in the vast rural areas, many people are contributing to this arduous drive. Among them, Yang Ying from south China's Hainan Province and Long Xianwen from central China's Hunan Province have championed programs to lift impoverished populations out of destitute situations. During this year's session of the National People's Congress, the two deputies sat down with *Beijing Review* reporter Yuan Yuan and shared their stories:

Rosy future

Yang Ying brought seasoned suggestions to the annual legislative session held in Beijing on March 5-15.

As the founder of Hainan Rose Valley Industrial Development, Yang has several ideas on how to develop tourism in rural areas and help more rural people out of poverty. For more than a decade, she has devoted herself to planting roses and developing a rose valley in villages in Sanya City of tropical island Hainan Province, which has made the lives of people in these villages better.

The development of the rose valley is a typical example of Chinese people's efforts to alleviate poverty. Figures from the National Bureau of Statistics show that by the end of 2018, the number of rural people in poverty stood at 16.6 million. With China's pledged goal of lifting 10 million people out of poverty each year, it expects to eradicate poverty nationwide by 2020. China lifted 13.86 million more people out of poverty in 2018 alone.

When Yang went to Sanya in 2006 for the first time, she already ran a big flower business in Shanghai and wanted to grow roses there since the warm weather was perfect for growing all year round, unlike Shanghai where the rose season ended in November.

After two years of repeated failures of trying to tame the rose to the local temperature, Yang's team finally saw roses take root in Sanya. In 2009, Yang's company rented 184 hectares of farmland from local villagers to grow roses and hired more than 500 village workers.

"Bohou was a rather needy village back then," Yang recalled. "The farmers only planted vegetables in the fields and could hardly make ends meet." Yang's plan didn't get much support from the local farmers in the very beginning, however. "We did a lot of explaining and negotiations," Yang said. "Rising incomes of farmers finally proved that our project could bring solid benefits."

In April 2013, President Xi Jinping visited Yang's rose valley and made a remark that got widespread coverage in China: "Only when ordinary locals begin to lead a moderately prosperous life can we call it a true moderately prosperous society."

Encouraged by his remark, Yang endeavored to branch out her business to a tertiary industry of rose products like rose jam, rose cake, rose tea and rose oil; in 2014, tourism was added to the list of ventures. In 2018, there were 1.5 million visitors to the rose valley, which now boasts more than 300 varieties of roses.

Last year, as a newly elected NPC deputy from Hainan, Yang visited almost all the villages engaged in tourism development in the province and made suggestions based on her research.

"Many of the villages are more or less alike without distinct features," Yang said. "Many have put more effort into looking pretty rather than developing their own unique attractions, resulting in low tourism revenue."

Yang also suggested involving more of the local people in boosting the vitality of their villages by setting up a regular organic market for both locals and tourists.

"Roses are a lovely business and I hope more rural people in the rose valley can make a good living from it," Yang added.

Linked in

Long Xianwen, the 52-year-old Secretary of the Communist Party of China Niujiaoshan Village Branch in Guzhang County of Hunan Province, submitted his suggestion at this year's NPC annual session to explore more ways of implementing policies on rural vitalization in remote and mountainous villages, where transportation and infrastructure conditions are quite limited.

"President Xi stressed many times that lucid waters and lush mountains are invaluable assets," Long said. "We have lush mountains in our village and we need to figure out ways to turn them into 'gold mountains' for the villagers."

Niujiaoshan enjoys natural advantages for tea plantation, with a history of its tea being served to ancient Chinese royalty. But the locals ignored the tea industry and left the village to work in bigger cities, and Long was among them. "We were sitting on a gold mountain but didn't know it," he said.

In 2008, Long founded the first tea plantation cooperative in the village. At the time, there were 1,360 registered residents in the village and the average annual income per person was less than 800 yuan ($119). The village didn't even have access to tap water. However, Long's idea of planting tea trees in the village didn't get much support from many villagers who preferred to grow "real food."

Long plowed almost all his savings into the cooperative and spared no effort in persuading the villagers to join. In 2014, the cooperative finally started to make profits. By 2016, the whole village was lifted out of poverty and by 2018, the average annual income per person increased to 13,618 yuan ($2,029). Now, the tea grown in the village is exported to many countries and regions, especially those taking part in the Belt and Road Initiative. The tea from the village has once again returned to its glory days.

In 2018, Long visited many enterprises in Hunan's rural areas and some tea growing areas in Zhejiang Province. He brought a type of white tea seed from Zhejiang and promoted it in his village.

He also brought his suggestions of sustainable development of the tea industry to the 13th NPC and advocated for improved local tourism and better local traffic conditions.

"The Internet has been an important impetus for the development of our village, which is located in a remote area with limited transportation," Long said. "Without the Internet, our tea wouldn't be widely known or get a chance to travel the world." CI

Yang Ying (center), founder of Hainan Rose Valley Industrial Development, with farmers in the rose valley in May 2018

COURTESY PHOTO

Lessons From Belt and Road

The world should utilize the opportunity to benefit from China's experience By Kerry Brown

Since 1978, the People's Republic of China broadly embarked on an era—which came to be known as reform and opening up—where it observed and tried to learn from the world around it. Many different ideas were imported into the country throughout this process. Chinese politicians, academics, business people and others spread across the world engaging in what could be called a "great learning" period, bringing back legal ideas from Japan and Germany and technological processes from the U.S. and Europe.

The author is an op-ed contributor to *Beijing Review* and Director of the Lau China Institute at King's College, London

Proven results

This has led to two outcomes. First, the most obvious and celebrated is the economic growth that the importation of new ideas and processes brought to China. With a per-capita GDP of only a few hundred dollars in the late 1970s, today Chinese people enjoy a per-capita GDP of around $10,000, putting their country in the middle income bracket worldwide.

This period lifted many hundreds of millions of people out of poverty, leading to an economy that is now a major source of growth for the rest of the world.

However, because of the unique features of its society, culture and economic composition, China also transformed the ideas it took in. It created a new kind of development model, which has been much commented on and studied by the rest of the world. While there are a number of different interpretations of the China model, the fact that China has learned many things from its developmental path over the last four decades and is now in a position to share them with the rest of the world, is indisputable. It is safe to say that we are living in an era in which this process is taking place. China the learner is now increasingly in a position to be China the teacher.

The Asian Infrastructure Investment Bank (AIIB) has been one vehicle by which China has tried in the past few years to undertake this transformation from pupil to teacher. As a country that has successfully built perhaps more logistic infrastructure than any other in the history of humanity, China certainly has the ability now to convey lessons on this to others. So for all the criticism of the AIIB when it was first launched by the Chinese Government in 2014, its principle of sharing China's unique understanding and practice of development, and offering it to others to use, is irrefutable.

Sharing the wealth

The Belt and Road Initiative is the second, larger iteration of China's decades-long process. Its focus on the connectivity of logistics, information technology, people-to-people links and finance has been offered as a broad framework by which others in the region and further afield can engage in a "great learning" similar to that which China embarked on in the late 1970s.

Of course, this is simply one interpretation of the initiative. Others have seen it in much cruder geopolitical terms. But the openness and ambition of the Belt and Road concept meant that it was never going to be easily pushed into one single interpretative framework. It needs to be considered from a number of different angles. Even the Chinese Government has clearly shown space for flexibility and sometimes a change of tactics or focus in what the initiative is intended to do and how it does it. In that sense, widespread consultations have been ongoing since the idea was first proposed by Chinese President Xi Jinping in 2013, which will continue. The Belt and Road Initiative was never meant to be a process of prescription and enforcement, despite criticisms from some. It has been more about setting out a broad parameter which can then be used to try to convey to others some of the things that China has learnt about development.

The initiative, as a pedagogical model, reduces some of the anxiety about what is assumed to be the ambition and intention at its heart. It is not about enforcing one set notion of a China model. That at least is now clear. There are, instead, China models, and a set of ideas that can be drawn from China's developmental experience to other diverse environments. This is the most positive approach to the Belt and Road Initiative. It reverses some of the earlier asymmetry of the past few decades, where China was always in the position of learning, while what is broadly called the West (Europe, the U.S., Australia and some Asian developed economies) always seemed to be teaching. Now at least we have all become teachers and students. However, seeing China as a teaching power has proven challenging to some, although it is hard to see why this should be contested.

New horizons

Europe should be interested in the ways in which China builds infrastructure and in some of its increasingly innovative technology, which, after all, underpins the digital Belt and Road. But there are also important opportunities to work together on creating new things, such as sustainable financial and ecological models for some of the projects the initiative aspires to embrace.

The issue at the moment is the need for better quality dialogue on how best to identify these areas of mutual complementarity. The mindset of simply seeing the Belt and Road Initiative as too large, ambitious and risky, spearheaded by ideas which are too unique to China, will lead to missing a huge opportunity to gain better knowledge of where and how China's developmental model may be useful to the rest of the world. Nor should there be too much discounting of the inevitable mistakes Chinese partners may make in associated projects. After all, learning from experience was a major part of the post-1978 mentality within China, and mistakes were a part of it. The main principle was how to learn from mistakes and adapt to them.

In the era of the Belt and Road Initiative, all of us, not just China and the Chinese, are in an era of "great learning." For all the concern and worry about what's currently happening, seeing these events and processes through this prism is a positive thing, showing how some of the misunderstandings, misperceptions and misalignments occurring at the moment are part of this learning process, and can eventually end up with positive outcomes. To block the initiative on the grounds of ideology and restrict its interpretation to the purely political would mean that this pedagogical model, which could prove so useful and impactful to everyone, would be completely bypassed. Many in the West have been urging to learn from Asia more, particularly from China, thus the Belt and Road Initiative presents one way of achieving this.

As for the strategic opportunity being offered to Europe at the moment, these countries do have at least some ability to look at the initiative in a different light and in a more pragmatic way than the U.S., not least because in some ways the Belt and Road geographically reaches into European space. That means that the initiative it sees is different from the one the U.S. is dealing with. Europe can also be more adventurous in adapting its mindset, leaving behind the desire to teach and show China how to do things, and recognizing its needs to be more reciprocal and balanced in the dialogue about knowledge. That is probably the most important thing about the Belt and Road Initiative, but also the hardest thing to grasp. Seeing China as a teacher is probably alien to too many in Europe. But looking at China's developmental pathway and ideas could be liberating by just showing new alternatives and options. The question is whether people are willing to be open-minded about this. After all, as the late sinologist Pierre Ryckmans said, "Openness to another culture means being changed by it." And with the Belt and Road Initiative, Europeans and others have the chance to practice this quality. CI

Freighters dock at Greece's Port of Piraeus, which was upgraded from an obsolete port to a modern one by China Ocean Shipping Company in 2016

How China Got Greener

By Ding Zhitao

For those living in the Northern Hemisphere, now is the best season to plant a tree. On March 12, China's 40th annual Tree Planting Day, schools, families and work units organized greening rituals, with temperature climbing and the frozen ground thawing.

Awareness of the importance of tree planting growing over the past decades, it is no surprise that NASA released a report in February, announcing that the world is literally a greener place because of China, together with India, greening our planet. Based on its satellite imagery, the two countries are contributing to the largest increase in global green foliage. Data show that China alone accounts for 25 percent of the global net increase in green leaf area between 2000 and 2017.

Such a grand-scale achievement cannot have been made solely from endeavors on Tree Planting Day. It takes a nation to make such a green change, working all year round with unrelenting efforts. Greening initiatives against deforestation have been undertaken on many fronts since the People's Republic of China was founded in 1949. Many major ecological battles have been fought along the way in the quest to go green.

Since 1956, China has established 2,750 nature reserves, accounting for 15 percent of the national land area. These reserves aim to maintain the ecosystem and provide shelter for flora and fauna. The giant panda is the species that has benefited most from conservation efforts. The much-loved animal was removed from the endangered species list in 2016, while still retaining a vulnerable status. Decades of protection brought their numbers back from the brink of extinction. New ecological corridor programs are underway to restore and improve pandas' habitats, which were destroyed due to traffic patterns and human activity.

The year 1979 witnessed the birth of the Three-North Shelter Forest Program. Extending from the northeastern to the northwestern tip of the country, the project covers more than 40 percent of China's land area and will continue until 2050. The ambitious program has effectively decreased desertification of the land, reduced air pollution and mitigated the negative effect of climate change. More positive results are expected.

Chinese people once had to reclaim land from forests, grassland and the sea to provide food, but later realized that the price they had to pay was too high. Since 1999, a project to convert degraded farmland into forests and pastures has been underway. Farmers are given subsidies to give up degraded arable land for afforestation and grass plantation, and close certain mountains for forest rehabilitation.

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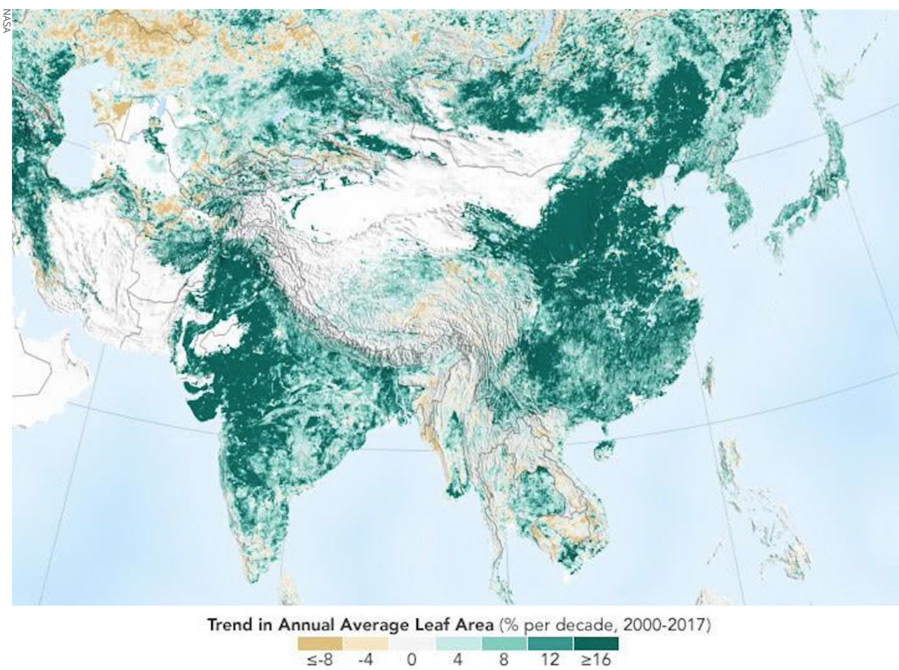
NASA



A NASA report released in February 2019 shows the world is literally a greener place because of China, together with India, greening our planet

In these battles to defend Mother Nature, being champions of Earth may seem to be a humble thing, yet the deeds of green heroes speak for themselves. Jia Wenqi and Jia Haixia, two physically challenged farmers in their 50s from Yeli Village, Shijiazhuang, in north China's Hebei Province, planted more than 10,000 trees on wastelands over 15 years. The former is blind and the latter lost both his arms, yet together the two men created a forest out of nothing. "He has eyes and I have arms. Who says we cannot do this?" said Jia Wenqi, when asked how they had managed to achieve such a feat.

Other unsung heroes may not have a tale to tell individually, but collectively they created one miracle after another. The Maowusu Desert in Shaanxi Province and Inner Mongolia Autonomous Region in the north, once one of the largest deserts in the country, has been greened by local farmers. Over 50 years, they have creatively fought against ferocious sandstorms and developed the area's agriculture and forestry. The hundreds of millions of trees they planted have turned yellow sand dunes into a green belt, thus reducing the annual soil erosion by millions of tons.

In the field of ecological conservation, enterprises have more resources and skills to practice their social responsibilities. The Elion Resource Group has been striving persistently and consistently for 30 years, transforming the 6,000-square-km Kubuqi Desert in Inner Mongolia into swathes of green, lifting more than 100,000 people out of poverty in the process. Elion's Chairman, Wang Wenbiao, became the first Chinese to receive the UN's highest environmental honor for his determination in making desertification a lifelong career.

The Saihanba Forest Farm also won UN recognition for inspiration and action. Three generations of locals in Saihanba in Hebei planted the largest artificial forest on Earth. The farm, covering an area of 200 square km, is called the Green Lung of the north. It serves as a gigantic windbreaker that shelters Beijing and its adjacent areas from wind and encroaching sand, just like the Wall against White Walkers in Game of Thrones.

People are the masters of their land who can conquer deserts and create forests. It is through painstaking efforts that China has become greener and leafier. On this journey full of hardships, a consensus has been reached that green mountains are mountains of gold and clear waters are streams of silver. They are the goal worth fighting for. They can be reached through each single greening action, so get your hands dirty and plant a tree.

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Jia Wenqi and Jia Haixia plant trees together on May 31, 2016. The two physically challenged farmers in their 50s from Yeli Village, Shijiazhuang, in north China's Hebei Province, planted more than 10,000 trees on wastelands over 15 years

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A wild panda walks in Baishuijiang Nature Reserve in Gansu Province on October 31, 2018. Thanks to China's conservation efforts, the panda has been removed from the endangered species list, while still retaining a vulnerable status