

BEIJING REVIEW

北京周报

A CHINESE WEEKLY OF
NEWS AND VIEWS

Premier Zhao Discusses Farm Product Prices

Regulations on Implementing China's Patent Law





The Lion Dance.



Putting Spring Festival couplets on the door.

An old man blows a *suona* horn, a traditional wind instrument.



Cutting paper window decorations.



SPOTLIGHT

Spring Festival in a Beijing Suburb

Before the Spring Festival families in Fengtai District are busy with shopping and house cleaning to greet the lunar new year. During the festival the Lion Dance is performed at a gala party.

The three generations of a peasant family enjoy a feast on the eve of the Spring Festival.

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COVER: Peasants on the outskirts of Qinhuangdao, Hebei Province, celebrate Spring Festival with "yangge" dancing, a traditional folk dance.	
Photo by Wang Donghai	

HIGHLIGHTS OF THE WEEK

Deng Discusses China's Open Policy

In a speech to the Central Advisory Commission, Deng Xiaoping said the open policy is necessary because China is determined to quadruple its gross annual output value of industry and agriculture by the end of this century and to catch up with the developed countries 30-50 years thereafter. With a dominantly publicly owned economy, China will not turn capitalist, he said (p. 15).

More Flexible Prices for Farm Products

An urgent problem facing Chinese agriculture today is to readjust agricultural structure according to the requirements of a commodity economy. This calls for loosening controls over the prices of farm and sideline products and expanding the scope of market regulation in which the state can also play an important part (p. 16).

Co-operation Encourages Mutual Development

Regional co-operation is the only way to balance the wide disparity between China's highly developed coast and its underdeveloped west. The initial successes of this policy are outlined (p. 25).

Policies Based on Thorough Investigations

The great economic and social progress of the past few years is the result of correct government policies formulated after thorough investigation and careful studies by Chinese Party and state leaders (p. 4).

Regulations on Implementing Patent Law

Full text of the Regulations on Implementing the Patent Law, which was approved by the State Council and published by the Patent Office on January 19, 1985 (centrefold).

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Leaders Go Deep Into Realities of Life

by **WANG DACHENG**
Economic Editor

It has been widely acknowledged that China has made rapid economic and social progress in the past few years. The major reason for this progress is that the country now follows correct policies. However, the formulation of these correct policies cannot be separated from the fact that Chinese leaders thoroughly investigate the realities of life in their decision-making.

Although in his 80s, from time to time Chairman of the Party's Central Advisory Commission Deng Xiaoping visits grass-roots units to discover and solve problems. In 1984 Party General Secretary Hu Yaobang made 13 investigation tours of 102 counties and cities in 14 provinces, municipalities and autonomous regions, and Premier Zhao Ziyang made eight tours of 39 counties and cities in 12 provinces, municipalities and autonomous regions. Other Party and state leaders also investigated places throughout the country. This style of leadership makes a deep impression on the people.

The Chinese Communist Party integrates Marxism-Leninism with the realities of China and is leading the people to build socialism with Chinese characteristics.

The general objective of China's economic construction for the two decades between 1981 and the end of this century is to bring about socialist modernization and quadruple the gross annual output value of industry and agriculture.

There is no ready answer in the classical works of Marxism regarding the way of achieving the general objective. While studying Marxism, we should stress the importance of learning the general law as exposed by founders of Marxism and the Marxist stand, viewpoint and method of examining and solving problems. We must not confine ourselves to one set of words or expressions or to certain

The major reason for China's rapid economic and social progress is that the country now follows correct policies formulated after thorough investigation of the realities of Life by Chinese leaders.

specific theses. In order to understand reality, one must go deep into reality.

Practice in the last few years has shown that China's policies and principles are correct. Restructuring the economic system has proved successful first in the countryside. The pace of urban economic reform is being quickened. The open policy has already borne fruit.

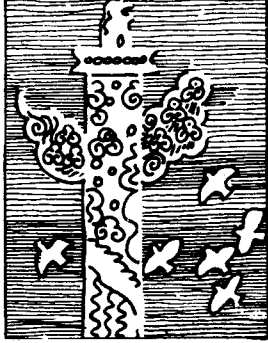
All these policies were formulated by Chinese leaders after repeated investigations and studies. They are constantly being refined

through practice. Here are some examples:

- In order to make better use of investment from abroad, import advanced technology and expand the scope of import and export trade, China began setting up special economic zones in 1979. Many Party and state leaders have since visited these zones. Early last year Deng made an inspection tour of the three special economic zones of Shenzhen, Zhuhai and Xiamen. He was satisfied with the achievements he saw.

After returning to Beijing he discussed his ideas with other leaders, pointing out that it is not to withdraw but to further implement the open policy. After a conference attended by representatives from some coastal cities, the central authorities decided to open 14 more coastal cities, including Shanghai and Tianjin.

- Last November and December Zhao made an inspection tour of the Zhujiang (Pearl) and Changjiang (Yangtze) Deltas. There he gave his opinions on how to speed up development and make the best use of the advantages of the coastal areas. He said that by implementing the open policy, China means, through the instrumentality of special economic zones, open cities and open coastal areas, to combine the import of advanced technology with internal economic associations and to combine the development of the coastal areas with that of the inland regions. This will ensure the well-proportioned development of both the eastern and western parts of China, and will raise living standards. A recent



meeting sponsored by the State Council in Beijing proposed designating the Zhujiang and Changjiang Deltas and the Zhangzhou-Quanzhou-Xiamen triangle in southeastern Fujian as open coastal areas.

• In 1983 General Secretary Hu Yaobang visited some places in Xinjiang and proposed that China shift the focus of economic development to the northwest by the turn of the coming century.

During his inspection tour of Qinghai, he pointed out the need to develop local agriculture and animal husbandry, and urged leaders to concentrate their financial and material resources on those projects which are indispensable to the coming large-scale development of the province. In Gansu he and the local leaders discussed how to eliminate poverty in the province. He stressed the need to grow more grass and trees and improve the arid climate in order to change the natural conditions of Gansu.

The Party's ideological line of seeking truth from facts, integrating theory with practice and proceeding from reality has taken root in the minds of the people. Now almost every leader working in the economic field is directly involved in the reform of an enterprise. This will enable them to acquire the experience and ability necessary for leading the modernization drive.



LETTERS

The Five Principles of Peaceful Coexistence

I especially like the article "The Five Principles of Peaceful Coexistence" in No. 27, 1984 and the two articles on the same subject in No. 31, 1984. They show China's serious stand in abiding by these five important norms which have become "the criteria for distinguishing right from wrong in the world community." All actions in conformity with these principles should be supported and praised and actions in violation of them should be opposed and censured. Only in this way can world peace and stability be safeguarded.

I suggest you publish articles on the psychological changes which have and will take place among the Chinese people from the feudal society to today's socialist China, and what the keys to those changes are.

Nityananda Das
Midnapore, India

Initiated by China, the five principles of peaceful coexistence have become the basis of joint declarations and agreements signed by many countries in the 30 years since their publication. They are a shining example in today's world, and have attracted the attention of all peace-loving people in the world, further awakened the consciousness of people in the third world and enhanced their self-confidence. Although the five principles of peaceful coexistence have only a few words, every word holds great weight and vitality.

Isao Hakui
Aomori, Japan

Clear Opinions

I am always reading your letters column. I noticed that your readers had different opinions about your articles on other coun-

tries. They didn't think you had given clear descriptions.

In my own opinion, your articles are well-written on these subjects. You have spelled out your views on international issues. This is your purpose. Opinions of a country with 1 billion people merit attention and understanding. The views and opinions of *Beijing Review* show its objectiveness and value.

My purpose for reading *Beijing Review* is to know what has happened in China, so as to further understand the Chinese people and their way of life. Therefore, I am most interested in articles about all aspects of China.

Dautenille Rene
Saint-Beat, France

Past Portends Future

The publication of *Beijing Review* is a considerable help to those who are interested in China's culture and civilization.

I am especially attracted by China's culture because the people of all countries have their own past and future, as do the Chinese people.

The great 20th century poet Ezra Pound said that the future of humanity lies in the East, in China. With the passing of time, we have come to see that this is true.

I hope that in your magazine you continue to publicize China and its splendid past and present, which can help predict the future.

I have been following closely what has happened in China. She has a glorious past, and so must have a significant future. I take my view from the law of the unity of opposites.

R. Rodriguez-Rios
Lima, Peru

China Upgrading Legal Institutions

The desire to make the legal system the true "law of the land" and to provide the legal foundation for economic modernization has prompted China's leadership to publicize legal knowledge among the people and to upgrade the nation's legal institutions.

In the past the law was often disregarded by powerful institutions and individuals. Especially during the 1966-76 "cultural revolution," the law was often trampled open. But officials have stepped up efforts to make the law supreme in recent years.

Peng Zhen, chairman of the Standing Committee of the National People's Congress (NPC), China's top legislative body, recently said that the nation's judicial system is hampered by the old age and low educational level of many judges. Unless legal officials improve their political and professional standards, said Peng, they won't be able to cope with the legal tasks needed for modernizing the country.

Hu Yaobang, general secretary of the Party Central Committee, called for immediate steps to strengthen the legal profession. By upgrading judges and lawyers, said Hu, China could establish a sound legal system within three years.

Two recent cases have highlighted the need for strengthening the legal system.

In one case, a government ministry, charged with abrogating a contract, simply refused to appear in court. According to news reports, the No. 246 Factory in Sichuan Province signed a contract with the Ministry of Urban and Rural Construction and Environmental Protection in 1978 to prod-

uce 400 nail guns. When the factory delivered the guns in 1979, the ministry allegedly refused to accept delivery and refused to pay the bill on the grounds that the price was too high and the quality was unsatisfactory. The factory thus suffered a 974,885 yuan loss. Factory officials went to the ministry time after time to ask for the payment, but the ministry refused every time. With no other alternative, the factory took its complaint to court.

The Beijing People's Intermediate Court received the suit and Sun Changli, deputy president of the court, ruled that the ministry had no right to refuse to appear. He said the court would summon the ministry a second time. If it again refused to appear, the court would try the case without the ministry's testimony and would force ministry to abide by the decision.

Everyone, declared Sun, is equal before the law. No person or institution, even a government ministry, can act outside the law. The Party requires that all Party organizations and members should act according to the Constitution and the nation's law.

The second case involves a judge in Changwu County, Shaanxi Province, who booted a lawyer out of his courtroom. When robbery suspect Yu Shaoming was brought to trial last May, his defence lawyer, Guo Yongdong, challenged prosecution witnesses who kept changing their testimony. The defence lawyer's spirited challenges annoyed Chief Judge Shang Zhiwen, who called a three-month recess to conduct his own investigation. When the case was reconvened last September,

the judge interrupted attorney Guo, began debating with him and finally ousted the defence lawyer from the courtroom. The judge then found the unrepresented defendant guilty and sentenced him to three years in prison. The defence attorney protested the judge's behaviour and appealed to provincial legal authorities. The judge was later forced to apologize and make a self-criticism, and the defendant's case will be reheard.

A newly adopted five-year programme to improve the legal system includes retraining existing legal officials and training more law students.

"It is imperative to let the existing legal officials take courses on social sciences, Marxist literature and other scientific subjects connected with the legal profession in a rotational training programme," said Peng.

According to Gan Jihua, deputy director of the Education Department of the Ministry of Justice, there are now some 15,000 undergraduate and graduate students majoring in law in the country's five law schools and in 32 other university law departments. To provide the legal footing for its modernization drive, Gan said, China needs to know as much as possible about law in other countries. "But what we need most at present is knowledge of international economic law."

To educate its law experts, China has stepped up exchanges with foreign countries. Last year China's legal organizations received more than 60 legal delegations from 16 countries. This year more than 100 delegations are expected.

tary of the Party Central Committee, recently pointed out that social reform has historically entailed changed ways of life. He himself often wears a Western suit on public occasions.

In letters to *China Youth News*, young people often argue that spending what one earns from the work that is one's social duty is hardly hedonism.

The young today are both working hard and playing hard. They keep active after their work hours and have a much wider range of interests than their parents.

A Guangzhou Youth League survey found that 400,000 young people are studying in the city's 500 spare-time schools, and almost all work units have young employees who are studying at television or spare-time universities.

Most work units there sponsor one or two dance parties a week. Travelling, music, photography, camping and calligraphy are also popular among the young.

Following their study, the editors of *China Youth News* concluded that the young today want more out of life. In addition to being competent in their work, they strive for self-improvement and artistic expression.

Ministry Moves to Reunite Couples

In the days before Spring Festival, China's railway stations, wharves and airports are jam-packed with people on their way home for reunions. Along with students and young workers, the crowds are full of husbands and wives on their way to see one another after being separated by their jobs.

The separation of married couples is one of China's most serious social problems. Millions must live apart because their jobs

are in different parts of the country. The separation is not only heartbreaking for the couple, but also poses an economic burden to the state. The problem was ignored in the past, said Zhang Bingnan, an official of the Ministry of Labor and Personnel. But the government has in recent years begun to work on solutions to the problem.

The Cost: There are about 6 million couples living in different cities and provinces in China. One of the spouses receives one month home leave each year, usually during Spring Festival, and the government pays the regular wage to the spouse who goes on leave. The government also picks up travel expenses. It is estimated that the state pays about 2.3 billion yuan each year. "The figure is terrible for us," said Zhang.

In addition, these 6 million travelling spouses must board already congested trains and buses during the Spring Festival. They will fill an estimated 50,000 train cars and 100,000 long-distance buses, public buses or trolleys. By travelling during the peak travel period, they aggravate China's traffic problem, which is a serious social problem in itself.

An old Chinese legend tells the story of the Weaver Maid, the daughter of the Heaven Emperor. She fell in love with the Cowherd and married him. But her father was angry to learn this and separated the young couple, permitting them to reunite only once a year. People today talk of separated husbands and wives as "Cowherds" and "Weaver Maids."

For these modern "Cowherds" and "Weaver Maids," the separation means emotional and economic stress for their families.

The separation, Zhang acknowledged, is often a cause of family problems and even divorce.

Zheng Ying, a 32-year-old office worker in Beijing, recently divorced from her husband, who

lived in Shanghai. "I was worn out by the separation," said Zheng. "Before Spring Festival, I had to stand in the long queue for the train ticket. Then I had to be squeezed onto the train and buses. So much of our salaries was wasted that we could not afford a TV set or good furniture. Moreover, I could not concentrate on my job. I was obsessed with the separation and I got fed up with it."

New Efforts: Before the end of the 1970s, efforts for reunion were left to the separated spouses themselves, and only a small proportion succeeded. Only during the past few years have efforts been made by the government, said Zhang.

The primary measure taken by the government, said Zhang, is transferring one spouse to a new job. Some 200,000-300,000 separated couples were reunited each year recent times. Even more couples are to be reunited this year, he said.

Priority will be given to intellectuals, said Zhang. In Shanghai, for instance, all separated spouses who are high- or middle-ranking technicians — engineers, for example — will be reunited with their spouses within the year, according to a circular from the Shanghai Municipal Personnel Bureau.

Many industrial workers, especially those men who in mines, came from the countryside and had to leave their wives and children at home. In the past, families had difficulty moving to the city even if one spouse had worked in the city for many years. Last year the State Council decided that miners who have worked for 10 years will be allowed to bring their wives and children to the city. Now, said Zhang, the policy has spread to other occupations.

Peasants also find it easier to obtain permission to live in a city or town because grain supplies are now plentiful. "This is a bold and

flexible step. The slackening of household registration rules will pave the way for the reunion of thousands of separated couples," said Zhang.

Zhang predicts that people will have more freedom to choose where they want to live in the future, and he believes the numbers of "Cowherds" and "Weaver Maids" will gradually decline.

Macao, Mainland Benefit From Ties

A Chinese leader told visiting Macao Governor Vasco Fernando Leote de Almeida e Costa that funds and technology from Macao and Hongkong could help bring about an economically developed China by the year 2000.

"The mainland needs more funds and techniques from Hongkong and Macao just as Macao needs development," said State Councillor Ji Pengfei to the visiting governor on February 6. Vasco e Costa arrived in Beijing two days earlier for a one-week visit that stressed "friendship" and "co-operation."

Ji, also director of the State Council's Hongkong and Macao Affairs Office, told Vasco e Costa that he hopes to see more economic, trade, scientific and technical exchanges and visits.

The Chinese bid for more co-operation was readily accepted by the Macao governor, who said that the still-weak Macao economy needs greater and more diverse contacts with the mainland.

The Chinese mainland has actually maintained relatively good trade relations with Macao. Between 1955 and 1985, China's exports to Macao increased at an average annual rate of 17.7 percent. The mainland exported US\$284.6 million worth of goods to Macao in 1985, representing 28.4 percent of Macao's total imports.



Benefit Clinic to Aid African People

On February 20, doctors of Chaoyang Hospital, Tiantan Hospital and other hospitals in Beijing held a benefit outpatient clinic to support the African countries which have been plagued by drought. The doctors will contribute all fees earned that day to the African people. The picture shows doctors in Chaoyang Hospital making diagnoses.

Figures for 1984 are not yet available.

A reinforced trade relationship between the mainland and Macao is considered important to maintaining Macao's stability and prosperity. Like Hongkong, over which China will resume exercise of its sovereignty in 1997, the Portuguese administered Macao is Chinese territory.

In the eyes of Chinese officials, Macao's future can be easily negotiated. President Li Xiannian said when meeting the Macao governor, "It is not difficult to settle the Macao question through negotiations since the principles for such a settlement have already been outlined in the communique on the establishment of diplomatic relations between China and Portugal." The two countries cemented diplomatic ties in 1979.

Following the 1974 Portuguese revolution, Lisbon declared that Macao is Chinese territory under Portuguese administration. During his visit, Vasco e Costa said that he is not "worried about Macao's future." He said he will do his best to prevent any shadow from appearing over Macao and will try

to strengthen co-operation with China's mainland to promote Macao's economic development and social progress.

Mounting Garbage Threatens Cities

Chinese people have kept up the old tradition of cleaning the room and yard upon waking at dawn. But it seems that many families are merely moving their garbage instead of eliminating it. People's rooms are clean after sweeping, but the cities around them are not.

In Beijing, each one of the 6 million urban residents throws away 2 kg of garbage a day. Now there are some thousands of garbage hills, big or small, in the suburbs of Beijing. If all the garbage from the past 10 years were put together, it could form more than a dozen small mountains as large as Jingshan Hill, which overlooks the Imperial Palace in central Beijing.

In the city of Wuhan in Hubei Province, 600,000 tons of garbage are thrown away each year — 20 times the coal ash and cinder from



President Li Xiannian greets Macao Governor Vasco Fernando Leote de Almeida e Costa.

the Wuhan Iron and Steel Complex, one of the biggest steel complexes in China.

Garbage, a growing threat to the urban environment, is piling up everywhere. The average amount in Beijing, Shanghai, Tianjin and 24 other big cities has been increasing by 9.6 percent annually over the past three years.

Many cities have so far failed to find proper way to dispose of the refuse. They have simply left it piling up in the open or thrown it wherever people think they can get away with it.

In Changsha, the capital of Hunan Province, Orange Island in the Xiangjiang River, once a beautiful scenic spot, is now being called "garbage island" by the local people. Not long ago several tourists drove onto the island only to find countless piles of garbage.

When they asked an official of the subdistrict office on the island why it was not removed, he answered, "We can do nothing because the city keeps dumping here every day."

"How can you let the garbage keep piling up?" asked one tourist.

"Well," said the official, "when spring comes the river will rise and will wash away the bulk of it." But people doubt the effectiveness of this disposal by heaven.

In the past, Beijing used some of its daily garbage to fill in pits in the suburbs. Now, however, most of the pits around Beijing have been filled.

Recent improvement in the standard of living of the rural community has caused neighbouring counties to ban the dumping of garbage on farmland for fear of pollution. This leaves the city no choice but to send scouts out each day to look for more possible sites for future dumping yards.

Meanwhile, more than 20,000 garbage bins on Beijing streets are filled each day to their maximum capacity, keeping the garbage collection trucks busy.

Last month the city departments involved in the problem, including the Beijing Institute for Environmental Protection, were blasted by a newspaper for their indifference to the garbage problem. The paper suggested the authorities pay more attention to finding solutions.

Around the Globe

French CP Hailed

The CPC Central Committee February 6 sent a message to the Central Committee of the Communist Party of France, warmly congratulating the opening of its 25th congress. The message praised the French CP for its valuable pioneering efforts to establish socialism suited to French conditions and its unflagging endeavours to defend peace in Europe and the world. The CPC also sent a high-ranking delegation to attend the congress.

China Will Not Accept Two-Chinas Proposals

A Japanese news report said that some people in Taiwan have suggested that the mainland and Taiwan form a "great China confederation" as two independent countries. Under the confederation, each would have its own national flag and anthem. But a Chinese Foreign Ministry spokesman said February 6 that China will not accept any proposals that envisage "two Chinas" or "one China, one Taiwan."

American Studies Centre Set Up in Shanghai

An American studies programme was established in the Shanghai Fudan University earlier this month. The programme is aimed at promoting mutual understanding between the Chinese and American peoples. It will invite both Chinese and foreign scholars to lecture and will train a number of Chinese experts in US affairs.

United States

Reagan's Budget Proposal Attacked

President Ronald Reagan's 1986 budget proposal has come under attack for its severe domestic cuts and huge military spending increases.

by **ZHANG DEZHEN**

PRESIDENT Ronald Reagan submitted his 1986 budget proposal to the Congress February 4 and drew immediate fire from both opposition Democrats and members of his own Republican Party. The representatives criticized the president for freezing or cutting domestic programmes while proposing the largest peacetime military budget in US history.

Reagan's new budget anticipates US\$794 billion in national income and \$975.7 billion in outlays. That would result in a deficit of \$180 billion, \$42.2 billion less than the 1985 fiscal year deficit. Reagan's government spending proposal represents only a 1.5 percent increase over the 1985 budget, the lowest increase in 20 years.

Since his re-election, Reagan's number one domestic issue has been the budget deficit. If the current record deficit — \$220 billion — cannot be controlled, it will surely damage the nation's economy. In his January 21 inaugural address, Reagan said that the United States has come to "a turning point, a moment for hard decisions" in balancing the budget. The president said that his 1986 budget is the first step towards reducing the massive deficit.

While Reagan's budget proposes freezing, reducing or eliminating many domestic programmes, public cries for cuts in military spending went unheard. In fact, the president has proposed a record peace-

time military outlay, \$313.7 billion, a 5.9 percent jump from the 1985 spending level. Included in the military budget is \$5.7 billion (up from \$1.3 billion) for development of the "Star Wars" space-based nuclear defence system. Funds for other military satellite and anti-satellite weapons are also increased. The United Press news agency noted that the proposed military budget means an outlay of \$800 million every day. Domestic expenditures in the budget are reduced more than \$38.8 billion. Except for a few social insurance programmes, spending for agriculture, energy, housing, health, education and transportation will either be frozen, cut or totally eliminated.

Reagan's budget proposal has drawn a strong response at home. Many congressmen have severely criticized it, and some have stated that the military budget must be cut by \$10 billion before it wins congressional approval. Senate Democratic leader Robert Byrd flatly declared Reagan's budget "unacceptable." House Speaker Thomas P. O'Neill criticized Reagan for shifting the pains of budget cutting onto the middle class. William H. Gray, chairman of the House Appropriations Committee, called Reagan's budget a proposal of a failure and said it is bad news to the American people. Some congressmen strongly demanded tax increases to help reduce the budget deficit.

It is worthy to note that the Reagan administration faces grow-

ing resistance in Congress. Not only has the Democrat-controlled House of Representatives taken stands against Reagan's proposals, but the Republican-majority Senate has also shown signs of mutiny. One-third of the senators face re-election in 1986, and they will be careful not to alienate the voters for the sake of Republican solidarity. A sharp debate over the budget is expected both between the White House and the Congress and within the Congress itself. And it seems unlikely that Reagan's budget will pass in its present form.

The US budget deficit will have some impact on the economic recovery and the monetary stability of the West European countries, so Reagan's budget is being closely watched in Europe. The international monetary market had mixed reactions towards the budget. Currency traders in Europe called Reagan's budget unrealistic and predicted that its failure will ensure a continuing large deficit. And the deficit will spark higher interest rates, which will damage the West European economy.

Under pressure to reduce military expenditures and to increase taxes, Reagan must make some concessions, but he has little room to manoeuvre.

For one thing, just as a United Press report pointed out, the growth of US military spending has formed a trend which the Congress cannot prevent. The Reagan administration has pursued a programme of developing modern strategic forces, with great emphasis placed on the strategic defence initiative, or "Star Wars," plan, and the research and manufacture of space weapons. Such a programme requires huge research and development budgets. The Reagan administration has no

way to back down and cannot significantly alter the budget, otherwise it will lose its military strategy.

In addition, Reagan has pinned his hopes on the belief that economic growth will automatically eliminate the deficit. As a result, he has refused to raise taxes. To help spur more economic growth, the US Treasury Department has proposed tax reform measures to simplify taxes, cut the tax rate, and promote savings and investment.

Western Europe

Latin American Ties Strengthened

The past year witnessed more frequent contacts between the European Community and Latin America, a sign that Western Europe is showing greater interest in this area.

by XIAO FANGQIONG and XUE HONG

WESTERN Europe has begun to play a more active role in solving Latin America's political problems.

Last September the foreign ministers of 21 West European and Latin American countries met in San Jose, Costa Rica, to discuss political, economic and cultural co-operation between the European Community (EC) and Central America. The meeting brought together representatives of the 10 EC members, along with prospective EC members — Spain and Portugal, the four member nations of the Contadora Group — Mexico, Colombia, Panama and Venezuela and five Central American countries. The West European countries pledged their support for the Contadora Group's efforts to resolve Central American problems. They made it clear that they oppose the introduction of East-West conflicts in Central America and called on all parties to renounce the use of force and instead

It is hard to say whether Congress will adopt the tax reform, as government tax revenues have increased without such a programme. What role this plays in promoting economic growth and reducing the budget deficit is a question mark after all.

In a word, Reagan's budget may look good on paper but will be hard to be fulfilled. It, like the president's guarantee to balance the budget four years ago, is more fantasy than reality.

seek a peaceful settlement. Governments all over Latin America have welcomed the European presence as a factor likely to help the region's balance of force.

The EC has a constructive attitude towards the critical foreign debt crisis facing most Latin American countries. It believes that the problem can be resolved by international efforts and through co-operation between industrialized and developing countries. West European representatives have urged creditor nations to be flexible and to make concessions. They have also pushed for an early meeting to discuss prolonging the debt repayment schedules. Reasonable demands made by Latin American debtor nations have received careful consideration in some EC countries.

The past year also saw many visits between government leaders of the two continents. They included the visits to Latin America by West German Chancellor Helmut Kohl, former French External Relations Minister Claude Cheysson, EC Commission President

Gaston Thorn and former West German Chancellor Willy Brandt, new chairman of the Socialist International. Among those Latin American government leaders who travelled to Western Europe were Argentine President Raul Alfonsin, Costa Rican President Luis Alberto Monge, Salvadoran President Jose Napoleon Duarte and Brazil's President-elect Tancredo Neves.

In addition, Western Europe has expressed a willingness to play "a very positive role" in Central America's economic development. The European Community boosted its annual aid to Latin America to US\$100 million in 1984 while the total over the previous eight years was only a bit more than US\$400 million. Under a co-operative agreement signed with the Andean Pact Organization (APO) in 1983, the EC financed construction projects and furnished export credits to APO members.

Mutual interests and needs have turned Europe and Latin America into close trading partners since the 1970s. But a rift occurred in 1982 when the EC sided with Britain in its war against Argentina over the Malvinas islands. The EC, in fact, supported the United States to impose military and economic sanctions against Argentina. The Latin American countries retaliated by suspending the normal annual meetings with the EC. Their chilled relations thawed quickly in 1983 when Western Europe made a hasty return to the Latin America market, which the EC regards as a prime supplier of raw materials and a good export customer.

1985 started on a positive step, as the West European nations continued attempts to further relations with Latin America. In a message to the Contadora Group, the EC renewed its support for Contadoran efforts to bring peace to the region and reaffirmed its respect for the spirit of the 21-nation foreign ministers' meeting in 1984. Looking

ahead, relations between the two continents are likely to continue to expand, but such expansion will be constrained by Western Europe's limited economic power,

differing views on Latin American affairs among EC members and the European alliance with the United States, which they cannot overlook.

Cyprus

A Failed Attempt, a Step Forward

Though talks between Greek and Turkish Cypriots failed to produce an agreement, the two sides seem to be closer than they have been for 20 years.

by ZHU MENGKUI

THOUGH both Cypriot President Spyros Kyprianou and Turkish Cypriot leader Rauf Denkash conceded that no reunification agreement had resulted from their January 17-20 New York meeting, they asked reporters not to describe their meeting as a "failure."

United Nations Secretary-General Javier Perez de Cuellar, who chaired the talks, said the gap between the two sides in divided Cyprus has never been "so narrow." He also indicated that he will remain in touch with both sides "with a view to their meeting again at a joint high-level meeting, if possible before February."

The UN secretary-general last year proposed the establishment of a Greek-Turkish Cypriot federal republic, and from September to November he conducted three rounds of talks with the leaders of the two communities. Those talks led to the high-level meeting in New York. Prior to last month's meeting, representatives of the Greek Cypriots, Turkish Cypriots and the United Nations held secret talks in Geneva and drew up a draft proposal for the establishment of a federal republic. During the Geneva sessions representatives of the two communities agreed in principle to establish a federal republic to settle their disputes. According to the draft, the Turkish Cypriots, who number some

150,000 of the country's 650,000 people, would control 29 percent (they now have 37 percent) of the territory and would have the same number of representatives in the upper house as the Greeks. But in the lower house and in the cabinet the Greeks would have 70 percent of the seats. The draft calls for the president to be Greek and the vice-president to be Turkish.

Many problems need to be resolved before a republic can be established. The Turkish Cypriots insist that Turkish troops, stationed in the country since 1974, remain until after the republic is set up, but Greek Cypriots demand an early withdrawal. The Turkish Cypriots favour a Turkish guarantee while the Greeks prefer an international guarantee. The Turks are demanding veto power, whereas the Greeks think such power would hamper the government's ability to function.

Settling the issues will require time, but they can be resolved as

long as the two communities consider the interests of the whole and are willing to make compromises.

Just before Cyprus became independent in 1960, the government reached an agreement with Britain, Greece and Turkey. British sovereignty over two military bases was retained, and Greece, Turkey and Britain guaranteed the independence, integrity and security of the country under a guarantee treaty and an alliance treaty. The constitution created parallel administrative and judicial organizations to be run by Greek and Turkish Cypriots due to their sharp differences. Conflicts intensified so much that the Turks refused to participate in the government organization after 1963 and the government fell to the Greeks.

Turkish troops occupied the northern 40 percent of the country in the name of fulfilling the duty of a guarantee country after the Archbishop Makarios government was overthrown by the Greek military regime in July 1974. An agreement on releasing prisoners from the conflict was reached with the help of UN mediation. A firm division between the two communities came about as northern Greeks moved south and southern Turks settled in the north. In February 1975 the Turkish Cypriots declared the establishment of the Turkish Federated State of Cyprus, with Denktash as president, and in November 1983 they set up the Republic of North Cyprus.

FAO

World Grain Harvest Improves

With most regions reporting good grain harvests last year, the world food situation brightens.

by LI SHIHUA

ARICH world grain harvest was gathered in 1984, which was especially welcomed in light of the

disappointing 1983 grain crop.

Every region of the world, with the exception of Africa and the Soviet Union, increased its output, some reaching record levels. Ac-

According to a report from the Food and Agriculture Organization (FAO) of the United Nations, it is estimated that the world grain output in 1984 reached 1.785 million tons, an increase of 8.8 percent over 1983. The harvest has left grain stocks at 290 million tons, accounting for 18 percent of the world's annual grain consumption (a little bit higher than the "safety co-efficient"). Still, a great imbalance exists in the development of world grain production. The situation in many poor and hungry countries, especially in Africa, has worsened. About 800 million people are now suffering from famine and malnutrition.

The 1984 grain situation is characterized by the following:

First, grain output in the major exporting countries grew by a big margin.

When the 1983 grain output decreased 100 million tons, the US government encouraged more grain planting and abrogated its policy of payment in kind. As a result, grain output grew rapidly in just one year. Grain output in the European Economic Community (EEC) countries, thanks to favourable weather and the implementation of agricultural subsidies, reached 132 million tons in 1984, an increase of 7 percent over 1983. Australia, the third largest wheat-exporting country in the world, doubled its grain output in 1984. The grain output of Argentina was more than 40 million tons, near the record level. Food production in these countries is important in increasing the world grain output and in ensuring a normal supply of food to the world market.

Second, some developing countries, which have large populations and have previously depended on grain imports from other countries, realized or came close to realizing self-sufficiency in grain. China is the largest of such na-

tions. Its total 1984 grain output was more than 400 million tons, surpassing the present per-capita grain output in the world, 370 kg. India's grain output increased 10 percent over 1983, climbing to 150 million tons. Brazil, with the help of modern agriculture measures, became the second largest soybean exporter in the world.

The so-called grain problem is, in fact, a problem of the developing countries. The population of the developing countries accounts for 90 percent of the world total. It is significant that China, India and Brazil, whose combined populations account for 39 percent of the world, are achieving self-sufficiency in grain and even producing a surplus to export.

Third, East European countries had good harvests in 1984. Some of them not only avoided having to import grain, but were actually able to sell their surplus to other countries. In fact, due to the slow and steady population growth in these countries, their per-capita output of grain has reached the highest level in the world.

Romania and Bulgaria, for example, now produce one ton of grain per capita, a level few countries have reached. The 1984 grain output in the German Democratic Republic, Poland and Czechoslovakia also reached record highs.

Fourth, after five successive years of poor harvests, the Soviet Union saw its grain output decline again in 1984. Its estimated output is 170 million tons, far from the 210-245 million tons called for in the 1984 plan. According to some experts, the Soviets must import 50 million tons of grain in 1985 to meet their domestic demand. Thus the Soviet Union will be the biggest grain importer in the world. But heavy Soviet purchases will cause no major international market price fluctuation because of

the strength of the international grain market at present.

Grain output in the most underdeveloped countries generally declined in 1984. Unprecedented famine struck Africa in 1984, which has suffered from a series of natural disasters. These African countries will need to import 105 million tons of grain during the 1984 trade year.

Africa is the only region where per-capita grain output has dropped. It fell primarily because Africa's population is growing too fast (its annual growth rate is 3 percent). Africa's per-capita grain output was 123 kg in 1983, but in 1984 some African countries, especially those in the eastern and southern regions, suffered serious reductions in output as the drought and famine took hold. Thus, the present famine will continue in 1985.

The key factor in world grain production in the future will be the intense competition on the international market between the major grain-exporting countries. A glut of grain will continue, but the market is such that those underdeveloped countries cannot afford to buy life-saving grain. So the so-called "grain surplus" is a sham.

The United States, the EEC and Australia — the three biggest wheat exporters — all had good harvests in 1984 and competition between them will be intensified. The purchasing power of the grain-hungry countries has weakened, which will discourage further grain production in exporting countries.

The famine in Africa cannot be solved in the near future, so it will become the focus of the international grain problem. And it will have far-reaching effects upon the development of world agriculture. Its future will be followed with interest by the world in the coming year.

What Deng Says (IV)

Open Policy Will Not Change

IN my recent interviews, several foreigners asked if we had anything in mind when we said we would not change Hongkong for 50 years. I answered we had. That is: we will set a new target after quadrupling the GNP by the end of the century, namely, to approach the level of the economically developed countries within another 50 to 50 years.

Why are we thinking in terms of 50 years beyond 1997? Why do we say that opening China to the outside world and absorbing foreign investment are long-term policies which, as far as Hongkong is concerned, will remain unchanged for at least 60 or 70 years from now? Because we want to quadruple our GNP and, once we've done that, aim for a new target, which cannot be attained without an open policy.

We can easily illustrate this point by considering just one aspect. Our foreign trade volume is now at \$40 billion, right? Can we quadruple production from such a meagre base if we pursue a closed-door policy? This aspect alone suffices to drive the point home.

As simple as that. Of course we can cite many other aspects too. What will we do with our products when our GNP reaches \$1,000 billion? Will we sell them all in the domestic market? Shall we produce all we need? We will import what we need and export our products, won't we? If we don't open up to the outside world, it will be difficult to quad-

This is an abridged translation of Deng Xiaoping's speech at the Third Plenary Session of the Central Advisory Commission on October 22, 1984. The heading is ours.

ruple production and even more difficult to make progress after that.

Foreigners worry that we may change our policy of opening to the outside world. I have said it will not change. I have told them that our first target covers the period between now and the end of the century and that we have a second target to achieve within 30 to 50 years, or, maybe longer, say, 50 years, in which this policy will not be abandoned. Isolation would prevent any country's development.

We suffered from this and so did our forefathers. However, it was probably a case of an open policy after a fashion when Zheng He was sent on voyages in the western oceans by the Ming Emperor Zhu Di (who reigned from 1403 to 1425). The Ming Dynasty entered a decline with the death of Emperor Zhu Di and China was subjected to foreign aggression. During the reign of Kang Xi (1662-1722) and that of Qian Long (1735-96) in the Qing Dynasty, there was no open policy to speak of. Isolation lasted more than 300 years, from the middle of the Ming Dynasty (1368-1644) to the Opium War (1840). Counting from the reign of Kang Xi, it was almost 200 years. As a result, China fell into poverty and ignorance.

After the founding of the People's Republic, we did open our country to the outside world during the First Five-Year Plan period, but only to the Soviet Union and East European countries. Later we closed our doors and economic development slowed down. Of course there were other

reasons; for instance, we made mistakes.

We must open ourselves to the outside world. It will not hurt us. Our comrades are always worried that undesirable things might ensue. Above all, they worry whether the country might go capitalist. I'm afraid some of our veteran comrades do harbour such misgivings. Since they have devoted their lives to socialism and communism, the spectre of capitalism horrifies them. Hence their misgivings. But such a thing will not happen. However, there will be some negative effects. We must be alive to them, although they are not difficult to overcome.

If we practise isolationism and close our doors again, it will be absolutely impossible for us to approach the level of the developed countries in 50 years. When our per-capita GNP reaches several thousand dollars, no new bourgeoisie will emerge because such essential things as the means of production will still be state- or publicly owned. And as the country prospers and the people's material and cultural life improves and continues to do so, what's bad about that?

However much we open up in the next 16 years before the end of the century, the publicly owned economy will remain predominant. Even in a joint venture with foreigners, half is socialist-owned. And we will take more than half of the actual earnings from the joint ventures. So, don't be afraid. It is the country and the people who will benefit most by them, not the capitalists. Negative effects are inevitable but we can deal with them. □

Why Relax Agricultural Price Controls?

The following is an abridged translation of an article by the Chinese premier, which originally appeared in "Hongqi" (Red Flag) issue No. 3, 1985 under the title "Relax Control Over Farm Produce Prices and Promote the Restructuring of the Rural Economy." Subheads are ours. — Ed.

by ZHAO ZIYANG

GENERALLY speaking, agricultural production is now going well. Harvests of grain, cotton and other crops have been increasing for several years in a row and the peasants' income has been rising steadily. A new situation of prosperity has emerged in rural areas around the country.

However, many new problems and conflicts have also arisen. One example is that because of the bumper harvests the peasants now find it difficult to sell their grain and cotton to the state, while the production of some other agricultural and sideline goods has developed slowly and fails to meet the social demands. This shows that the structure of agricultural production is not yet well proportioned, the relations between the various sectors of agriculture are not well co-ordinated, and agricultural production still does not meet the needs of society.

Co-ordination Needed

In the last few years grain and cotton production has developed quickly. It is estimated that China's total grain output in 1984 reached 400 million tons and the output of cotton, 5.5 million tons. Of course, it is not that the quantities are too large, but that they are more than the state and society need at the moment, with our present low levels of consumption.

We did not foresee this situation because we lacked sufficient understanding of agricultural restructuring, the way to co-ordinate development between the various sec-

tors of agriculture and the need for a gradual shift of emphasis from quantity to quality in agricultural production. We thus failed to keep abreast of the developments.

The appearance of this situation is largely related to our agricultural planning system. In the past when commodities were scarce the state monopoly of purchase and marketing played a certain positive role. Because of this monopoly, the state bought whatever the peasants produced, regardless of their production quantity. There was no need for the peasants to arrange production according to market demand. This made it very difficult to draw up accurate plans for production and purchasing which reflected market demand in a comprehensive and timely way.

Commodity Development

Now agricultural development has entered a new stage of commodity production, making it necessary to readjust the agricultural structure to suit the needs of the commodity economy. It is imperative for us to readjust and co-ordinate the proportion of grain crops to cash crops, the varieties of grain and cash crops and the relationship between agriculture, animal husbandry, forestry and fishing.

I made my views known during an investigation tour of the Zhujiang (Pearl) and Changjiang (Yangtze) Deltas. I stressed that people in the two deltas should aim to enter the international market and change the agricultural structure according to the needs of the

export trade. Not only should the coastal areas readjust their agricultural structure, but all of China's rural areas should accomplish the task in line with need, market demand and their specific conditions.

As long as agricultural production takes place according to the principles of a commodity economy, it will naturally give rise to various divisions of labour. The Zhujiang and Changjiang Deltas are good examples. In the past people there merely pursued high outputs to meet the quotas fixed by higher authorities. They were not concerned about product quality or sales.

Answering the Market

Now the situation has changed. People are not willing to grow grains. The authorities in Foshan have proposed abolishing the state monopoly of purchase and marketing. According to their proposal, the peasants will pay "token money" instead of handing grain over to the state. They may use their land to grow sugarcane, flowers, vegetables, bananas and other fruits and to raise fish, in order to earn more money. China's coastal areas have bright prospects for developing the food industry. They can produce whatever the markets in Hongkong and Macao and the rest of the world require. In general, they can gear production completely to the demands of the international market.

What happened in Guangdong and southern Jiangsu would not appear in Jiangxi, Hunan and other inland provinces, where grain production is their strong point. There are also some places best suited to forestry and animal husbandry. They can develop these special lines of production. It is not necessary for them to be self-sufficient in grain, still less neces-

ary for them to turn themselves into commodity grain centres.

The coastal, inland, mountainous and hilly areas should stress their strong points and make up for each other's deficiencies through mutual exchange, in order to achieve co-ordinated development.

Changes in Labour Force

With the changes in the rural economic structure, a change is bound to take place in the structure of the rural labour force. In Guangdong and southern Jiangsu, where the commodity economy is developed, 60-80 percent of the labour force has switched to working in industrial and sideline production or the service trades. In the inland areas, this process is much slower. To change the agricultural structure, it is necessary to acquire information, improve technology, increase accumulation of funds and train personnel. This involves a development process. We should make every effort to quicken the process.

Ripe for Change

For many years we have tried to rationalize the structure of agricultural production, but our efforts have been hampered by the shortage of grain. Now the amount of grain has multiplied, the various quarters have made increasing demands on agricultural production, and the market is expanding day by day. All this provides us with an ideal opportunity to put agricultural production onto a new course. As long as we make the best use of this situation and work conscientiously, great achievements can be made in just a few years.

In readjusting the agricultural structure and co-ordinating development, the most important thing for us to do is to act according to the law of value, to expand the scope of market regulation, to gradually loosen controls over prices and to let the peasants carry

out production in line with the needs of the market. Now that more is being produced, a relative surplus of grain and cotton has appeared for the time being. This prepares the necessary conditions for us to adopt a flexible price policy. In this respect, we can begin from the countryside to expand the scope of market regulation and adopt floating market prices. Controls over the prices of agricultural and sideline prod-

With the loosening of controls over the prices of pork, vegetables and other perishable products, rationed urban supplies of essentials like grain, edible oil and pork will continue to be available at government prices.

ucts, and especially pork and vegetables and other perishable commodities, should be relaxed step by step. The restrictions on the prices of grain and cotton can also gradually be lifted.

China's economic restructuring began in the countryside with the introduction of the contract responsibility system which links remuneration with output to resolve the problem of "everyone eating from the same big pot." This basic system was then introduced in industry and in the cities. This time price reform will again begin with agricultural and sideline products. The reforms will add new vitality to the rural economy and make it more lively.

Price reform is a problem which no socialist country has yet properly resolved. A successful solution of the problem will therefore be of great significance. Of course, loosening controls over the prices does not mean that the state

gives up its role in market regulation. The state will continue to purchase the greater part of grain, cotton and other staple products at preferential prices. For instance, the state will purchase 75 million to 80 million tons of grain every year; 30 percent of which are bought at the unified purchase price and 70 percent at the subsidized above-quota purchase price. The grain above that quota will be purchased by the state at market prices, which fluctuate freely. But if the market price goes below the unified state purchase price, the state will buy whatever amount of grain is available at the unified purchase price. That is what is called a protective price. In this way, the peasants will have "double insurance."

The state's participation in market regulation helps promote the circulation of commodities, stabilize prices and avoid wide price fluctuations caused by blind market regulation. It protects the interests of both the producers and the consumers.

After the control over the price of grain is relaxed, the price will rise or fall in different places according to differences in variety and quality. For instance, the price of high-quality rice will probably rise and that of poor-quality rice will fall. The price in grain-producing areas will come down while the price in the grain-deficient areas will rise. The general trend will probably be downward. When the restrictions on the prices of pork, vegetables and aquatic products are gradually relaxed, their prices may go up for a period of time, as happened in Guangdong. However, as the quantity of goods increases, the price will gradually come down and stabilize.

In order to ensure supplies in the cities, the rationed quota of daily necessities such as grain, edible oil and pork will be supplied at government prices.

Any Danger?

Will there be any danger after price control is relaxed? Will it affect the enthusiasm of the peasants? Loosening controls over the prices of pork, vegetables and other perishable goods will certainly benefit the peasants and greatly enhance their enthusiasm. What the people are worried about is grain. In my view, the influence will be minimal. This is because the state has already purchased 75 million to 80 million tons of grain at preferential prices. This constitutes the bulk of all commodity grain. Moreover, this policy of state purchases will remain unchanged for a long time to come.

The remaining few million tons of grain, only a small part, will be regulated by the market. The price can fluctuate according to market demand. In this way, peasants in those areas which grow more grain will not worry about the sales of their products or any reduction in their incomes, and those areas which reduce their grain-growing acreage can turn to growing other cash crops to increase incomes. The amount of grain purchased by the state at preferential prices will not change. But the amounts for different areas may be increased or decreased. It is therefore necessary to draw up an early plan to facilitate timely arrangements. The various provinces and autonomous regions can also sign economic contracts for grain supplies. In this way, each can make use of its advantages, change the structure of agricultural production, reapportion crop varieties, improve the quality of agricultural products, invigorate the rural economy and enable the peasants to prosper as quickly as possible. This is beneficial both to the state and to the peasants.

Restructuring Production

Of course, the state will do its utmost to promote the restructuring of agricultural production.

Some arrangements have been made in the state plan for 1985. However, concerted efforts are needed to properly and reasonably readjust the agricultural structure and so to usher in a vigorous development of the commodity economy in the rural areas. It will not do for the state to provide funds for everything. Helping the countryside is not just a financial problem. In the final analysis, there is also the problem of money supply. Because this has a bearing on the overall state of the national economy, it needs to be thoroughly examined.

Varying Conditions

In addition, conditions vary from place to place, making it necessary to adopt different measures. For instance, in southern Jiangsu and the Zhujiang Delta, every kilogramme of grain produced needs 0.1 yuan in state subsidies. These two areas can adapt to quick change. As long as the restrictions are lifted, the peasants will quickly switch to growing other crops. The reduction in their state grain purchasing quotas can be made up in Hunan, Anhui, Jiangxi and other places, which are much better suited to growing grain.

Some mountainous and hilly areas are not suitable for growing grain. They should return to planting trees and grass to develop forestry and animal husbandry. But a period of time is needed before these become profitable, and during this period the people need money to buy grain supplied to them by other regions. There must be a way to resolve this problem. Apart from the grain and goods which the state has already decided to supply to encourage the local people to build roads and increase their incomes, the state has again decided to loan 10 million to 15 million tons of grain to people in the mountainous areas to support them for two or three

years. The people may return the grain when they have more money. This solution will help the people in the mountainous areas to overcome the difficulties in restructuring their agricultural production while keeping a lid on the amount of loans necessary. At the same time, it can help empty the grain storehouses and urge those areas where cultivating grain is not suitable to give it up and grow other crops, thus bringing about a benign economic circle.

Pork vs. Grain

The problem is most serious in the three northeastern provinces, which grow more maize. For a long time, maize grown in northeast China has been shipped to regions south of the Shanhaiguan Pass and pork produced south of the pass has been shipped to the northeast, thus creating a strain on transportation facilities. After price controls on grain and pork are loosened, the price of pork will go up in the northeast. When the peasants find that raising pigs is more profitable than growing grain, they will raise more pigs. In two or three years, when there are more pigs, the price of pork will come down and the price ratio between grain and pork will be reasonable. In the rural areas in northeast China natural conditions are good for developing animal husbandry. Great efforts should be made to raise pigs, sheep and cattle so that the whole area can become self-sufficient in its meat supply.

Enlivening Agriculture

The development of agriculture in China has created an urgent need to gradually loosen price controls for agricultural and sideline products and to promote the restructuring of farm production. Many new situations have arisen, and we must analyse them one by one.

(Continued on p. 29.)

Regulations on Implementing the Patent Law Of the People's Republic of China

Approved by the State Council and Promulgated by the Patent Office
Of the People's Republic of China on January 19, 1985

Chapter I

GENERAL PROVISIONS

Rule 1. These Implementing Regulations are drawn up in compliance with the provisions of Article 68 of the Patent Law of the People's Republic of China (hereinafter referred to as "the Patent Law").

Rule 2. "Invention" in the Patent Law means any new technical solution relating to a product, a process or improvement thereof.

"Utility model" in the Patent Law means any new technical solution relating to the shape, the structure, or their combination, of a product, which is fit for practical use.

"Design" in the Patent Law means any new design of the shape, pattern, color, or their combination, of a product, which creates an aesthetic feeling and is fit for industrial application.

Rule 3. Any proceedings provided for by the Patent Law and these Implementing Regulations shall be conducted in a written form.

Rule 4. Any document submitted under the Patent Law and these Implementing Regulations shall be in Chinese. The standard scientific and technical terms shall be used if there is a prescribed one set forth by the State. Where no generally accepted translation in Chinese can be found for a foreign name or scientific or technical term, the one in the original language shall be also indicated.

Where any certificate or certified document which is submitted in accordance with the Patent Law or these Implementing Regulations is in a foreign language, the Patent Office may request a Chinese translation to be also submitted within a specified time limit.

Rule 5. For any document sent by mail by the Patent Office to the addressee residing in any of the municipalities under the people's governments of provinces or autonomous regions, or above, the 8th day from the date of mailing, or to the addressee residing in any of the other places in China, the 16th day from the date of mailing, shall be presumed to be the receiving date.

For any document sent to the Patent Office by the applicant by mail in China, the date of mailing indicated by the postmark shall be the date of filing. If the date of mailing indicated by the postmark on the envelope is not readable, the date on which the Patent Office receives the document shall be presumed to be the date of filing, except where the date of mailing is proved by the applicant.

Rule 6. The first day of any time limit prescribed in the Patent Law or these Implementing Regulations shall not be counted. Where a time limit is counted by year or by month, it shall expire on the corresponding day of the last month; if there is no corresponding day in that month, the time limit shall expire on the last day of that month.

If a time limit expires on an official holiday, the time limit shall expire on the first working day after that official holiday.

Rule 7. Where a time limit prescribed in the Patent Law or these Implementing Regulations or specified by the Patent Office is not met because of *force majeure* or any other justified reason, the applicant, the patentee or any other interested party may, within one month from the day on which the impediment is removed, state the reasons and request for an extension of the time-limit, with the exception of the time limits prescribed in Article 24, Article 29, the first sentence of Article 41, Article 45 and Article 61 of the Patent Law.

Before the expiration of any time limit speci-

fied by the Patent Office, an applicant who, on the basis of a justified reason, wishes to have the time limit extended may make a request, accompanied with relevant proof, to the Patent Office.

Rule 8. Where the invention-creation for which a patent is applied for by the entity of the national defense system relates to the security of the State and is required to be kept secret, the application for patent shall be filed with the patent organization set up by the competent department of science and technology of national defense. The Patent Office shall make a decision on the basis of the observations on the examination of the application presented by the said patent organization.

Rule 9. Subject to the preceding Rule, the Patent Office, after receiving an application for patent which is required to be examined for the purpose of security, shall send it to the competent department concerned of the State Council for examination. The said department shall, within four months from the receipt of the application, send a report on the results of the examination to the Patent Office. Where the invention-creation for which a patent is applied for is required to be kept secret, the Patent Office shall handle it as a secret application for patent and notify the applicant accordingly.

Rule 10. "Service invention-creation, made by a person in execution of the tasks of the entity to which he belongs" in Article 6 of the Patent Law refers to any invention-creation made:

- (1) in the course of performing his own duty;
- (2) in the execution of any task, other than his own duty, which was entrusted to him by the entity to which he belongs;
- (3) within one year from his resignation, retirement or change of work, where the invention-creation relates to his own duty or the other task entrusted to him by the entity to which he previously belonged.

"Material means of the entity" in Article 6 of Patent Law refers to the entity's money, equipment, spare parts, raw materials, or technical data which are not to be disclosed to the public.

Rule 11. "Inventor" or "creator" in the Patent Law refers to any person who has made creative contribution to the substantive features of the invention-creation. Any person who, during the course of accomplishing the invention-creation, is responsible only for organization work, or who offers facilities for making use of material means, or who takes part in other auxiliary functions, shall not be considered as inventor or creator.

Rule 12. Two or more applicants who file, on the same day, applications for patent for the identical invention-creation, as provided for in Article 9 of the Patent Law, shall, after receiving a notification from the Patent Office, hold consultation among themselves to decide the person or persons who shall be entitled to file the application.

Rule 13. The patentee who has concluded any license contract for exploitation of the patent with an entity or individual shall, within three months from the entry into force of the contract, submit the contract to the Patent Office for record.

Rule 14. "The patent agency" in Article 19, paragraph 1, and Article 20, of the Patent Law refers to the China Council for the Promotion of International Trade, the Shanghai Patent Agency, the China Patent Agent Ltd, and other patent agencies designated by the State Council.

Rule 15. Any applicant who appoints a patent agency for filing an application for a patent with, or for dealing with other patent matters before, the Patent Office, shall submit a power of attorney indicating the scope of the power entrusted.

Chapter II

APPLICATION FOR PATENT

Rule 16. Anyone who applies for a patent shall submit application documents in duplicate.

Rule 17. "Other related matters" in Article 26, paragraph 2, of the Patent Law refer to:

- (1) the nationality of the applicant;
- (2) where the applicant is an enterprise or other organization, the name of the country in which the applicant has the principal business office;
- (3) where the applicant has appointed a patent agency, the name and address of the patent agency and the name of the patent agent;
- (4) where the applicant is an entity, the name of its representative;
- (5) where the priority of an earlier application is claimed, the relevant matters which should be indicated;
- (6) the signature or the seal of the applicant;
- (7) a list of the documents constituting the application;
- (8) a list of the documents appending the application.

Where there are two or more applicants and where they have not appointed a patent agency, they shall designate a common representative; if no common representative is designated, the applicant first named in the request shall be considered as the common representative.

Where an application for a patent for design is filed, the request shall, when necessary, also contain a brief description of the design.

Rule 18. Except where the nature of the invention or utility model calls for a different type and order of presentation, the description of an application for a patent for invention or utility model shall, in the following order:

(1) state the title of the invention or utility model as appearing in the request;

(2) specify the technical field to which the invention or utility model relates;

(3) indicate the prior art which, as far as known to the applicant, can be regarded as useful for the understanding, searching and examination of the invention or utility model, and cite the documents reflecting such art;

(4) specify the task which the invention or utility model is designed to fulfil;

(5) disclose the invention or utility model in a manner sufficiently clear and complete so as to enable a person having ordinary skill in the art to carry it out;

(6) state the merits or effective results of the invention or utility model as compared with the prior art;

(7) briefly describe the figures in the drawings, if any;

(8) describe in detail the best model contemplated by the applicant for carrying out the invention or utility model, with reference to the drawings, if any.

The description of the invention or utility model may contain chemical or mathematical formulae but no commercial advertising.

Rule 19. The same sheet of drawings may contain several figures of the invention or utility model. The figures shall be numbered consecutively in Arabic numerals and arranged in numerical order.

The scale and the distinctness of the drawings shall be such that a reproduction with a linear reduction in size to two-thirds would still enable all details to be clearly distinguished.

Reference signs used in the drawings of an application shall be consistent throughout. Reference signs not appearing in the description of the invention or utility model shall not appear in the drawings.

The drawings shall not contain any other explanatory notes, except words which are indispensable.

Rule 20. The claims shall define clearly and concisely the matter for which protection is sought in terms of the technical features of the invention or utility model.

If there are several claims, they shall be numbered consecutively in Arabic numerals.

The technical terminology used in the claims shall be consistent with that used in the description. The claims may contain chemical or mathematical formulae but no drawings. They shall not, except where absolutely necessary, contain such references to the description or drawings as "as described in part . . . of the description," or "as illustrated in figure . . . of the drawings."

Rule 21. Claims may be independent or dependent.

An independent claim shall outline the essential technical contents of an invention or utility model and describe the indispensable technical features constituting the invention or utility model.

A dependent claim relying on the reference to one or more other claims shall refer only to the preceding claim or claims.

Rule 22. Except where the nature of the invention or utility model calls for other forms of expression, an independent claim shall be presented in the following form:

(1) a preamble portion, indicating the technical field to which the invention or utility model pertains and the technical features of the prior art which relate closely to the subject matter of the invention or utility model;

(2) a characterizing portion, stating, in such words as "the invention (or utility model) is characterized in that . . ." or in similarly concise expressions, the technical features of the invention or utility model, which, in combination with the features stated in the preamble portion, it is desired to protect.

Each invention or utility model shall have only one independent claim, which shall precede all the dependent claims relating to the same invention or utility model.

Rule 23. Except where the nature of the invention or utility model calls for other forms of expression, a dependent claim shall be presented in the following form:

(1) a reference portion, indicating the serial number(s) of the claim(s) referred to. Where possible, the reference to the serial number shall be placed at the beginning of the claim(s);

(2) a characterizing portion, which, by stating the additional technical features of the invention or utility model, further defines the technical features cited in the reference portion.

Dependent claims referring to more than two other claims shall not serve as basis for any other multiple dependent claims.

Rule 24. The abstract shall indicate the technical field to which the invention or utility model pertains, the technical problems to be solved, the essential technical features and the use or uses of the invention or utility model. The abstract may, where applicable, contain the chemical formula or the figure which best characterizes the invention or utility model. The whole text of the abstract shall contain preferably not more than 200 words.

Rule 25. Where an application for a patent for invention concerns a micro-biological process or a product thereof and involves the use of a micro-organism which is not available to the public, the applicant shall, in addition to the other requirements provided for in the Patent Law and these Implementing Regulations,

(1) deposit a sample of the micro-organism with a depositary institution designated by the Patent Office before the date of filing, or, at the latest, on the date of filing;

(2) give in the application document relevant information of the characteristics of the micro-organism;

(3) indicate in the request the scientific name (with its Latin name) and the name of the depositary institution, the date on which the sample of the micro-organism was deposited and the file number of the deposit, and submit a receipt of deposit from that institution.

Rule 26. After the publication of an application for a patent for invention relating to a micro-organism, any entity or individual which or who intends to make use of the micro-organism mentioned in the application for the purpose of experiment shall make a request to the Patent Office containing the following:

(1) the name and address of the entity or individual making the request;

(2) an undertaking by the entity or individual making the request not to make the micro-organism available to any other person;

(3) an undertaking to use the micro-organism for experimental purpose only before the grant of the patent right.

Rule 27. The size of drawings or photographs of a design submitted in accordance with the provisions of Article 27 of the Patent Law shall not be smaller than 3cm×8cm, nor larger than 19cm×27cm.

The applicant may submit for each design one or more drawings or photographs of different angles, sides or positions so as to clearly show the object for which protection is sought. The applicant shall indicate on each drawing or photograph the angle, side or position, and mark on the top left and right of the back of drawing or photograph its consecutive number and the name of the applicant.

Rule 28. Where an application for a patent for design seeking protection of colors is filed, a drawing or photograph in color, and a drawing or photograph in white and black, shall be submitted, and a statement of the colors for which protection is sought shall be made on the drawing or photograph in white and black.

Rule 29. Where the Patent Office finds it necessary, it may require the applicant for a patent for design to submit a sample or model of the product incorporating the design. The volume of the sample or model submitted shall not exceed 30cm × 30cm × 30cm, and its weight shall not surpass 15 kilos. Articles easy to get rotten or broken, or articles that are dangerous may not be submitted as sample or model.

Rule 30. Academic or technological meetings mentioned in item(2) of Article 24 of the Patent Law mean any academic or technological meeting organized by a competent department concerned of the State Council or by a national academic or technological association.

Rule 31. Where any application for a patent falls under the provisions of item (1) or item (2) of Article 24 of the Patent Law, the applicant shall, when filing the application, make a declaration and, within a time limit of two months from the date of filing, submit a certificate issued by the entity which organized the international exhibition or academic or technological meeting, stating that the invention-

creation was in fact exhibited or made public there and also the date of its exhibition or making public.

Where any application for a patent falls under the provisions of item (3) of Article 24 of the Patent Law, the Patent Office may, when necessary, require the applicant to submit the relevant proof.

Rule 32. Where the applicant for a patent for invention claims priority, it or he shall, within 15 months from the date on which it or he first filed the application in a foreign country, submit the filing number accorded by that country.

Rule 33. Where two or more priorities are claimed for an application for a patent, the priority period for the application shall be calculated from the earliest priority date.

Rule 34. Where an application for a patent is filed by any foreigner, foreign enterprise or other foreign organization having no habitual residence or business office in China, the Patent Office may, when there is doubt, require the applicant to submit the following documents:

(1) a certificate concerning the nationality of the applicant;

(2) a certificate concerning the seat of the headquarters of a foreign enterprise or other foreign organization;

(3) a testimonial showing that the country, to which the foreigner, foreign enterprise or other foreign organization belongs, recognizes that Chinese citizens or entities are, under the same conditions applied to its nationals, entitled to patent rights and other related rights in that country.

Rule 35. According to the provisions of Article 31, paragraph 1, of the Patent Law, the claims in an application for a patent for invention or utility model may be any of the following:

(1) two or more independent claims of the same category (product or process) which cannot be included in one claim;

(2) an independent claim for a product and an independent claim for a process specially adapted for the manufacture of the product;

(3) an independent claim for a product and an independent claim for a use of the product;

(4) an independent claim for a product, an independent claim for a process specially adapted for the manufacture of the product, and an independent claim for a use of the product;

(5) an independent claim for a product, an

independent claim for a process specially adapted for the manufacture of the product, and an independent claim for an apparatus specially designed for carrying out the process;

(6) an independent claim for a process and an independent claim for an apparatus specially designed for carrying out the process;

(7) an independent claim for a process and an independent claim for a product directly manufactured by carrying out the process.

Rule 36. Where an application for a patent for design contains two or more designs in accordance with the provisions of Article 31, paragraph 2, of the Patent Law, the designs shall be numbered consecutively and the products incorporating the designs shall be indicated in the request of the application. The consecutive numbers shall be marked on the bottom left of the back of the drawings or photographs of the design.

Rule 37. When withdrawing an application for a patent the applicant shall submit to the Patent Office a declaration stating the title of the invention-creation, the filing number and the date of filing.

Where a declaration to withdraw the application for a patent is submitted after the printing preparation has been done by the Patent Office for publication of the application documents, the application shall be published as scheduled.

Chapter III

EXAMINATION AND APPROVAL OF APPLICATION FOR PATENT

Rule 38. In any of the following situations, an examiner or a member of the Patent Re-examination Board shall, on his own initiative or upon the request of the applicant or any other interested party, be excluded from exercising his function.

(1) where he is a close relative of the applicant or the patent agent;

(2) where he has an interest in the application for patent;

(3) where he has such other kinds of relations with the applicant or the patent agent that might influence the impartial examination of the application.

Where a member of the Patent Re-examination Board has taken part in the examination of the application, the provisions of the preceding paragraph shall apply.

Rule 39. Upon the receipt of a request, a description (a drawing being indispensable for utility model) and one or more claims for an application for a patent for invention or utility model, or a request and one or more drawings or photographs showing the design for an application for a patent for design, the Patent Office shall accord the date of filing and a filing number, and it shall notify them to the applicant.

Rule 40. If the application documents submitted do not contain a request or a description or claims, or if they are not in conformity with the provisions of Article 27 of the Patent Law, the Patent Office shall declare the application unacceptable and notify the applicant accordingly.

Rule 41. Where the description of an invention mentions that it contains "explanatory notes to the drawings" but the drawings are missing, the applicant shall, within the time limit specified by the Patent Office, either furnish the drawings or make a declaration for the deletion of the "explanatory notes to the drawings." If the drawings are submitted later, the date of their delivering at, or mailing to, the Patent Office shall be the date of filing of the application; if the mention of "explanatory notes to the drawings" is to be deleted, the initial date of filing shall be the date of filing of the application.

Rule 42. Where an application for a patent contains two or more inventions, utility models or designs, the applicant may, at any time before the announcement of the application under Article 39 or Article 40 of the Patent Law, or after the said announcement at the time when the Patent Office considers the filing of a divisional application is justified, submit to the Patent Office a request for the division of the application and divide it on its or his own initiative into several applications.

If the Patent Office finds that the application for a patent is not in conformity with the provisions of Article 31 of the Patent Law and Rule 35 of these Implementing Regulations, it shall invite the applicant to divide the application within the specified time limit. If, without any justified reason, the applicant does not make any response within the time limit, the application shall be deemed to have been withdrawn.

Rule 43. Divisional applications filed in accordance with Rule 42 of these Implementing Regulations may enjoy the date of filing of the initial application, provided that they do not go beyond the scope of disclosure contained in the initial description.

Rule 44. Where, upon preliminary examination, the Patent Office finds that the application for a patent obviously falls under Article 5 or Article 25 of the Patent Law, or is obviously not in conformity with Article 18 or Article 19 of the Patent Law or Rule 2 of these Implementing Regulations, it shall invite the applicant to present its or his observations within a specified time limit. If the applicant, without any justified reason, fails to meet the time limit for presenting observations, the application shall be deemed to have been withdrawn.

Where, after the applicant has made the observations, the Patent Office still finds that the application is obviously not in conformity with the provisions of the articles and the rule cited in the preceding paragraph, the application shall be rejected.

Rule 45. Where the application for patent has any of the following deficiencies, the applicant shall, within the time limit specified by the Patent Office, correct it:

(1) the request is not presented in the prescribed form or the indications therein are not in conformity with the requirements;

(2) the description and its drawings or the claims of the invention or utility model are not in conformity with the relevant provisions;

(3) the application for a patent for invention or utility model does not contain an abstract;

(4) the drawings or photographs contained in the application for a patent for design are not in conformity with the relevant provisions;

(5) where a patent agency is appointed, no power of attorney is submitted;

(6) any other deficiencies which call for correction;

If the applicant, without any justified reason, fails to meet the time limit for correcting the deficiencies, the application shall be deemed to have been withdrawn. If, after the correction, the application is still not in conformity with the relevant provisions of the Patent Law or these Implementing Regulations, it shall be rejected.

Rule 46. Where the applicant requests for an earlier publication of its or his application for a patent for invention, a declaration shall be made to the Patent Office. The Patent Office shall, after preliminary examination of the application and unless it is to be rejected, publish it immediately.

Rule 47. The applicant shall, when indicating accordance with Article 27 of the Patent Law the product incorporating the design and the class to which that product belongs, refer to the classification of products for designs published by the Patent Office. Where no indication, or an incorrect indication, of the class to which the product incorporating the design belongs is made, the Patent Office may supply the indication or correct it.

Rule 48. Any person may, from the date of publication of an application for a patent for invention till the date of the announcement of the preliminary approval after examination as to substance, submit to the Patent Office observations, with the reasons therefor, on the application which is not in conformity with the provisions of the Patent Law.

Rule 49. Where the applicant for a patent for invention cannot furnish, for justified reason, the documents concerning any search or the results of any examination under Article 36 of the Patent Law, it or he shall make a statement to that effect and submit them when the said documents and results are available.

Rule 50. The Patent Office shall, when proceeding on its own initiative to examine an application for a patent for invention in accordance with the provisions of Article 35, paragraph 2, of the Patent Law, notify the applicant accordingly.

Rule 51. Within a period of 15 months from the date of filing, or at the time when a request for examination as to substance is made, or when a response is made in regard to an opposition, the applicant for a patent for invention may amend the description and the claims of the application for a patent for invention on its or his own initiative.

When an amendment of the description and the claims in an application for a patent for invention or utility model is made, a replacement sheet in prescribed form shall be submitted, unless the amendment concerns only the alteration, insertion or deletion of a few words.

Rule 52. The applicant for a patent for utility model or design may, within a period from the date of filing till the date of announcement of the application for patent, or at the time when a response is made in regard to an opposition, amend its or his application on its or his own initiative. Where an amendment to an application for a patent for design is made, it shall not change the essential elements of the design.

Rule 53. The situations where an application for patent shall be rejected by the Patent Office shall comprise the following:

(1) where the application does not comply with the provisions of Article 3 of the Patent Law and Rule 2 of these Implementing Regulations;

(2) where the application falls under the provisions of Article 5 or Article 25 of the Patent Law, or it does not comply with the provisions of Article 22 or Article 23 of the Patent Law;

(3) where the applicant has no right to apply for a patent according to the provisions of Article 6, Article 8 or Article 18 of the Patent Law, or cannot obtain a patent right according to the provisions of Article 9 of the Patent Law;

(4) where the application does not comply with the provisions of Article 26, paragraph 3 or paragraph 4, or Article 31 of the Patent Law;

(5) where the amendments to the application or the divisional applications go beyond the scope of disclosure contained in the initial description.

Rule 54. The situations where an opposition may be filed under Article 41 of the Patent Law with regard to an application for a patent for invention or utility model, which is announced by the Patent Office, shall comprise the following:

(1) where the invention for which a patent is applied for does not comply with the provisions of Article 3 of the Patent Law and Rule 2, paragraph 1, of these Implementing Regulations, or the utility model for which a patent is applied for does not comply with the provisions of Article 3 of the Patent Law and Rule 2, paragraph 2, of these Implementing Regulations;

(2) where the application falls under the provisions of Article 5 or Article 25 of the Patent Law, or it does not comply with the provisions of Article 22 of the Patent Law;

(3) where the applicant has no right to apply for a patent according to Article 6, Article 8 or Article 18 of the Patent Law, or the essential elements of an application have been taken from the descriptions, drawings, models, equipment, etc., of another person, or from a process used by another person, without his consent;

(4) where the application does not comply with the provisions of Article 26, paragraph 3 or paragraph 4 of the Patent Law;

(5) where the amendments to the application or the divisional applications go beyond the scope of the disclosure contained in the initial description.

Rule 55. The situations where an opposition may be filed under Article 41 of the Patent Law with regard to an application for a patent for design, which is announced by the Patent Office, shall comprise the following:

(1) where the design for which a patent is applied for does not comply with the provisions of Article 3 of the Patent Law and Rule 2, paragraph 3, of these Implementing Regulations;

(2) where the design for which a patent is applied for falls under the provisions of Article 5 of the Patent Law, or does not comply with the provisions of Article 23 of the Patent Law;

(3) where the applicant has no right to apply for a patent according to Article 6, Article 8 or Article 18 of the Patent Law, or cannot obtain a patent right according to Article 9 of the Patent Law, or the essential elements of the design have been taken from the designs, drawings, photographs, articles or models of another person without his consent;

(4) where the amendments to the application has changed the essential elements of the design.

Rule 56. Anyone who files an opposition in accordance with the provisions of Article 41 of the Patent Law shall submit the opposition, with the reasons therefore, in duplicate to the Patent Office.

Rule 57. After the receipt of the opposition, the Patent Office shall make an examination of it. Where the opposition does not conform to the prescribed requirements, the Patent Office shall notify the opponent to rectify it within the specified time limit. If the opponent fails to rectify the opposition within the specified time limit, the opposition shall be deemed not to have been filed.

Where the reasons for opposition are not stated, or the reasons for opposition does not conform to the provisions of Rule 54 or Rule 55 of these Implementing Regulations, the opposition shall be declared to be unacceptable.

Rule 58. The Patent Re-examination Board shall consist of experienced technical and legal experts designated by the Patent Office. The Director General of the Patent Office shall be the Director of the Board.

Rule 59. Where the applicant requests the Patent Re-examination Board to make a re-examination in accordance with the provisions of Article 43, paragraph 1, of the Patent Law, it or he shall file a request for re-examination and state the reasons therefor, together with the relevant support-

ing documents. The request and the supporting documents shall be in duplicate.

The applicant may amend its or his application for a patent at the time when it or he requests re-examination, but the amendment shall be limited only to the part to which the decision of rejection of the application relates.

Rule 60. Where the request for re-examination does not comply with the prescribed form, the person who made the request shall rectify it within the time limit fixed by the Patent Re-examination Board. If the rectification fails to be made within the time limit, the request for re-examination shall be deemed to have been withdrawn.

Rule 61. The Patent Re-examination Board shall send the request for re-examination which the Board has received to the examiner who has made the examination to make observations. The Patent Re-examination Board shall make a decision on the request and notify the applicant accordingly.

Rule 62. Where the Patent Re-examination Board finds after re-examination that the request does not comply with the provisions of the Patent Law, it shall invite the person who has made the request for re-examination to submit his observations within the specified time limit. If, without any justified reason, the time limit for making response is not met, the request for re-examination shall be deemed to have been withdrawn.

Rule 63. At any time before the Patent Re-examination Board makes its decision on the request for re-examination, the person who has made the request may withdraw his request for re-examination.

Rule 64. The Patent Office shall, after making a decision to grant the patent right, notify the applicant to pay a fee for a patent certificate within two months and claim it. Where the applicant fails to pay the fee within the time limit, it or he shall be deemed to have abandoned its or his right to obtain the patent right.

Chapter IV

INVALIDATION OF PATENT RIGHT

Rule 65. Anyone making a request for invalidation or part invalidation of a patent right according to the provisions of Article 48 of the Patent Law shall submit the request, with the reasons therefor, to the Patent Re-examination Board.

Where necessary, relevant documents shall be submitted. The request and the relevant documents shall be in duplicate.

Rule 66. Where the request for invalidation of the patent right does not comply with the prescribed form, the person who made the request shall rectify it within the time limit fixed by the Patent Re-examination Board. If the rectification fails to be made within the time limit, the request for invalidation shall be deemed to have been withdrawn.

The provisions of Rule 54 or Rule 55 of these Implementing Regulations shall be applied so far as the reasons for the request for invalidation of the patent right are concerned.

Where no reasons have been stated in the request for invalidation or where the reasons stated do not comply with the provisions of Rule 54 or Rule 55 of these Implementing Regulations, the request shall be declared to be unacceptable.

Rule 67. The Patent Re-examination Board shall send a copy of the request for invalidation of the patent right and a copy of the relevant documents to the patentee and invite it or him to present its or his observations within a specified time limit. Where, without any justified reason, no response is made within the time limit, the patentee shall be deemed to have no objection to make.

Chapter V

COMPULSORY LICENSE FOR EXPLOITATION OF PATENT

Rule 68. Any entity requesting, in accordance with the provisions of Article 52 of the Patent Law, or any patentee requesting, under Article 53 of the Patent Law, a compulsory license for exploitation of a patent for invention or utility model, shall submit to the Patent Office a request for compulsory license, and supporting documents to show that it or he has not been able to conclude with the patentee a license contract for exploitation on reasonable terms. The request and the supporting documents shall be in duplicate.

Any entity requesting, in accordance with the provisions of Article 52 of the Patent Law, a compulsory license for exploitation of a patent for invention or utility model, shall at the same time furnish documents in duplicate to show that it is in a position to exploit the patent.

The Patent Office shall, after the receipt of the

request for compulsory license, invite the patentee concerned to present its or his observations within the specified time limit; where, without any justified reason, no response is made within the time limit, the patentee shall be deemed to have no objection to make.

The Patent Office shall, after having examined the request for compulsory license and the observations of the patentee, make a decision and notify the entity or patentee which made the request and the patentee concerned.

Rule 69. Any entity or individual, or any patentee, requesting, in accordance with the provisions of Article 57 of the Patent Law, the Patent Office to adjudicate the fees for exploitation, shall submit a request for adjudication and furnish documents showing that the parties have not been able to conclude an agreement in respect of the amount of the fees. The Patent Office shall, after the receipt of the request, make an adjudication within three months and notify the parties accordingly.

Chapter VI

REWARDS TO INVENTOR OR CREATOR OF SERVICE INVENTION-CREATION

Rule 70. "Rewards" mentioned in Article 16 of the Patent Law includes money prizes and remunerations which are to be awarded to inventors and creators.

Rule 71. Any entity holding a patent right shall, after the grant of the patent right, award to inventors or creators of a service invention-creation a sum of money as prize. The sum of money prize for a patent for invention shall not be less than 200 yuan; the sum of money prize for a patent for utility model or design shall not be less than 50 yuan.

Where an invention-creation was made on the basis of an inventor's or creator's proposal adopted by the entity to which he belongs, after the grant of the patent right, the entity holding it shall award to him a money prize liberally.

Any enterprises holding the patent right may include the said money prize into its production cost; any institution holding the patent right may disburse the said money prize out of its operating expenses.

Rule 72. Any entity holding a patent right shall, after exploiting the patent for invention-creation within the duration of the patent right, draw

each year from any increase in profits after taxation a percentage of 0.5%—2% due to the exploitation of the invention or the utility model, or a percentage of 0.05%—0.2% due to the exploitation of the design, and award it to the inventor or creator as remuneration. The entity shall, otherwise, by making reference to the said percentage, award a lump sum of money to the inventor or creator as remuneration.

Rule 73. Where any entity holding a patent right for invention-creation authorizes other entities or individuals to exploit its or his patent, it shall, after taxation, draw a percentage of 5%—10% from the fees for exploitation it received and award it to the inventor or creator as remuneration.

Rule 74. The remuneration provided for in this chapter shall all be disbursed out of the profits derived from the making of patented products or the use of patented process and out of the fees obtained for the exploitation of the patents. The remuneration shall not be included in the normal bonus fund of the entity, nor subject to the bonus tax. But the inventor or creator shall pay tax for his income.

Rule 75. The Chinese entities under collective ownership and other enterprises may award to the inventor or creator money prize and remuneration by making reference to the provisions in this chapter.

Chapter VII

ADMINISTRATIVE AUTHORITY FOR PATENT AFFAIRS

Rule 76. "The administrative authority for patent affairs" in Article 60 of the Patent Law and in these Implementing Regulations refers to the administrative authority for patent affairs set up by the competent departments concerned of the State Council, and the people's governments of the provinces, autonomous regions, municipalities directly under the Central Government, open cities and special economic zones.

Rule 77. Where, after the publication of an application for a patent for invention and before the grant of the patent right, any entity or individual has exploited the invention without paying appropriate fees, the patentee may, after the grant of the patent right, request the administrative authority for patent affairs to intervene in the matter, or may directly institute legal proceedings in the people's court. The administrative authority

for patent affairs intervening in the matter shall have the power to decide that the entity or individual shall pay appropriate fees within the specified time limit. Where any of the parties concerned is not satisfied with the decision of the said authority, it or he may institute legal proceedings in the people's court.

The provisions of the preceding paragraph shall apply *mutatis mutandis* in respect of the application for a patent for utility model or design.

Rule 78. Where any dispute arises between any inventor or creator, and the entity to which he belongs, as to whether an invention-creation is a service invention-creation, or whether an application for a patent is to be filed in respect of a service invention-creation, the inventor or creator may request the competent department at the higher level or the administrative authority for patent affairs of the region in which the entity is located to handle the matter.

Rule 79. Where parties to any transdepartmental or transregional infringement dispute request the administrative authority for patent affairs to handle the matter, the said dispute shall be handled by the administrative authority for patent affairs of the region in which the infringement has arisen, or by the administrative authority for patent affairs of the higher competent department of the infringing entity.

Chapter VIII

PATENT REGISTER AND PATENT GAZETTE

Rule 80. The Patent Office shall maintain a Patent Register in which shall be recorded the following matters relating to any patent right:

- (1) any grant of the patent right;
- (2) any assignment of the patent right;
- (3) any renewals of the term of the patent right;
- (4) any cessation and invalidation of the patent right;
- (5) any compulsory license for exploitation of the patent;
- (6) any changes in the name, the nationality and the address of the patentee.

Rule 81. The Patent Office shall publish the Patent Gazette at regular intervals, publishing or announcing the following:

(1) the bibliographic data contained in the request of an application for a patent:

(2) the abstract of the description of an invention or utility model;

(3) any request for examination as to substance of an application for a patent for invention and any decision made by the Patent Office to proceed on its own initiative to examine as to substance an application for a patent for invention;

(4) the preliminary approval after examination of an application for a patent for invention and the announcement of the application for patent for utility model or design;

(5) any rejection of an application for a patent;

(6) any decision concerning an opposition and any amendment made in an application for a patent;

(7) any grant of the patent right;

(8) any cessation of the patent right;

(9) any invalidation of the patent right;

(10) any assignment of the patent right;

(11) any grant of compulsory license for exploitation of the patent;

(12) any renewal of the term of the patent;

(13) any withdrawal, any being deemed to have been withdrawn and any abandonment, of an application for a patent;

(14) any change in the name or address of the patentee;

(15) any notification to the applicant whose address is not known;

(16) any other related matters.

The description, its drawings and the claims of an application for a patent for invention or utility model, and drawings or photographs of an application for a patent for design shall be published in pamphlet form.

Chapter IX FEES

Rule 82. The fees which shall be paid when an application for a patent is filed with the Patent

Office, or when other procedures go through the Patent Office, are as follows;

(1) application fee and application maintenance fee;

(2) examination fee, re-examination fee and opposition fee;

(3) annual fee;

(4) handling fee for transacting other patent matters: renewal fee for the patent for utility model or design, fee for a change in the bibliographic data, patent certificate fee, fee for the proof of priority, fee for a request for invalidation, fee for a request for a compulsory license, and fee for a request for adjudication on exploitation fee of a compulsory license.

The amount of fees listed above shall be prescribed by the Patent Office separately.

Rule 83. Fees provided for in the Patent Law and in these Implementing Regulations may be paid to the Patent Office by way of bank or postal remittance. They may also be paid directly to the Patent Office.

Where fees are paid by way of bank or postal remittance, the applicant or the patentee shall indicate on the money order the kind of fees, the title of the invention-creation, the filing number or the patent number. In case where no such filing number or patent number has been accorded yet to the invention-creation, the applicant or the patentee or other interested parties shall indicate the date on which it or he filed the application.

Where fees are paid by way of bank or postal remittance, the date on which the transfer of such fees are ordered shall be the date of payment.

Rule 84. Where the application fee is not paid at the time of filing, or if the fee paid is insufficient, the Patent Office shall notify the applicant to pay the fee or to make up the deficiency within one month from the date of filing the application. If the fee is not paid or the deficiency is not made up within the time limit, the application shall be deemed to have been withdrawn.

Rule 85. Where the prescribed fees are not paid when the applicant requests examination as to substance, or re-examination, or any person files an opposition or requests an invalidation of a patent right, it or he may pay the fees within 15 days from

the date on which the request is made or the opposition is filed, but the date of payment may not exceed the time limit the Patent Law prescribes for the request for examination as to substance or re-examination or for the opposition to be filed. If the payment is not made within the time limit, the request is deemed to have not been made or the opposition is deemed to have not been filed.

Rule 86. Where the applicant for a patent for invention has not been granted a patent right within two years from the date of filing, it or he shall pay a fee for the maintenance of the application from the third year. The first maintenance fee shall be paid within that first month of the third year. The subsequent maintenance fees shall be paid in advance within the month before the expiration of the preceding year.

Rule 87. The first annual fee shall be paid when the patent certificate is issued. Where the maintenance fee of the application for the year has already been paid at the time of the grant of a patent right, the patentee shall make up the difference on the basis of the amount of the annual fee of the same year. The subsequent annual fees shall be paid in advance within the month before the expiration of the preceding year.

Rule 88. Where the maintenance fee of the application or the annual fee is not paid in due time by the applicant or the patentee, or the maintenance fee or the annual fee paid is insufficient, the Patent Office shall notify the applicant or the patentee to pay the fee or to make up the deficiency within six months from the expiration of the time limit within which the maintenance fee or the annual fee was to be paid. The applicant or the patentee shall at the same time pay a surcharge which amounts to 25% that of the maintenance fee or the annual fee. Where the fees are not paid within the six months the application shall be deemed to have been withdrawn or the patent right shall be deemed lapsed from the expiration of the time limit within which the maintenance fee or the annual fee was to be paid.

Rule 89. Where in accordance with the provisions of Article 45, paragraph 2, of the Patent Law, the patentee requests the renewal of the term of the patent for utility model or design, it or he shall make the request within six months before the term expires, and at the same time pay the renewal fee. In case where, at the expiration of the said period, the patentee fails to pay the renewal fee, the request shall be deemed to have not been made.

Rule 90. Any individual who files an application for a patent or has other matters to attend to, and who has difficulties in paying the various fees prescribed by Rule 82 of these Implementing Regulations, may submit a request according to prescriptions to the Patent Office, asking for a reduction or postponement of payment.

The conditions for the reduction or postponement of the payment shall be prescribed by the Patent Office.

Chapter X

SUPPLEMENTARY PROVISIONS

Rule 91. Anyone may, after approval by the Patent Office, inspect or copy the files of the published or announced applications for patent, the Patent Register and any relevant supporting documents.

Rule 92. Any communication with the Patent Office shall be made in the prescribed form of the Patent Office. It shall be signed or sealed by the applicant or its or his patent agent.

Rule 93. Where documents or objects relating to an application for patent or patent right are submitted to the Patent Office, the number of the application or the patent and the title of the invention-creation shall be indicated. Where documents or objects are sent to the Patent Office by post, they must be registered.

Rule 94. Any sheets constituting the application for patent shall be typed or printed. All the characters shall be neat and clear, and they shall be free from any alterations. Only the right side of the paper shall be used.

Drawings shall be made in black ink with the aid of drafting instrument. All lines in the drawings shall be uniformly thick and clear.

Rule 95. The Patent Office shall be responsible for interpreting these Implementing Regulations.

Rule 96. These Implementing Regulations shall enter into force on April 1, 1985.

(Translated by the Patent Office of the People's Republic of China. In case of discrepancy, the original version in Chinese shall prevail.)

**Proclamation (No.3) of the Patent
Office of the People's Republic of
China**

January 19, 1985

The Implementing Regulations of the Patent Law of the People's Republic of China, approved by the State Council on January 19, 1985, is hereby promulgated. The Implementing Regulations shall enter into force on April 1, 1985.

**Proclamation (No.4) of the Patent
Office of the People's Republic of
China**

January 19, 1985

Under Article 67 of the Patent Law of the People's Republic of China, any application for a patent filed with, and any other proceedings before, the Patent Office shall be subject to the payment of a fee as prescribed. The various items of patent fees to be paid are prescribed in the first paragraph of Rule 82 of the Implementing Regulations of the Patent Law of the People's Republic of China. According to the second paragraph of the same Rule, a list of the patent fees to be charged is hereby issued as follows:

PATENT FEES

(unit: RMBY)

1. Application fee for	
(1) patent for invention	150
(2) patent for utility model	100
(3) patent for design	80
2. Application maintenance fee for patent for invention, per year	100
3. Examination fee for application for patent for invention	400
4. Re-examination fee for	
(1) application for patent for invention	200
(2) application for patent for utility model	100

(3) application for patent for design	80
5. Opposition fee for	
(1) application for patent for invention	30
(2) application for patent for utility model	20
(3) application for patent for design	20
6. Renewal fee for the term of patent for utility model or design	100
7. Handling fee for making changes in the bibliographic data	10
8. Patent certificate fee for	
(1) patent for invention	100
(2) Patent for utility model	50
(3) patent for design	50
9. Fee for the proof of priority	20
10. Fee for a request for invalidation of	
(1) patent for invention	300
(2) patent for utility model	200
(3) patent for design	150
11. Fee for a request for a compulsory license for exploitation of	
(1) patent for invention	300
(2) patent for utility model	200
12. Fee for a request for adjudication on exploitation fee of a compulsory license	100
13. Annual fee for	
(1) patent for invention	
from the 1st year to the 3rd year, per year	200
from the 4th year to the 6th year, per year	300
from the 7th year to the 9th year, per year	600
from the 10th year to the 12th year, per year	1200
from the 13th year to the 15th year, per year	2400
(2) patent for utility model	
from the 1st year to the 3rd year, per year	100
from the 4th year to the 5th year, per year	200

	from the 6th year to the 8th year, per year	300
(3)	patent for design	
	from the 1st year to the 3rd year, per year	50
	from the 4th year to the 5th year, per year	100
	from the 6th year to the 8th year, per year	200

NOTES:

1. Where the applicant or the patentee is a foreigner, any of the above-listed fees shall be paid in foreign currency according to the exchange rate at the time of payment.
2. The ordinal number of years listed in Item 13 shall be counted from the filing date. The annual fee shall, beginning with the year in which the patent right was granted, be paid according to the amount prescribed for that year.



New Breed of Managers Make Their Mark

The most noticeable achievement is that a new breed of ambitious, enterprising and talented entrepreneurs are making their mark.

by ZHANG ZEYU
Our Correspondent

THE changes in Shenzhen since the establishment of the special economic zone go beyond new buildings and technology. The people themselves have changed. And a new breed of ambitious, enterprising and talented entrepreneurs are making their mark. All these achievements were made under the guidance of the policies of opening to the world and carrying out reforms of the economic structure.

Progressive young people and experienced cadres are finding their way to management posts in the Shekou Industrial District with the help of new methods of electing and recruiting managers. In 1983 some 46 talented individuals were recruited to fill the key posts above assistant manager.

Enterprising Young Manager

Li Gui, manager of the Shekou Communications Company, an enterprise directly under the management committee of the Shekou Industrial District, is one of the new-style managers.

"It is really worrying that many people in the hinterland still hold to their 'iron rice bowls' while the worldwide technological revolution is challenging us," said Li. "Fortunately, there are no 'iron rice bowls' in the Shekou Industrial District. Here one has to compete to develop enterprise, to work hard to live a better life. You have to push yourself, get rid of the inertia and bring your creativity into

full play. Only in this way can a person make progress and the country become prosperous."

Li, 27, graduated from the electronics department of Shandong University in 1982. A man of large build, Li carries himself well and speaks with confidence about the future. His forceful character includes a touch of naivety.

Being an only child, Li has the right to find a job near his home in Jinan according to the state's stipulations. Instead he came to the border areas on his own. He said a young man must make a contribution to the modernization of his country. That's why he chose to work in Shekou where there are no "iron rice bowls" and where one's talent and wisdom can be used to their fullest.

At first, Li worked as a clerk managing production for a foreign-run enterprise — the Luks Industrial Co. Ltd. Later he was invited to become deputy manager of the Shekou Communications Company. In May 1984 he was appointed manager of the company.

There were only a few staff members in the company but the problems were many. Personal conflicts between the staff members were common, which crippled the company's operation. Li set about trying to divert attention from personal disputes to the development of the business affairs of the company. Li's ability to mediate conflicts among people, said Company Engineer Zheng Xiugui, helped him rally the members together.

Now, with all the members

working as one and the business progressing smoothly, Li is turning his attention to the future of the company. In light of the future plans for the industrial district and the advanced level of communications systems abroad, he has proposed an expansion of the business scale of the company. He has received help from his colleagues and support from the district's management committee. In April 1984, to meet the needs of the company's telephone and telegram business, the company established a systems engineering department, a research and development department, a maritime communications service department and a computer department. Li promoted a group of enterprising young people with professional skills to direct the departments.

Under Li's leadership, business multiplied and profits went up. During 1983 the company earned a profit of 280,000 yuan, and profits zoomed to 300,000 yuan in the first half of 1984. The total 1984 profit is expected to reach 790,000 yuan.

In the near future, Li will concentrate on turning the company into a centre for studying advanced foreign communications technologies. He adopted the idea when he found that his foreign counterparts not only have a wide range of knowledge, but also are proficient in many modern communications techniques. He felt ashamed and asked himself, "Why can't I do as well as they?" Then he made up his mind to catch up. He is now using every spare moment to study the management methods of mod-

ern communications and to learn modern communications techniques.

New Task for a Veteran

Not all of the new breed of Shenzhen managers are fresh out of school. Zhang Shijin, 58, was invited in August 1982 to be general manager of the Luks Industrial Co. Ltd., a company owned and run by a Hongkong businessman. Zhang's path to the Shekou Industrial District is an interesting and thought-provoking story.



Zhang Shijin

Back in the 1960s Zhang was head of the Cultural and Educational Bureau and chairman of the Trade Union Council of Gaoyao County, Guangdong Province. During the "cultural revolution" he was bitterly criticized and denounced as a "capitalist-roader." After rehabilitation, he was given just treatment and in 1981 was cited as one of the top union chairmen in Zhaoqing Prefecture.

The owner of Luks Industrial once worked with Zhang for many years and knew of Zhang's talent and personality. After he set up the branch company in Shekou, the owner nominated Zhang to be general manager. The appointment was approved by Gaoyao County and the Shekou District authori-

ties, but Zhang's wife and children were firmly opposed. His wife argued that since Zhang had once been labelled a "capitalist-roader" once, the whole family had suffered enough. Now that the hard times have ended, she asked her husband, how can you want to be general manager of a capitalist enterprise? She was worried that that would turn him into a real agent for the capitalist. In addition to his wife's worries, there was also much talk among the neighbours.

After a period of intense inner struggle, Zhang decided to accept the offer. He reasoned that the purpose of China's open policy is to promote China's modernization. If nobody is willing to work in the special zone enterprises run by foreign businessmen, how can that purpose be met? he asked. What's more, he said, the enterprises using foreign investment in the special economic zone operate within the framework of Chinese laws and policies. This is a kind of state capitalism. To work in such enterprises does not mean merely making profits for the capitalists — it also means working for socialist modernization. As general manager, Zhang would safeguard the legal rights and interests of both the capitalists and the workers and staff members. He would handle relations between labourers and capitalists on the principle of equality and mutual benefit. Taking all this into consideration, Zhang convinced his relatives and took the job.

Luks Industrial produces television sets, calculators and electronic monitors. As preparations for the new Shekou plant got under way, there were many things to attend to. Zhang threw himself into his work with enthusiasm. In November 1982, even before workers had been hired, the equipment arrived. In order to save money, Zhang mobilized the skeleton staff of 12 people to install the

equipment and arrange the production workshops. When the first group of 45 workers was recruited, Zhang arranged their work schedules and accommodations and appointed four engineers and technicians to give lessons in English and electronics. As a result, the young workers quickly mastered their jobs and became accustomed to their new surroundings, and the company began operations smoothly. The company's owners were pleased with the progress.

Usually when running an enterprise, the capitalist owner wants to appoint a group of trusted managers to head up the important departments. This was also the case with Luks Industrial. In the early days of operation, the managers appointed by the Hongkong owner followed the standard Hongkong management practices. If workers didn't perform well, they were fired as a means of punishment. Zhang disagreed with their management methods. He argued that unless the mistakes involved theft or other illegal actions, the problems should be solved through education. He told the Hongkong managers that China's labour laws stipulate that the workers are the masters of the country and that their dignity must be respected. But the Hongkong managers still insisted on using their methods. When, after a year, they still didn't get good results, the managers were removed by the owner, and a new group was appointed. In contrast, their attitudes towards the workers were enlightened.

Under the management of Zhang, the business grew rapidly. The number of staff was increased from the original 45 to more than 500, and the original three production lines were expanded to 14. Encouraged by the success, Hongkong owner set about to expand their business. Luks Industrial has now opened branches in Dalian, Shenyang, Zhuhai, Shantou and on Hainan Island. □

Notes From Shanxi (III)

Joint Exploitation Absorbs Foreign Capital

Following is the third report on the energy base in Shanxi Province. The previous stories were printed in "Beijing Review" Nos. 49 and 51, 1984. — Ed.

by **JING WEI**
Our Correspondent

EXPLOITING energy and building key construction projects soak up a lot of funds and state-of-the-art technology. It is always a problem where to get the money and technology to feed these projects.

"Self-reliance first and overseas resources second," said Wang Senhao, governor of Shanxi Province. "We must break away from our past closed-door policy and open ourselves to the world, in order to improve our economic and technological co-operation with other countries. Only in this way can we absorb more funds and technology to invigorate our province. This is the task we now face, and the policy we will never abandon."

Pioneers in Co-operation

Located in the heartland of China, for a long time Shanxi was almost completely cut off from the rest of the world. Only in recent years has it established contact with other countries, although not to the extent that China's coastal areas have. Yet in just a short time Shanxi has already begun using overseas investment and introducing foreign techniques.

At the Gujiao mining area several Swedish technicians are helping to install mining equipment

imported from their country. The mine will also be using British-made multi-purpose equipment.

At the Pingshuo mining area a couple of American geologists are busy prospecting. At the Shentou power station Czechs are installing generators made in their country. There has been a constant stream of foreigners in and out the luxurious hotel at Taiyuan, Shanxi's capital. Most of them have come to discuss business.

Four coal mines funded by Japan's first low-interest loan have

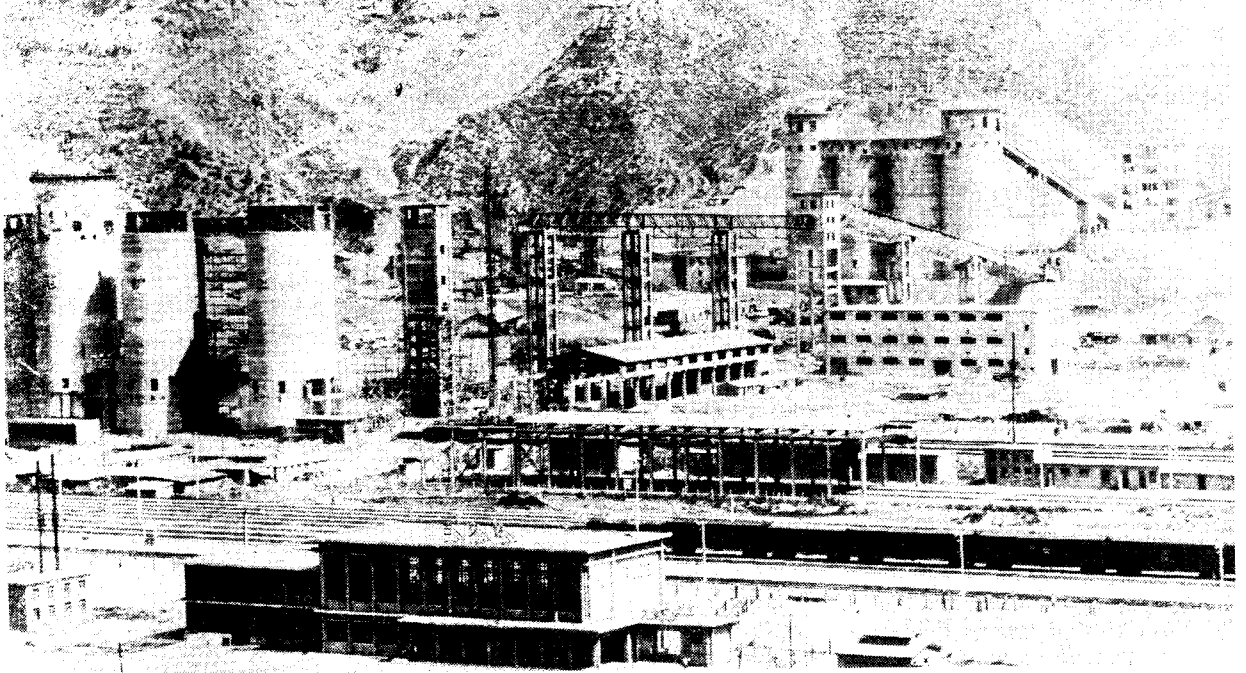
already started operations and coal was extracted from part of the mines by the end of last year. The Romanian and Yugoslavian joint ventures with China take the form of compensatory trade. The two European countries provide the equipment and Shanxi compensates for their investment with coal.

There has been a breakthrough in transportation when Shanxi signed an agreement with Canada to import storage, loading and transportation equipment to supply the heavy-duty freight line from Datong to Qinhuangdao.

At the Guandi mining area on the outskirts of Taiyuan, multi-purpose coal extractors brought in

Sino-American jointly built living quarters at the Pingshuo Mine.





The Gujiao Mine builds its network with foreign-made pipes and towers.

from Federal Republic of Germany are hard at work. The hydraulic supporting system tunnels 100 metres and the two-blade rotary cutter licks away three metres of coal, which is carried out on a belt conveyor. Deputy engineer-general of the mine Tang Jintao said, "The extractor is capable of recovering 3,600 tons of coal a day. The squad working with it chalked up an annual recovery record of 1 million tons in 1983.

Tang continued that in recent years China has imported many pieces of coal-mining equipment from Japan, France and West Germany. His mine, which was 50.8 percent mechanized in 1978, became 79.8 percent mechanized in 1983. The mechanization level for tunnelling along a coal vein within the same period went from 24.8 percent to 68.3 percent. Thanks to the improvements in mechanization and technological innovation, coal output rose by 52 percent, from 2.36 million tons in 1978 to 3.6 million tons in 1983.

Apart from the large joint venture projects already mentioned, which come under the general planning of the state, Shanxi

authorities have gradually increased their direct co-operation with other countries by using overseas capital and importing technology.

Last April the provincial authorities sponsored a symposium on international economic and technological co-operation at Taiyuan, and 263 companies and groups from 24 countries and regions took part. At the seven-day symposium 43 contracts worth a total of about US\$22 million were signed. Of these, 23 contracts involve overseas capital, and the rest cover cash purchases of equipment and technology. Shanxi authorities also signed 45 agreements, letters of intent and memorandums, to be discussed after the symposium.

Vice-Governor Bai Qingcai said the symposium was the first time the province had hosted an international business meeting. The experience sharpened their insight and cemented their confidence in opening to the world. The symposium also clarified potential partners' understanding of the province and fired their enthusiasm to broaden the scope of future co-operation. Bai said, "We are going to hold similar meetings in the

years to come and overseas business representatives are welcome." Bai is also in charge of foreign trade for Shanxi.

Promising Future

Shanxi Province's joint ventures have been developing at an astonishing rate. And one foreign trade official said this is just the beginning of a long, exciting story of growth.

For now coal is the only energy resource being exploited jointly. Construction now only limits to coal mines able to produce dozens of million tons a year, which is actually a drop in the bucket compared with Shanxi's huge reserves.

Shanxi also has enough bauxite — 340 million tons of reserve — to rank first in the nation. Other resources and building materials in abundance include iron, copper, gypsum, sulphur, mirabilite, marble, pearlite, granite and refractory clay. So far, none has been touched.

As for technological transformation and economic development, Shanxi has 10,000 enterprises and factories, serving as one of China's industrial bases. However, coal, steel, iron, chemicals, nonferrous

metals, building materials, heavy-duty machinery and electricity account for the lion's share of the province's industry, and the precision processing industry is quite small. Most equipment in the existing production units need to be updated. There is a large potential to be tapped in this field.

One example is that large coal mines are in the process of mechanization and automation. But only 60 percent of the recovery equipment in use is mechanized now, and small and medium mines still require special extractors to cut coal in thin seams. Coal stevedores still have to manage with shovels and freight cars can usually handle only small loads. Unitary coal production should give way to coal gasification and liquefaction and coal washing. These all need to import advanced equipment and technology.

In the next 16 years Shanxi will develop its electricity production as fast as possible. This naturally projects a considerable future for absorbing overseas funds and purchasing large capacity generating equipment.

The province's thousands of small and medium enterprises also need more new technology and new equipment, to serve as a catalyst for technological innovation and equipment renewal. According to the provincial foreign trade bureau, Shanxi is prepared

to co-operate in food processing and packing, textile, electronics, building materials, magnetic materials, durable consumer goods, coal-mining equipment, instrument making and sideline produce processing.

Favourable Conditions

Bai explained that joint ventures may take many forms. These include joint ventures, co-operative production and management, compensatory trade, processing and assembling supplied parts and components, leasing, license trade and cash purchases. Each will be chosen according to the prevailing conditions and the nature of the co-operation projects. However, Bai said he believes that joint ventures, co-operative management and compensatory trade are comparatively more useful for a long-term, steady relationship between partners.

Concerning the preferential conditions for using overseas capital and importing technology, Bai explained that large joint ventures in energy and transportation are arranged by the state and the conditions are well defined in *The Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment and Regulations for the Implementation of the Law of the People's Republic of China on Joint Ventures Using Chinese and*

Foreign Investment (see *Beijing Review*, No. 29, 1979 and No. 41, 1983).

Bai continued, "As for those joint ventures entered into by the province, we are going to offer even more favourable conditions and conveniences."

He enumerated some of these:

— Jointly managed enterprises will enjoy three to five years of exemption from local taxes as stipulated in *The Income Tax Law of the People's Republic of China Concerning Joint Ventures With Chinese and Foreign Investment*. Low-profit forestry and agriculture joint ventures and partnerships in backward or remote places will be granted a 10-year tax reduction of 15 to 30 percent after the complete tax exemption.

— Ground fees will be lower than those in other provinces.

— Engineers, technicians and accountants will be hired according to examinations within the province.

— Any joint ventures or co-operative projects who cannot make a balance of their foreign currency accounts may be advanced foreign currency from the province's reserves.

— Overseas partners may use their profits to purchase Shanxi-manufactured goods for sale outside of China. They may pay Chinese Renminbi and will receive preferential terms.

— Enterprises which introduce new technology and manufacture products needed by Shanxi may settle accounts in foreign currency after they sell their products to Shanxi's enterprises.

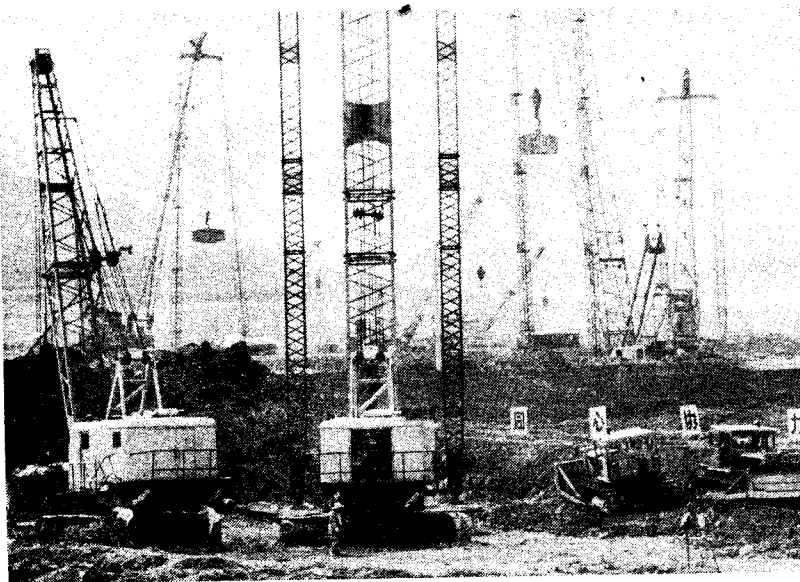
— Raw materials provided from the province for the joint ventures will be bought at the same prices paid by other state-run enterprises, and payment may be in Renminbi.

— Joint ventures will ask overseas partners to participate in

An Outline of Shanxi's Economy (1983)

Year-end population	25.72 million
Total output value of industry and agriculture	21,860 million yuan RMB
Industrial output value	15,180 million yuan RMB
Agricultural output value	6,680 million yuan RMB
Local revenue	2,420 million yuan RMB

Note: Calculation is based on 1980 constant price.



The Shanxi Chemical Fertilizer Factory under construction.

management and their working and living conditions will be well seen to.

— Loans to joint ventures from the Taiyuan branch of the Bank of China will get the lowest interest rate.

“In a word, we will guarantee the rightful interests of our overseas partners in line with the principles of equality and mutual benefit and will honour the contracts signed by both parties,” Bai said.

Co-ordination With Other Provinces

Shanxi is also opening its door to other provinces, municipalities and autonomous regions, in order to develop its economy and technology. At a couple of local shops Shanghai-made high-quality cigarettes, Zhejiang silk, Jiangsu ready-made suits and foodstuffs were offered for sale. Salespeople said that these goods had been traded for with Shanxi's coal.

This kind of co-ordination began with material exchanges. In the past, Shanxi people often ran short of rice, edible oil and non-

staple foodstuffs. Authorities exchanged coal for tens of thousand tons of rice, several thousand tons of edible oil, large quantities of non-staple foodstuffs and part of the building materials which were in urgent need. Liu Mingzhan, charged with the province's co-ordination work, said, “Our bartering is really a help in improving the living standards of the local people and in resolving the problems which arise in the course of our development.”

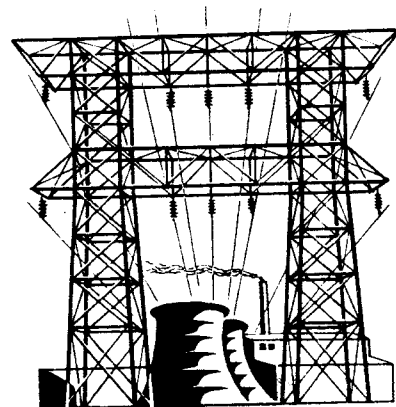
Since 1981 Shanxi has launched a programme to co-ordinate technology, funds and talented people with the more developed provinces. There has already been much progress. In the past three years there have been 140 technical co-operation projects, 84 of which have already been completed. Jiangsu and Zhejiang Provinces helped improve the performance of 27 small chemical fertilizer factories in Shanxi, which had always been in the red. Of these factories, 20 have turned the tables and begun making a profit. Last year provincial officials signed 158 more technical co-operation agreements. Tianjin provided loans and sent administrative personnel to help the Shanxi calcium

carbide factory, which then increased its output value by 30 per cent in the first half of last year as compared with that of the corresponding period the year before.

Capital co-operation began in 1983. Shanghai, Jiangsu and Zhejiang, which are comparatively more wealthy, pooled 130 million yuan to invest in development. Shanxi, in return, supplies them with coal. In the first half of 1984, authorities signed 76 million yuan worth of contracts.

Jiangsu and Zhejiang also train technical personnel for Shanxi. Last year Shanxi reached agreements with Tianjin for a special training programme. Tianjin will train 200 college students every year for 15,000 yuan each, which is to be paid with the coal Shanxi provides the municipality.

Liu said, “Shanxi has been capitalizing on its rich coal reserves more and more in the past few years. In 1979, three million tons were exchanged, and now it is well over the 10-million-ton mark.” He explained that if transportation permits, more coal will be shipped to increase inter-province co-ordination; many provinces really need Shanxi's coal, while Shanxi needs more funds, technology and talent. □



Regional Co-operation Distributes the Wealth

In 1982 "Beijing Review" published an article entitled "East-West Dialogue in China" (No. 33). It explained the extremely disproportionate development between the eastern coastal areas, which are relatively advanced, and the western and central underdeveloped areas. This special report describes the achievements which have been made in the last two years to correct this imbalance. We hope it will help our readers better understand the policies and measures China has adopted to ease these disparities. — Ed.

by **YANG XUGUANG** and
XU CHANGZONG

BREAKING the barriers between different regions and departments, doing business together and strengthening regional economic co-operation, especially between the relatively developed eastern areas and the western underdeveloped areas, have become important aspects of China's new open economic policy.

Party General Secretary Hu Yaobang said there are two meanings of opening to the world. One is to open to other countries and the other is to open to other provinces and regions within China. Both are indispensable to improving circulation, helping each other and enlivening the national economy.

Economic and technological co-operation based on mutual benefit will bring the advantages of each area into full play. Learning from the successes of each region, the entire country can move forward together. Regional co-operation in China will combine the superiorities in technology, management and skilled workers in the east with the natural resources and

Yang Xuguang and Xu Changzong are deputy heads of the Economic and Technological Co-operation Bureau under the State Economic Commission. Yang is a leading economist and Xu a senior engineer.

energy in the west. This co-operation is especially important because it will help China's various minority peoples improve their livelihoods and gradually eliminate the inequality between various ethnic groups, which was left over from history.

Necessity of Co-operation

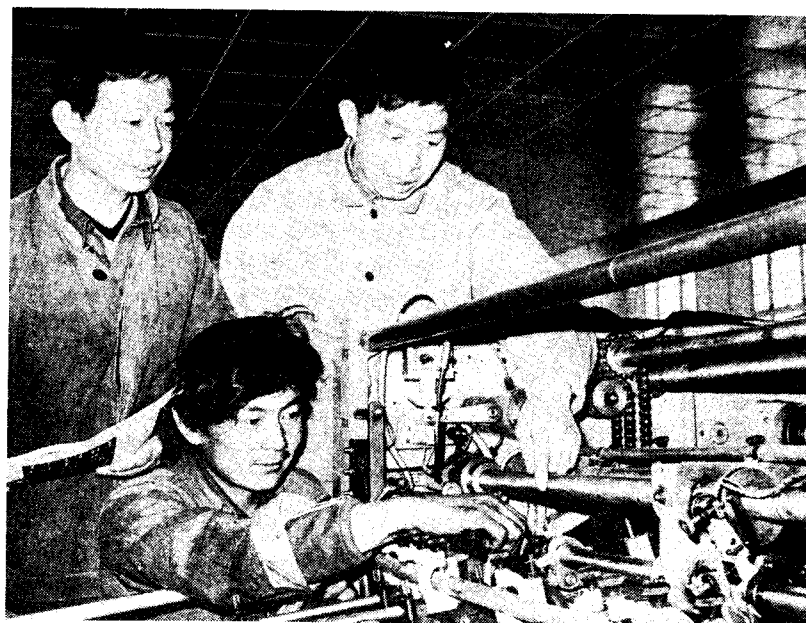
The eastern and western parts of China must co-operate because history and geography have left present development vastly uneven.

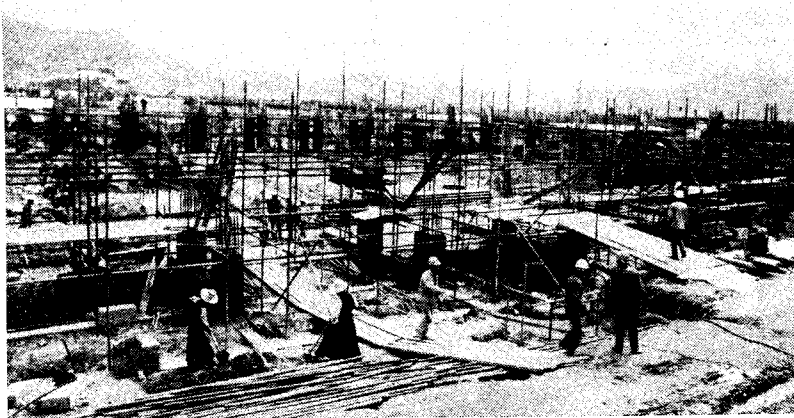
If we draw a line from Aihui, in the northeast of Heilongjiang,

through Chifeng in Inner Mongolia, Lanzhou in Gansu and down to Tengchong, in the southwest of Yunnan, China would be divided into two roughly equal parts. The 23 provinces and municipalities in the east contain 94 percent of the country's population and produce 95 percent of the agricultural and industrial output value. The seven provinces and three municipalities along the coast occupy only 14 percent of China's territory but turn out 57 percent of the total industrial and agricultural output value. The six provinces and autonomous regions in the west have only 6 percent of the nation's population and produce 4.2 percent of the total industrial and agricultural output value.

Shanghai, Tianjin and other big cities along the coast have well-established industries and technology, because their economic

Technicians from the Shanghai No. 1 Printing House teach a Tibetan worker about equipment maintenance.





The construction of Tibet Gymnasium is being undertaken by an engineering team from Zhejiang Province.

development has been going on for over 100 years. By contrast, the inland western areas are inhabited by minorities from more than 50 ethnic groups. Some of them rid themselves of primitive slavery and serfdom only after liberation in 1949.

In the last 30 years the central government has invested a great deal of money in the west to improve the distribution of industrial enterprises. But the economic and technological levels of these enterprises still lag far behind the national average. The 1983 average per-capita industrial and agricultural output value was only 490 yuan in the west, or 8.1 percent of Shanghai's figure. In the worst areas, the profits and taxes from each 100 yuan of investment are only 2 or 3 percent of the national average, and in the best they can only reach 70 percent.

Strength and Weakness

But the west has 50 percent of the country's forests, animals and water, 90 percent of the nation's natural pastures and 50 million hectares of virgin land. Large deposits of nonferrous metals and rare-earth elements lie beneath the ground. The 11 provinces along the coast have just one-fourteenth of China's proven coal reserves. The rest are in the west and the central areas.

In short, the east and west have their strong and weak points. They should depend on each other and improve their co-operation in order to hasten modernization. The new domestic and international open policies provide a practical means for this co-operation.

The Party's Call

In 1979 the Party Central Committee and the State Council called on all localities to fully exploit their advantages, to protect competition and to promote regional co-operation. It also urged the developed provinces and cities along the east coast to help develop the economy in areas where the minority peoples live.

In 1981 the Sixth Five-Year Plan included regional economic and technological co-operation as a separate section.

Since 1983, when the Party Central Committee proposed greatly developing the northwest by the 21st century, representatives from 21 provinces and cities in the east have signed contracts for 279 economic and technological development projects in Xinjiang. They helped develop 300 new products, and thus increased the output value of the autonomous region by 100 million yuan.

Authorities in Sichuan and Zhejiang provinces and Shanghai and

Tianjin municipalities concluded agreements with the authorities in Tibet on 70 co-operative projects. In March 1984 authorities in nine coastal provinces and cities concluded contracts to help build 43 projects in Tibet. The year before, 8,549 co-operative contracts were signed between east and west, a 40 percent increase over the total for the previous two years.

Mutual Benefit Policy

Last September the first national meeting on economic and technological co-operation was held in Tianjin. Participants summed up their experience and further defined the principles of equal consultation, mutual benefit and support and simultaneous development to guide regional co-operation.

These principles are something new. Some limited regional co-operation was organized in the 1950s and 1960s, but the results were not good. Projects were carried out according to top-level orders instead of local realities. Often one partner gained while the other lost.

In the last few years regional enterprises have been granted more decision-making power. They are free to co-operate with other enterprises and conclude contracts based on mutual benefit. This has given regional economic and technological co-operation a chance to show its many advantages.

At the September meeting participants also agreed that the coastal areas must keep mutual benefit uppermost in co-operating with minority areas. They stressed that the coastal area authorities must be far-sighted and must keep the socialist co-operative spirit even if they suffer losses at first. They must remember that the material and technological base they are building on in the underdeveloped areas is quite weak, and investment may be recovered slowly.

Forms of Co-operation

Regional co-operation usually takes one of five forms.

- Technological service. The advanced areas send technicians and managers to give technical guidance to the underdeveloped areas or to train new technicians.

- Compensatory trade. The advanced areas provide technology, funds and equipment to the underdeveloped areas and are paid back in raw materials, semi-finished or finished products in instalments.

- Technology transfer. The coastal areas pass on their advanced scientific and technological achievements to the backward areas, also for material compensation.

- Joint venture. The advanced and underdeveloped areas run joint ventures and share the benefits.

- Economic co-operation. Enterprises in both areas take responsibility for organizing production, selling their products and purchasing raw materials, according to specialties of each. Partners enjoy the same rights and share the investments and profits according to how much work they've done.

In the last few years these kinds of co-operation have eased the shortages of some raw materials and improved the economic results. In 1983 the volume of materials exchanged was valued at 4.9 billion yuan. In 1983, 24 million tons of coal were shipped out of the west to ease the energy shortage in the east. This increased the national output value by 60 billion yuan.

The advanced technology introduced from the coastal areas has upgraded inland enterprises. For example, 26 small chemical fertilizer factories in Shanxi Province suffered great losses for several years running because their pro-

cessing techniques were not well designed, management was poor and the factories used too much energy. With technical help from factories in Jiangsu and Zhejiang provinces, these small factories have produced additional fertilizer valued at several dozen million yuan.

Authorities in other regions are co-operating to develop water resources, electric power, coal, railways and the building materials industry. So far 4 billion yuan has been collected as capital to build hydroelectric power stations, open mines, build railways and roads and construct factories. These co-operative projects exploit the local raw materials and energy resources,

meet the needs of production and develop the local economies.

Giving the Skilled a Chance

Regional co-operation gives educated and skilled people a chance to really show their abilities. In 1983 Tianjin authorities co-operated with 104 institutes of higher learning outside the municipality to use Tianjin's teachers and equipment. This is a breakthrough in speedy training.

Co-operation has also improved commodity circulation and enlivened marketing techniques. In 1983 more than 150 native products from Yunnan Province entered the Beijing market and sold well.

Combine Resources With Technology

by SUN PING
Our Correspondent

GANSU Province in northwest China has plenty of oil, coal, iron ore and other nonferrous metals, 10 of which lead the country in their reserves. Its water resources rank first in China.

In the past 30 years a group of state-owned petroleum, chemical, and nonferrous metal enterprises and several hydroelectric stations have been built in Gansu, but most of its natural resources have not yet been exploited. Local industry has also developed rapidly during this time, but is still technologically backward.

In 1979 the provincial authorities established co-operative relations with Tianjin, after the central government encouraged the underdeveloped areas to work with the developed areas.

The port city of Tianjin is an old industrial city with a strong economic foundation. Its factories turn out a wide range of products and are comparatively advanced in their technology. But the city is

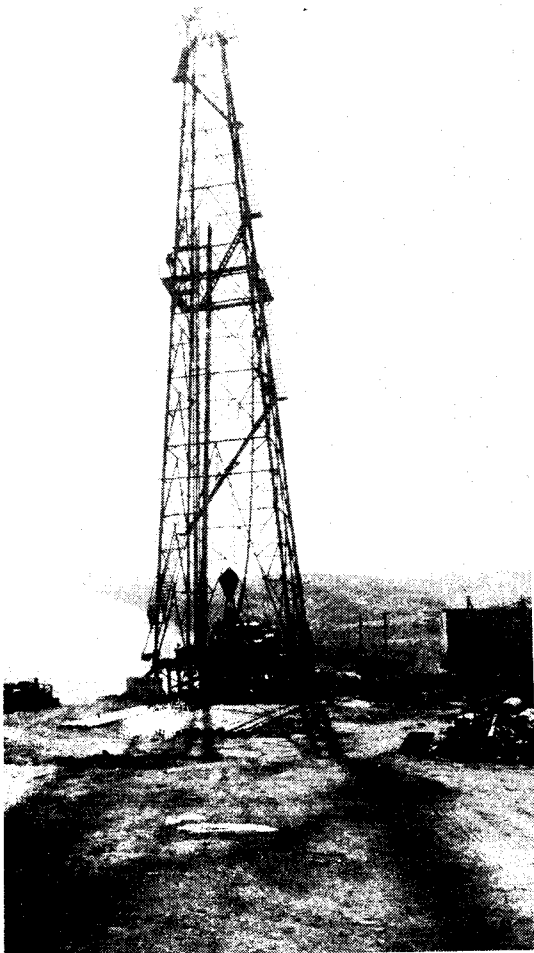
short in raw materials and energy. Both Gansu and Tianjin benefit from their co-operation.

Between 1979 and 1981 the Gansu provincial authorities signed about 100 contracts with Tianjin leaders to jointly develop industry, agriculture, livestock breeding, education, culture and public health. Tianjin offered technology, funds, famous brand trademarks and a trade port. Scientists and technicians from Gansu were trained in the city.

Good for Everyone

The co-operative projects have been good for both Tianjin and Gansu. After adopting new production techniques from Tianjin, a Gansu fur and leather factory improved the quality of its products, saved great amounts of chemical processing materials and cut production time. The factory thus increased its income by 13,600 yuan annually.

A group of Tianjin middle school and college teachers went to Gansu to discuss their experiences with local teachers. In re-



A drilling rig in the Yumen Oilfield.

turn, the provincial authorities supplied the city with great quantities of industrial raw materials and energy.

Since 1982 Gansu has also established regular co-operative relations with 20 other provinces, municipalities and autonomous regions and five departments directly under the State Council. About 140 million yuan in capital has been invested in Gansu from around the country and 460 contracts to transfer advanced technology have been signed. In addition, 249 groups of people from Gansu have been sent to developed areas to be trained as technicians and skilled workers. College students majoring in 22 specialities are being educated in other provinces.

Materials for Funds

The Yongdeng Iron Alloy Works, just north of the provincial capital of Lanzhou, supplied the Shoudu Iron and Steel Complex in Beijing with iron alloy, for which they received 3 million yuan. Producing this iron alloy, used for making steel, uses a lot of energy and causes serious pollution. Its production in Beijing would seriously drain the capital's energy supplies. But Gansu is rich in electric power and raw materials. The nearby Liujia Gorge Hydroelectric Power Station has an installed generating capacity of 1.225 million kw, the largest in China. Working co-operatively, the Beijing complex gets the materials it needs and the Yongdeng works has the money to expand production.

Not long ago Gansu authorities reached an agreement with the China National Nonferrous Metal

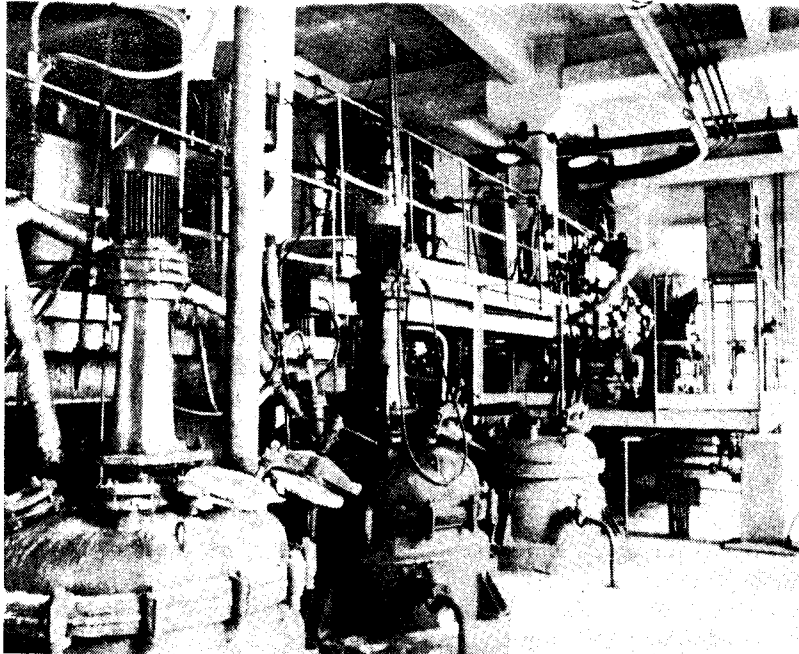
Industrial Corporation to build an industrial complex to produce nickel, cobalt, copper and related chemical industrial products, a processing plant to smelt copper, aluminium, lead and zinc, a mining centre for lead and zinc raw materials, a lead processing centre and a production centre for metal oxides during the Seventh Five-Year Plan (1986-90). Gansu planners expect to produce 500,000 tons of nonferrous metals in 1990, as against 150,000 tons at present. The output value and profits tax will double.

Go-Between

The go-between in these co-operative projects is the provincial economic and technological co-operation office, headquartered in Lanzhou. The deputy head Wang Yongchang said, "Finding partners for this kind of co-operation requires a lot of information. We

The Liujia Gorge Hydroelectric Power Station.





Part of the processing line of the Jinchuan Nonferrous Metal Company in Gansu Province.

must know ourselves and our partners well and have a far-sighted plan. Haste will create failure."

Wang explained with an example. The Gaoya Cement Factory, southeast of Lanzhou, was a small factory with plentiful electric power and raw materials on hand. To develop its production it needed to buy an automatic production line. But the factory could not afford the equipment.

The economic and technological

co-operation office of the province knew from its contacts with the China National Shipbuilding Corporation that the corporation urgently needed cement. The corporation also had money, technicians and equipment to spare. The corporation granted the factory its first interest-free loan of 20 million yuan. With a new production line, the factory will be able to turn out 300,000 tons of cement annually, as against 100,000 tons at present. It will

pay the corporation with cement and keep up the business relationship long into the future.

Another example is the Beijing Preserved Fruits Factory, which was always running short of white gourd, because the gourds produce a very low yield. Gansu farmers grow the gourd only for its seeds.

After discussion, Gansu representatives took some gourds to the Beijing factory. The factory preserved the Gansu gourd and found it satisfactory. Both sides reached an agreement immediately.

The Gansu officials said, "This business may bring us a total income of several hundred million yuan or even a billion yuan. This is really a big business, and it needs no investment."

Back in Gansu economic inspection delegations from the coastal provinces, business representatives from Japan, the United States and France and a delegation from the World Bank have all visited for business talks. In the first half of 1984, 87 contracts worth US\$21 million were signed to bring foreign technology to Gansu. The province is flourishing because of these domestic and foreign co-operative projects. □

(Continued from p. 18.)

Generally speaking, increased agricultural production will help the country's overall economic development. But this does not mean that the greater the increase, the more beneficial it will be to the economy. On the contrary, when something has become excessive it will tie up more state funds and result in waste. This also will not help us rationalize the agricultural structure.

Having weighed the pros and cons, we have decided to change the state monopoly of purchase

and marketing and adopt a flexible price policy. The advantages of such a change will outweigh disadvantages. Fundamentally speaking, it is an important way to further enliven agricultural production. In doing so, some difficulties may arise. But they are difficulties arisen in the course of progress and change. With effort, they can be overcome.

The problems in agriculture today can be summed up in two aspects: First, agricultural structure must be properly readjusted according to the requirements of

commodity production. The peasants must be guided to show concern for market changes and to arrange their production according to market needs so as to link production with demand.

Second, it is necessary to loosen controls on the prices of agricultural and sideline products and to regulate them by the market. The state will play its part in market regulation by using economic means, and will strengthen market management and supervision to avoid undesirable trends and ensure development along a correct course. □

Part-Time Education on the Rise

from "LIAO WANG"
(Outlook Weekly)

RAPID economic growth and the arrival of new technology have prompted the development of part-time education in China. More and more workers and staff members are seeking education to keep up with their jobs and to improve their cultural level.

The demand for specialized courses has spurred the growth of schools catering to the part-time worker-student. In an early December issue of *Beijing Wanbao* (Beijing Evening News) last year, for example, there were 21 advertisements for classes in foreign languages, computers, law, drafting, accounting and other job-related subjects.

According to incomplete 1983 statistics from 26 provinces, municipalities and autonomous regions and 57 ministries of the central government, some 22.5 million workers and staff members took spare-time courses. These part-time students accounted for 25.7 percent of all workers and staff members.

There were 11.9 million graduates. Some 228,000 graduated from workers' colleges, 258,000 graduated from secondary schools and 5.8 million completed technical training classes.

In addition, some 4.8 million workers and staff members took on-the-job training courses in the fields of industry, communications, finance and trade. This accounts for half of the total work force. About 520,000 factory leaders took job-related classes, accounting for about 80 percent of all such officials at the county level and

above. Among the young and middle-aged students, some 9.9 million were secondary school graduates.

At present, education for workers is being promoted continuously. Schools have been set up by government departments, business enterprises, trade unions, academic societies, democratic parties and persons of various circles at large. Not all students sit in classrooms, as classes are often

taught over the radio or television or by correspondence. Among the media courses, the University of China Central Television course is the largest. In the past four years it has provided the nation with 160,000 graduates and it currently has 1.2 million students. There are also some 800 workers' part-time universities, with a combined enrollment of more than 1.5 million. Secondary vocational schools, which mainly train technicians and managers at a lower level, total more than 10,000 and have 1 million students.

Communications Boom Expected

from "JINGJI CANKAO"
(Economic Reference)

CHINA'S post and telecommunications services should increase eight-fold by the end of the century to meet the communications demands of quadrupling the 1981 industrial and agricultural output value.

By 2000, plans call for the nation to have 33.6 million telephones — 12 million separate phones in the cities, 11.6 million extension phones and 10 million rural phones. By the turn of the century, phones will be installed immediately after application and the telecommunications network will be automated. All cities above the county level will be connected by direct-dial phones and have a variety of post and telecommunications services. By that time the post office will be able to handle 160 billion pieces of mail per year.

The nation's post and telecommunications facilities have improved rapidly over the past few years, but they still lag behind

those in the developed world. Between 1960 and 1980, the world's gross production went up 4.7 percent annually and the number of phones increased 6.6 percent per year. The growth rate for phones was 40 percent higher than the production growth rate. But in China, the number of phones grew only 60 percent as fast as production. The 12th National Party proposed to quadruple the 1981 annual industrial and agricultural output value by the year 2000, an average growth rate of 7.2 percent each year. If the number of phones is to increase at a rate 50 percent higher than the GNP, the number of phones must increase 11 percent each year. That would lead to an eight-fold increase by the end of the century.

The goal of an eight-fold increase in the number of telephones can be realized. Since the Third Plenary Session of the 11th Party Central Committee, the Party and the central government have paid close attention to the development of the post and telecommunications industry and the government has approved a series of preferential

policies for its development. For instance, cities have been allowed to reinvest the profits gained from phone service to help speed urban phone system development.

In addition, post and telecommunications officials have mobilized all efforts—including those from the state, collectives and individuals—to develop communica-

tions services. They have utilized the surplus labour in rural areas to provide postal transportation and to open rural post offices. As for developing telecommunications, officials have done their best to support and encourage collectives and individual households to install public phones and phone exchange centres in rural areas.

Lifestyle Takes Turn for Better

from "ZHONGGUO
FUNUBAO"
(Women of China Weekly)

THE lifestyle of the Chinese people has changed dramatically with the improvement of living standards in both urban and rural areas.

Just a few years ago, food and clothing were enough to satisfy people. They described their secure jobs as "iron rice bowls," a metaphor that means getting wages for food. Today, people have come to realize that life means more than simply surviving. It includes meeting future needs and enjoying too.

In the past, with their self-sufficient economy, rural residents saved a considerable part of their incomes, as they did little shopping. Now 62 percent of the peasants' consumer goods are from shops.

According to 1982 statistics, spending on cultural activities was very low. It stood at 2.2 percent in the countryside and 6 percent in urban areas. But in the last couple of years, TV sets and cassette tape recorders have grown increasingly popular with Chinese families. Peasants have even begun to buy pianos and subscribe to newspapers and periodicals. Some young city women now have *Ci Hai* (a Chinese encyclopaedic dictionary), an English-Chinese dictionary and other books as part of their dowry.

For decades Chinese people dressed primarily in monotonous

grey and blue. Today, people are no longer afraid of wearing fashionable clothes. Changes have also been seen in the costume of old and middle-aged people. In addition, diets are changing and the demand for consumer goods has grown. People now pay attention to a product's style and fashion rather than just shopping for durability.

For decades the rural lifestyle was the same. But things have changed in recent years. Rural residents are now affected by urban trends and they model themselves after the city dwellers. In fashion,

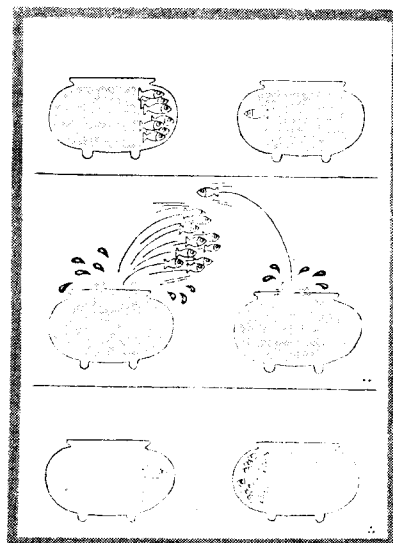
Atomic Particle Named After Mao

from "KEXUE YU REN"
(Science and Mankind)

CITING the philosophical pronouncements of Mao Zedong, an American Nobel Prize-winning physicist has named a newly discovered atomic particle after Mao.

Sheldon Glashow, a 1979 Nobel laureate, said he wanted to name the particle for Mao because of the late Chinese leader's philosophical pronouncements concerning the nature of matter.

Mao talked about his views on the nature of matter during a speech at a Moscow meeting of representatives of the Communist and Workers' Parties (from "A Dialectical Approach to Inner-



The grass is always greener on the other side.

— Cartoon by Zhuo Zhonghua, reprinted from "Zhongguo Qingnian Bao" (China Youth News)

for example, the city trends will undoubtedly be quickly copied by those in the countryside.

Travel is also growing more popular. Many Chinese people, including peasants, have begun to travel by air or by train. A few have even travelled abroad.

Party Unity," *Selected Works of Mao Zedong*, Volume V). He said: "You see, an atom is a complex of unities of opposites. There is a unity of the two opposites, the nucleus and the electrons. In a nucleus there is again a unity of opposites, the protons and the neutrons. Speaking of the proton, there are protons and anti-protons, and, as for the neutron, there are neutrons and anti-neutrons. In short, the unity of opposites is present everywhere."

Physicist Glashow said Mao's philosophical thinking that nature has endless layers of things, in which there are smaller things inside each layer prompted him to honour the Chinese leader.

Shanghai to Host Foreign Trade Meeting

Shanghai will host a 10-day foreign trade meeting beginning March 1.

The meeting is the third and the biggest ever sponsored by the Shanghai Corporation of Foreign Trade. Two thousand invitations have been sent to businesses in 90 countries and in Hongkong and Macao. Firms in Osaka, Osaka Prefecture, and Yokohama in Japan, San Francisco in the United States, Rotterdam in the Netherlands, Milan in Italy and Zagreb in Yugoslavia already have friendly ties with Shanghai and will send

representatives to the meeting. Commercial counsellors from embassies in Beijing of Czechoslovakia, Poland, Hungary and German Democratic Republic were also invited.

Along with delegates from Shanghai, representatives from foreign trade departments in Jiangsu, Zhejiang, Anhui and Jiangxi provinces which are affiliated to the Shanghai Economic Area will also attend. They will display a number of products available for export and propose some projects to make use of foreign investment

and to import technology.

The Shanghai corporation and the affiliates will negotiate directly with guests and use more flexible methods to expand their co-operation with other countries.

The Shanghai municipal government is now empowered to approve technology import projects worth up to US\$30 million. It may also directly raise funds on the international monetary market. Since last May Shanghai has attracted more than US\$900 million in foreign investment, or twice the total for the previous five years.

Chinese Company Builds Harbours

The 1,015-metre breakwater at Marsaxlokk Harbour, a major port in Malta, is now taking shape under the hands of Chinese builders. The project began construction in 1983 and is scheduled to be completed in 1986.

Building the breakwater in the stormy Mediterranean presented special problems. Thirty concrete caissons, the heaviest weighing 5,900 tons, had to be towed for 12 nautical miles and then carefully dropped into position. It came off without a hitch.

Former Prime Minister Dominic Mintoff and current Prime Minister Carmelo Missud Bonnici both inspected the construction site and spoke highly of the builders, the China Harbours Engineering Company (CHEC).

When completed, the project is expected to make the mooring of vessels and loading and unloading easy even in stormy weather. The harbour's annual handling capacity will be greatly enhanced.

The Marsaxlokk breakwater is

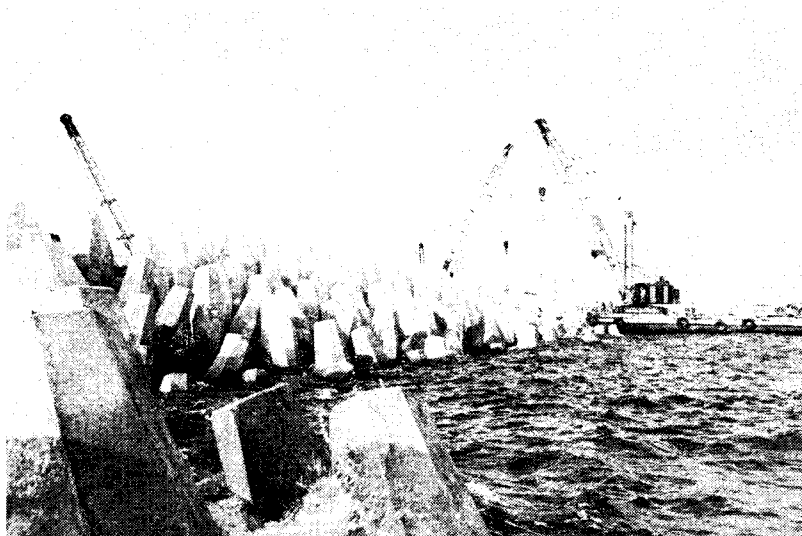
one of the 160 projects undertaken by CHEC in about a dozen countries and regions since it was founded in 1980.

CHEC's success comes from its observance of contracts, strict discipline and guaranteed quality standards. Cesar Camarero, director of the harbour department of

the Mexican Petroleum Company, praised CHEC, the first Chinese contractors in Latin America, for its professional ability and high efficiency.

CHEC employs 4,950 engineers, technicians and managers and 40,000 skilled workers. They design and build docks, breakwaters, bank protection systems, shipyards, ship platforms, slip-

The breakwater project at the Marsaxlokk Harbour in Malta.



ways, factory buildings, shiplocks, lighthouses, underwater pipelines and other civil engineering projects. They also undertake dredging, realigning rivers and underwater demolition, and can manufacture and repair ships, construction machines and equipment. The company accepts contracts for feasibility studies, prospecting, designing, construction, installation and trial operation for all or part of a project, and will also train personnel. It can also provide labour and other technical services, equipment, and lease engineering vessels. CHEC has offices in Kuwait, Malta, Mexico, Hongkong and Macao.

Ma Zongde, president of the company (acting)

Address: 10 Fuxing Road, Beijing, China

Cable address: CHINAHEC BEIJING

Telex: 22462 COMCT CN
20029 CHEC CN

* * *

"International Business" Published Soon. The newspaper *International Business* will begin publication on April 1. This indicates the importance China has attached to developing its economic relations with other countries. The paper will be an authoritative twice-weekly published by the Ministry of Foreign Economic Relations and Trade.

The purpose of the paper is to foster mutual understanding between China and other countries. It will be authorized to publish regulations and circulars concerning international economic relations and trade, and will give timely coverage to foreign trade developments, use of foreign capital, the introduction of technology, contracted projects and labour co-operative services for other countries. It will also provide information and consulting services for co-operation between China and other countries.

For the Chinese, it will offer news on international trade, finance, currency, commercial information, new products and inventions from abroad. The paper will follow the trends in the world economic development and draw on the experiences of other countries. It will also keep foreign readers informed of the development of China's foreign economic relations and trade.

* * *

Plans to Attract Middle East Investment. Both Arab and Chinese entrepreneurs should set up the Arab-China investment and trade corporation to encourage private entrepreneurs in the Middle East to operate joint ventures in China, according to Adnan W. Kassar, president of the Chamber of Commerce and Industry of Beirut.

Kassar led a delegation to China from January 20 to 26 at the invitation of the Ministry of Foreign Economic Relations and Trade. The outstanding achievement of his visit was signing a summary of talks with Chinese officials of the Ministry of Foreign Economic Relations and Trade on establishing a joint company to be financed by the China State Construction Engineering Corporation and the A.A. Kassar Export and Import Company. Both sides agreed to make preparations for its establishment in the next two months.

Kassar and his father first came to China as go-betweens for China-Lebanon trade in 1952. In the past 33 years he has done much to advance economic relations and trade between the Middle East and China.

Kassar said he believes China has implemented the open policy and now it needs to import funds and technology. Attracting private capital from the Middle East is an important way to invigorate the economic relations between

the Middle East and China, he said.

* * *

Reciprocal Exhibitions Planned.

The year 1985 will be the busiest year ever for the China Council for the Promotion of International Trade. It is estimated that 88 exhibitions will be held at home and abroad under the auspices of the council.

Of the 24 exhibitions to be held in other countries, five will be single events and 19 others will be part of international fairs. Sixty-four international economic, trade and technology fairs will be held in Beijing, Tianjin, Shanghai, and other cities.

The international trade fair of the Asian and Pacific region will be held this November 15 to 30 in Beijing under the auspices of the council and the United Nations Economic and Social Commission for Asia and the Pacific. This will be China's first time as host of a large international fair.

* * *

Benin Cotton Mill Doing Well With Chinese Aid. The construction of the Lokosa Cotton Mill, supported by the Architectural Engineering Bureau of Fujian Province and the Textile Industry Department of Anhui Province, has been proceeding smoothly since building began in April 1983. Benin authorities expressed their appreciation of this assistance.

The Lokosa Cotton Mill is going up over 30,000 square metres. It will have 20,000 spindles and 720 looms.

The project is proceeding so well because production quotas and above-quota piece-rate wages are used. They are a powerful incentive for more efficient work. The Chinese specialists on the site have also paid great attention to the quality of the work.

History Lives at Taoist Temple

Every morning and evening Taoist songs and melodies played on bronze bells, chime stones, and drums waft up from the green tile roof of the temple with vermilion walls. This is Baiyun Temple, the largest Taoist centre in Beijing.

Taoism, a religion indigenous to China, was founded in the second century. It is based on the philosophy of Lao Zi (Lao Tse), who lived in the Spring and Autumn Period (770-476 BC). He is its chief deity and is honoured as the Lord Most High. Taoists believe in the *tao* (the way), an all-embracing and everlasting force. It gives birth to and governs everything in the world. The basic canon of Taoism is the *Dao De Jing* (*Tao Te Ching*) or *Classic of the Way and Power*, which is sometimes known simply as *Lao Zi*.

Baiyun Temple, in western Beijing, was established in the 8th century. Since the 13th century the temple has been a northern Taoist centre.

The main hall was renovated and refurbished in the Ming and Qing Dynasties. Outside the gate is a carved wood archway supported by four pillars. Two majestic stone lions stand in front of the gate, shaded by old pine trees.

Inside the gate three paths, east and west and middle, link several dozen large and small halls, rooms and pavilions sacred to different celestial beings and founders of Taoist sects. Behind the main hall is a garden of rockeries, corridors, pavilions, chambers and altars. Below the altars and rockeries are stone caves built specially for Taoist priests to meditate and cultivate their moral character.

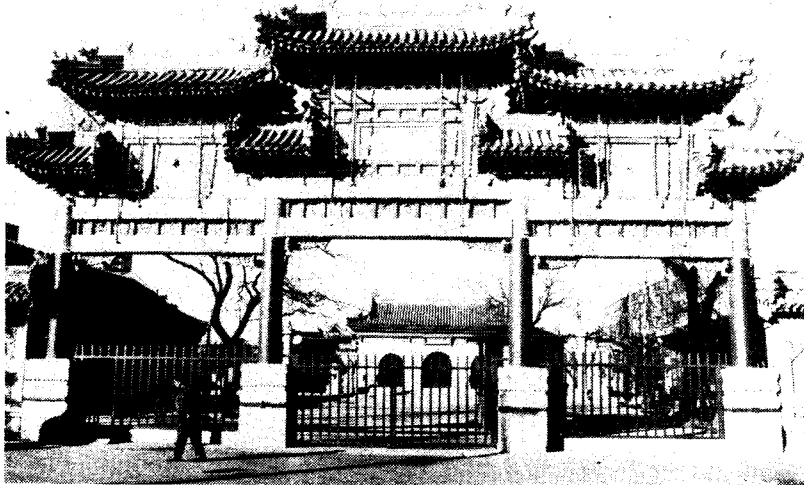
The temple was damaged during the "cultural revolution" and now needs repairs.

Along the eastward path is an exhibition room in which Taoist classics, paintings, sculptures, musical instruments, ancient artifacts and rubbings from stone inscriptions are displayed. Some exhibits are now being shown for the first time.

One exhibit is a small white marble statue of Lao Zi, done in the Tang Dynasty (618-907) style of figure, facial expression and clothes. To save it from damage during the wars, Taoists of the temple hid the statue underground several times.

Visitors may also see the *Dao De Jing* copied on silk. This is the oldest known copy, written

The carved archway, called Lingxingmen, leads to the Baiyun Temple.



Taoist rites are regularly performed at the temple.



between 206 and 195 BC. It was found in 1973 when archaeologists were excavating the Western Han tombs at Mawangdui in Changsha, Hunan Province.

Another classic, *Orthodox Collected Taoist Scriptures*, comprises 5,485 volumes. These were presented to the Baiyun Temple by a Ming emperor in 1448. In the past Taoist priests took these precious scriptures out into the open air once a year, to prevent them from moulding. The temple was always thronged with scholars and believers on those days.

The painting *Accepting An Invitation on a Snowy Mountain* is also on display. Although the painting is very old, its story can still be seen. It shows Qiu Changchun, a famous Taoist priest, in a camel-drawn chariot accompanied by his entourage marching along an endless mountain range. Qiu was known for his accomplished cultivation of moral character. When Yuan Emperor Genghis Khan learnt of Qiu's merits, he sent his envoys to invite Qiu to the north.

Qiu and his 18 disciples crossed the mountains and met the emperor in a tent. The Khan named the priest Great Master of Taoism. He was given the power to handle Taoist affairs throughout the country. Subsequently, Qiu and his disciples took up residence in Changchun Palace (now the Baiyun Temple). There they recruited many disciples, and even more converts to Taoism. Qiu was worshipped as an idol and was held in esteem by generations. A hall sacred to Master Qiu can still be seen in the temple.

The exhibits contain many valuable resources for the study of art, history and religion. Among them is a book on alchemy, *Principles for Longevity*, which was published in the Qing Dynasty (1644-1911).

An incense burner made in the

Song Dynasty (960-1279) is shaped like a turtle and a snake intertwined. When incense is burned, smoke curls up through the mouths of the turtle and snake.

Some bronze statues on display were modelled between the 13th and 14th centuries. The figures are expressive and delicate. They show the high level metallurgical techniques and craftsmanship had reached at the time.

Taoism has had a tremendous influence on the development of Chinese folk customs, literature, art and medicine. Taoists long ago developed their own music, enriching Chinese folk music, and their naturalist philosophy touched many. Even the Chinese classic *Pilgrimage to the West*, about celestial beings and devils, including the Monkey King, one of the main characters, comes under the influence of Taoism. Taoists have also made great contributions to traditional medicine and to Chinese martial arts.

Baiyun Temple, the site of the China Taoist Association, has scores of priests. They chant scriptures every morning and evening, and study Taoist classics. On major festivals, they perform Taoist rites. A class teaching Taoism has been set up.

Famed Lamasery To Open to Tourists

Lapuleng Monastery, a 274-year-old lamasery in Gansu Province, will open to visitors in April.

Located 260 kilometres southwest of Lanzhou, the provincial capital, Lapuleng is one of the six leading lamaseries of the Yellow Sect of Lamaism in China. Lamaism is a branch of Buddhism, popular among the Tibetans and Mongolians.

The prayer hall, theological seminary, lamas' quarters and

stupas (a shrine with a round base topped by a spire) built during the early Qing Dynasty (1644-1911) are typical examples of traditional Tibetan architecture.

Lapuleng is also a treasure house of Tibetan Lamaist culture, featuring more than 60,000 statues of Buddha and an extensive collection of Buddhist scriptures and philosophy and Tibetan history, arts and medicine.

As the lamasery is a key unit under state protection, the state has allocated some 100,000 yuan each year since 1981 to renovate the monastery.

A hotel designed in the ancient architectural style and furnished with modern facilities has just been completed beside the monastery. Tibetan-style yurts will be set up to accommodate guests during the summer.

The attendants will wear Tibetan costumes, and Chinese and Western food will be served, including such Tibetan delicacies as *zamba* (dried barley meal), butter tea and yogurt.

Horses will be provided for guests to ride around the grasslands and to visit the local Tibetan people.

Sichuan Buddhist College Established

The Sichuan College for Buddhist Nuns, the first in China, was established last month in Chengdu.

Buddhist nuns generally learnt from their teachers at monasteries since the establishment of Buddhism more than 1,900 years ago.

The first 39 students were chosen from among 120 candidates with a secondary school education.

They will attend the college for four years, studying Buddhism, Chinese language, history, foreign languages and other subjects.



Gymnast Li Yuejiu in action: graceful and unconventional.

SPORTS

Chinese: Rising Gymnastic Power

Carminucci, Stockli, Tramlot, Honma, Stutzkehre, Yamashita, Stalder, Diomidov, Hurzeler, Tsukahara...

To ordinary people these are nothing more than a bunch of names with perhaps some hints as to their nationalities. Yet to gymnastics fans, they are not only the names of the most celebrated stars in sport's history, but also the lasting honour the International Gymnastics Federation confers on inventors of original gymnastic stunts.

For the first time three Chinese names made their way into *Code of Points*, the gymnastics bible which is in force from January 1, 1985, through December 31, 1988.

The *Code of Points* is overhauled every four years, during which time the International Gymnastics Federation picks those gymnasts who appeared at the Olympic Games, the world championships or the world cup tournaments with risky and original moves.

The three Chinese gymnasts are Li Yuejiu, Tong Fei and Li Ning, and the four gymnastic moves named after them are: Li Yuejiu (floor exercise), one and a half sideways somersault with a straddle and a quarter turn to roll; Tong Fei (pommel horse), straight body giant hip circle travelling from one end of the horse to the other end with support on only

one pommel; Li Ning (rings), swing upward, rearward, backward and front uprise to L-support, and Li Ning (parallel bars), a backward giant swing from handstand with a half turn to support.

In the early 1950s Chinese gymnasts were mere walk-ons in world contests. But many years' hard work turned them into a force to be reckoned with on the world scene. In 1983 they beat the Soviet men's team at the 22nd World Championships to take the team title. In their winning routines, the Chinese demonstrated a variety of stunning moves which caught the imagination of the international gymnastics establishment.

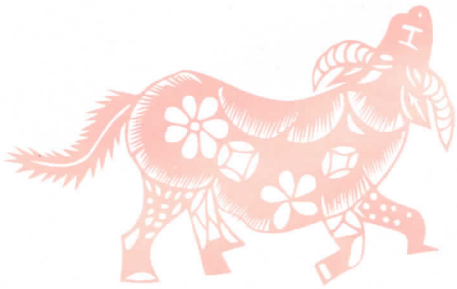
Li Yuejiu hit upon the idea of complicating his somersault by adding twists and turns in 1979. He first executed a one and a half sideways somersault in the pike position with a straddle and then doubled up with a quarter twist. Later he smoothed the landing through a roll — a finishing touch that made the move graceful and unconventional. The movement helped him place second in the floor exercise competition. In 1982 at the 21st World Championships, Li used the move again to win the floor exercise championship and thus became the world's first Chinese male gymnastic champion.

Teammate Tong Fei developed the straight body giant hip circle by moving from one end of the pommel horse to the other without supporting on one pommel.

The Chinese team became a real international threat when Li Ning came into the picture. He spiced up the traditional rings routine by using an eagle grip instead of the standard combined grips. Because of increased difficulty, the new grip evaded its innovator for a year before he felt secure. In 1983 Li's creativeness earned him a silver medal on the rings at the 22nd World Championships, and a gold medal at the 1984 Olympic Games.

Li's inventiveness didn't stop there. He transferred the giant swing from the high bar to the parallel bars, and added a half turn or sometimes even one complete turn. He then increased the difficulty of the move by ending in a handstand after a half turn in the middle of the swing. The invention stood him in good stead at the 1983 World Cup tournament.

Seemingly overnight, the total absence of Chinese gymnasts on the world scene has changed to leadership. In the 1985-88 version of the *Code of Points*, one-fourth of the 20 names are Chinese. How many will be there in the 1988-92 compilation?



ART PAGE

Folk Papercuts

According to the lunar calendar, 1985 is the year of the ox. These papercuts marking the year of the ox were made by the folk artists.





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