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# **China**

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## CHINA

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## SHIJIE ZHISHI CRITICIZES JAPAN FOR RULING ON KOKARYO CASE

HK170946 Beijing SHIJIE ZHISHI [WORLD AFFAIRS] in Chinese No. 11, 1 Jun 87 pp 4-5

[Article by Zhong Xing (6988 5281): "The Whole Story of the Kokaryo Case and the Responsibility of the Japanese Government"]

[Text] [Abstract] The Kokaryo is a student dormitory which is our country's property. Japan's verdict allowing Taiwan to possess it is illegal. The Japanese Government cannot shirk its responsibility for this. The so-called argument about a civil case and the separation of powers cannot hold water. [end abstract]

On 26 February this year, the Osaka Higher Court of Japan, in a verdict at a second trial of the Kokaryo case, upheld the judgment at the retrial by the Kyoto District Court, ruling that our students staying at the Kokaryo lost the suit and that the Taiwan regime owned the Kokaryo. This verdict is wrong politically and can also not be justified legally. This judgment fully affirms the argument at previous trials--an argument that openly seeks to create "two China's." This is an illegal act by the Japanese authorities and once again runs counter to the Sino-Japanese Joint Declaration and the Sino-Japanese Treaty of Peace and Friendship and defies international legal norms.

## The Origins of the Kokaryo

What is Kokaryo? "Ryo" means dormitory in Japanese. The Kokaryo is nothing but the name of the dormitory. The Kokaryo is situated at Nishi-Machi, Kita Shirakawa, Sakyo-Ku, Kyoto and is a 5-story building occupying an area of about 1,000 square meters. The building was originally a student dormitory leased by Kyoto University in the latter stage of World War II for Chinese students studying in Japan. After Japan's surrender, Kyoto University forfeited the right to manage the dormitory. Chinese students in Japan then named the building Kokaryo and also organized a self-government committee, taking charge of the dormitory.

In 1950, the delegation of the former Chinese Government stationed in Japan used public funds from the sale of commodities seized by invading Japanese troops from mainland China to buy Kokaryo. In 1961, the Taiwan regime's "Embassy in Japan" carried out the formalities for registering the rights to the property in the name of the "Republic of China." But the dormitory was

all along managed and used by the Kokaryo Autonomous Committee as a property of the PRC. The Taiwan regime never participated in its management.

In 1967, the Taiwan regime filed a suit in the Kyoto District Court demanding that the students living in Kokaryo move out. During the period of litigation, China and Japan established normal diplomatic relations. The Japanese Government severed diplomatic relations with the Taiwan authorities. The Kyoto District Court rejected the suit in 1977 contending that Kokaryo "is a public property and property used as such, which China bought for Chinese students in Japan as a dormitory facility, judging from the source of funds and the purpose for which it is used." "Given our country's recognition of the PRC Government as the only legitimate government of China, the right of ownership and control of the property in question belonging to the public of China has been transferred to the PRC Government."

The Taiwan regime would not reconcile itself to this. In the name of the "Republic of China" and with the "Director of the National Property Bureau of the Ministry of Finance" as a representative, an appeal was made to the Osaka Higher Court. On 14 April 1982, given the fact that the "Republic of China" is "actually ruling and controlling Taiwan and its neighboring islets under a system marked by the nature of a country," and that the "Republic of China's is still a de facto government not yet recognized," the Osaka Higher Court, on the grounds that the PRC Government was actually not entitled to fully inherit the properties of the former government of China in other countries, overruled the original verdict and referred the case back to the Kyoto District Court for a retrial. On 4 February 1986, on the above grounds, the Kyoto District Court overturned its 1977 decision ruling that Kokaryo is the property of the Taiwan regime.

The same month, the students living in Kokaryo appealed to the Osaka Higher Court to grant the PRC the right of ownership of the Kokaryo. On 26 February 1987, the Osaka Higher Court outrageously upheld its original verdict ruling that our students living in Kokaryo "lost the suit."

With Japan's judicial system allowing three trials, our students at the Kokaryo will appeal to Japan's Supreme Court.

#### The PRC's National Property

After its founding the PRC solemnly declared that all China's national properties lying anywhere and assuming any form belonged to the PRC. Just as mentioned above, viewed from the angle of the source of funds for the purchase of Kokaryo, or from the angle of any argument about the origins of Kokaryo, it is China's national property registered in Japan. The PRC has an indisputable right to the possession of Kokaryo. To our knowledge, after the normalization of Sino-Japanese relations, our government officially demanded that the Japanese Government transfer the Chinese Government's property registered in the name of the "Republic of China" to the "People's Republic of China," and hoped that the Japanese authorities concerned would render help. For 15 years China's embassy in Japan and its consulate general in Osaka have constantly controlled and managed Kokaryo. The PRC Government also appropriated special

funds for its repairs. Kokaryo is now occupied by government-financed and self-supported Chinese students and overseas Chinese students.

To our knowledge, since 1974 our government has officially protested to the Japanese Government more than 20 times. It was solemnly pointed out that Kokaryo should logically be the national property of the PRC. The Japanese Government was urged to take effective measures to prevent the Japanese judiciary organizations from making the mistake of creating "two Chinas," and to maintain the PRC's legitimate interests where Kokaryo is concerned. But the Japanese Government failed to quickly carry out the formalities for the transfer of the property to China as the beneficiary. Also, under such pretexts as the Kokaryo case being a civil one, the separation of powers in Japan, and the government's inability to intervene in the judicial process, it passed the buck, and acquiesced and encouraged the authorities concerned to create "two Chinas," or "China and Taiwan."

#### Using a Civil Case as an Excuse to Acquiesce in Creating "Two Chinas"

The Kokaryo case is not a general civil case. It is an important political legal case bearing on the principle of relations between two countries. The crux of the problem is that the Japanese side, running afoul of the relevant agreement between China and Japan and of the norms for international law, has openly created "two Chinas," or "China and Taiwan" in the form of a judicial judgment impaired China's interests and harmed relations between the two countries.

Everyone knows that the 1972 joint declaration between the governments of China and Japan clearly says: "The Japanese Government recognizes the PRC Government as the only legitimate government of China. The PRC Government reaffirms that Taiwan is an inseparable part of the territory of the PRC. The Japanese Government fully understands and respects this stand of the Chinese Government and upholds its stand represented by Article 8 of the Potsdam Proclamation." In a press conference after the release of the joint declaration, Japanese Prime Minister Ohira said: "The Cairo Declaration provides for Taiwan's return to China. Our country has accepted the Potsdam Proclamation as a follow-up to the above declaration. (Concretely speaking, Article 8 of the Cairo Declaration will definitely be put into force.) For this reason, our government's adherence to the stand of the Potsdam Proclamation is a matter of course." The 1978 Sino-Japanese Treaty of Peace and Friendship signed also clearly says: Various principles defined in the Sino-Japanese Joint Declaration should be strictly observed."

Based on generally recognized norms for international law, the legal consequence of one country recognizing the new government of another country is: As far as the country that accords recognition is concerned, the overthrown former government of the country no longer exists legally, and has also lost the qualifications and ability to start legal proceedings in a court of that country which has accorded recognition in the name of the old regime. After the establishment of diplomatic relations between China and Japan, the national organizations of Japan, including its judicial branch, should have assumed the obligation not to recognize the legal existence of the so-called "Republic of China" which was overthrown by the Chinese people and should have

side is of course compelled to make a necessary response to the Japanese side's provocation on this matter. Frankly speaking, we consider our government's attitude quite restrained. Any charge that the Chinese side has made a mountain out of molehill, or even that China has intervened in Japan's domestic affairs is entirely groundless.

Sino-Japanese friendship is the common wish of the people of the two countries. Sino-Japanese friendship has not been come by easily. The two countries should especially cherish it. We hope that friendly relations between the two countries will continue to develop. But no act against the Sino-Japanese Joint Declaration and the Sino-Japanese Treaty of Peace and Friendship can be accepted. We hope that the Japanese side can also be true to the various principles of declarations and treaties between the two countries and properly handle the problem in question in a positive and satisfactory manner, allowing the continuous development of friendly relations between the two countries.

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CSO: 4005/773

## ZHAO GETS FIRST-HAND LOOK AT HUNGARIAN ECONOMY

HK190841 Beijing RENMIN RIBAO in Chinese 18 Jun 87 p 6

["Newsletter from Hungary" by RENMIN RIBAO reporter Zhou Xiangguang (0719 6272 0342): "Exchange, Study, Use for Reference--Random Notes on Comrade Zhao Ziyang's Visit to Hungary"]

[Excerpts] Budapest, 17 June--Comrade Zhao Ziyang left Beijing on 3 June to begin his visit to five Eastern European states. Over the past dozen days or so, he has had a very busy schedule. Thanks to the kind arrangements of the Hungarian comrades, as soon as he stepped on Hungary's heroic soil, he was immediately driven to the holiday resort of (Oliko) [au li gao 1159 0448 7559] at the eastern end of Balaton Lake for a short rest. As he put it at the start of a welcoming banquet held by the Hungarian Socialist Workers Party Central Committee and the Council of Ministers the next evening, "After drinking in the beauty of Balaton's scenery, with feelings of great pleasure we have come to Budapest, a bright pearl on the Danube." He was pleased to have the opportunity to visit this beautiful country, to witness the brilliant achievements of the Hungarian people, and to exchange views with the Hungarian comrades on matters of common interest.

The National Assembly building by the Danube is a grand, magnificent building of white marble. On the morning of 15 June, the national anthems of China and Hungary were played at the National Assembly building square. To the accompaniment of the military band's march, Comrade Zhao Ziyang reviewed the guard of honor side by side with Comrade Janos Kadar. He then began his busy activities in Hungary.

The Hungarian people have a glorious revolutionary tradition. To win national independence, the Hungarian communists and people have conducted an indomitable struggle against the enemies at home and abroad and achieved great victories. To express the Chinese people's respect for the Hungarian people, Comrade Zhao Ziyang and his party went to the great Heroes Square on the afternoon of 15 June to lay a wreath before the monument to the heroes.

Comrade Zhao Ziyang separately held cordial talks with Comrade Kadar and Premier Lazar at the Hungarian Party Central Committee building and the National Assembly building. During the talks they concentrated on exchanging experiences in economic structural reform and penetratingly exchanged views on further expanding the all-round relations of friendship and cooperation

between the two countries. The two countries have different specific conditions and unfavorable situations [chu jing 5710 1064], but they face the same tasks and meet similar problems in the course of building socialism and carrying out restructuring. For this reason, in the course of the talks and the visit, Comrade Zhao Ziyang paid very close attention to learning about the Hungarian situation in every field and was very interested in the rich experience accumulated by Hungary in the course of reform. As he put it at the welcoming banquet held by the Hungarian party Central Committee and Council of Ministers, "Among socialist states, Hungary is a forerunner and pioneer in reform." "We are ready to exchange experience in this field with you and to learn from each other." People noted that Comrade Zhao Ziyang reflected this spirit through his remarks and activities throughout his visit.

On 17 June, accompanied by Comrade Laszlo Marothy, member of the Politburo of the Hungarian Socialist Workers Party, Comrade Zhao Ziyang went to Gyor, an important industrial city of Gyor-Sopron state in the north, to visit "(Lapao)" [la bao 2139 7637] car machinery plant, the second-largest plant in Hungary. This plant has a history of over 90 years. Before Hungary conducted reform in an all-round way, it was the first to carry out pilot reform. It turns out heavy trucks, tractors, and many other machinery parts. The chassies of the famous "(Icarus)" [yi ka lu si 0122 0595 7627 2448] sedans are produced there. In the reception center of the plant, Comrade Zhao Ziyang attentively listened to plant director Hallwatt's briefing. Sometimes he asked questions and sometimes he made brief introductions in light of China's conditions or talked with the Chinese comrades by his side. He acquainted himself with such questions as the sources of the plant's funds, cost accounting, sources of foreign exchange, whether it can retain a portion of foreign exchange, how to fix prices, and the form of cooperation with foreign enterprises. When he learned that 350 young Chinese workers would come to this plant at the end of July to receive training and to work, Comrade Zhao Ziyang looked very pleased. He sincerely said to the plant director: I hope your veteran master workers will pass their fine traditions to them.

While visiting the workshops, Comrade Zhao Ziyang tried to learn about the plant's system from those accompanying him. When he heard that a worker had received a high income through the piecework wage system, he asked the Hungarian comrades accompanying him: If output has increased but the products are unmarketable and must be kept in stock, making it impossible for the plant to make profits, will it still be possible to increase wages? On hearing this, a Hungarian friend said to me in an admiring tone: "Your premier is worthy of being an economic expert!"

On the way back to Budapest that afternoon, Comrade Ziyang visited the "Golden Ear" agricultural production cooperative at (Kochi) [ke qi 4430 1142] village. The cooperative has 5,600 acres of land and 760 members. It engages principally in livestock breeding and crop farming.

Comrade Zhao Ziyang paid close attention to studying the experience Hungary has gained in socialist construction and reform. At a luncheon held in his honor by the first secretary of the Gyor-Sopron state party committee, he spoke glowingly of the purpose of this visit and his impressions. He said: "Yesterday afternoon, I talked with Comrade Kadar for about three hours and

again for about two hours during the evening banquet. On the way to Gyor today, I talked with Comrade Marothy for over an hour. We have also promised to talk more on the return trip... You can see, when we come to Hungary, how interested we are in what happens in Hungary. We have come to Hungary with the aim of studying and we have come to study with our own problems in mind. This is our sincere desire...."

Comrade Zhao Ziyang's visit to Hungary will soon be over. As he especially pointed out during his visit: This visit represents a rare chance for us to find out about the situation in Hungary and to use Hungary's reform experience for reference. Although it is a short visit, we can affirm that it will further promote the development of the friendly relations between the two parties and two countries.

/12913

CSO: 4005/772

## FINANCE OFFICIAL DETAILS PROBLEMS IN FUNDS MARKET

HK170912 Beijing JINGJI YANJIU in Chinese No. 3, 20 Mar 87 pp 59-63

[Article by Hu Jizhi (5170 4949 0037) of the Financial Research Office of the Wuhan Branch of the People's Bank of China: "Contradictions in China's Funds Market"---written in December 1986]

[Text] Currently, China is launching a vigorous financial system reform in which the funds market is the focus of reform. Under this condition, studying the contradictions affecting the development of the funds market, analyzing the causes of these contradictions, and proposing correct solutions are highly essential to guiding and promoting the healthy development of the funds market.

As the social marketplace for funds transactions, the funds market is an economic arena with very wide connections. Transactions are related to the fiscal arena, the financial sector, enterprises, and all residents. The market's operation mechanism is connected with factors like the political environment, the level of economic activity, the management system, communications and telecommunications, and so on. Therefore, the funds market must be analyzed and examined in the context of the workings of the entire economy. Comprehensively examining the development of the funds market in various localities in China, we find that it is faced with 10 major contradictions.

1. The contradiction between the optimal flow of funds according to economic results and the allocation of credit and funds according to administrative levels and divisions:

The orientation of our economic system reform requires that economic activities be organized with central cities as supporting bases, and correspondingly, a number of regional funds markets should be instituted with central cities as supporting bases. However, changing over from organizing economic activities on the basis of administrative divisions and levels to organizing economic activities with central cities as supporting bases entails undergoing a transitional state. Judging from the current situation, the replacement of the old economic system by a new one has just begun, a rudimentary development of new economic mechanisms has just started, and old economic mechanisms still predominate. In real life, orders concerning output value, profits, and the allocation of major goods and materials continue to be

assigned to lower levels according to administrative divisions, and transregional economic combines that are really successful and substantially practical and significant are as rare as morning stars. Therefore, in the short term, the allocation of credit funds, whose growth accounts for over 90 percent of the total growth of enterprises' funds in China, still cannot be separated from the main body of the existing administrative control system, and the reform of the credit funds system will be confined to more vacillations between relying mainly on allocations by departments and allocations by local authorities, so that credit funds will necessarily retain some characteristics of "fiscal funds." Therefore, China's funds market was born with an innate defect: the planned allocation of funds requires that money follow the flow of physical resources and be bound to where they belong, whereas developing the funds market requires a free flow of funds according to the principle of optimizing economic results. Under the condition that administrative control is more powerful than the attraction of economic interests, barriers will inevitably be erected at all levels to prevent the horizontal flow of funds. The scale and speed of development of the funds market depend on the extent to which funds allocated through planning decrease. At the present stage, in strategic development planning the funds market can only serve as a supplementary channel to "planned finance." Though we can fully understand its profound historical significance in promoting the development of the commodity economy, we must not overrate its practical significance. Regarding specific implementation measures, we must let it naturally take shape in accordance with the degree of development of the commodity economy and the progress of the economic system reform. We should not promote a full-scale development of the funds market by administrative means.

2. The contradiction between the commodity economy's law of the superior being successful and the inferior being eliminated and the existing system's feature of coexistence of the superior and the inferior:

The commodity economy is governed by the law of value and characterized by the superior being successful and the inferior being eliminated. The funds market, which serves to pool resources in the course of the commodity economy's activities, powerfully promotes the success of the superior and the elimination of the inferior. There, the superior can seek help by obtaining a larger amount of funds, but the inferior will lose even the funds originally possessed. Thus, the continuous progression of cycles of socioeconomic activities will be promoted. Thus, judging from China's current situation, the situation of the actual environment is in conflict with the funds market's role. First, enterprises, as a main body in the arena of socioeconomic activities, have not yet become genuine enterprises. The vast number of enterprises still exist under the peaceful condition of the primitive product economy. Some 96 percent of the profits of profitable enterprises are withdrawn in the form of fiscal levies, key construction project funds, and social apportionments, while loss-incurring enterprises receive subsidies in the form of tax exemption, bank loans, delayed repayment of loans, and so on. This coexistence of the superior and the inferior is merely a disguised form of the past practice of "eating out of the same big rice pot." Under this condition, the funds market is too weak to help condition enterprises' behavior. Second, banks, as the main sector responsible for pooling and

distributing social funds, still operate under the system of "eating out of the same big rich pot" whereby higher and lower levels form an integrated whole. In particular, at this stage when a new system is replacing the old, aside from doing credit business, specialized banks also have an obligation to perform state management functions like macroeconomic control, cash management, exercising supervision over wage matters, and so on. They cannot be run as full-fledged enterprises, and their bank credit funds loans cannot aim to directly maximize profits. When conflicts arise between credit management and a staffers' livelihood, the "subordination of economic considerations to politics" will still prevail. Thus, the coexistence of superior and inferior enterprises and the system of "eating out of the same big rice pot" in banking are incompatible with the inherent characteristics of the funds market. This is one reason why the funds market has been short-lived in some of China's cities. Therefore, in the near future simultaneous advances on many fronts will be inappropriate in the development of China's funds market. The interbank lending market should be the key area of development. Issuing shares and debentures should be limited to units experimenting with the shareholding system, the system of responsibility over the management of assets, and so on. Moreover, experimentation in running specialized banks as enterprises must be practiced in a down-to-earth manner.

3. The contradiction between market fluctuations in the prices of funds and the current direct control of interest rates:

Whether the price of funds, that is, interest rates, can spontaneously rise and fall in accordance with the tightness or ease of credit and economic results crucially determines whether the market mechanism really works in the funds market. Whether interest rates can rise and fall is not a technical question but is prescribed by many objective constraints. Judging from the current situation in China, the main difficulty is the excessive differences in the profit rates on funds between various localities, departments, or industries. Thus, in 1985, the figures for the amount of profits and taxes created per 100 yuan of funds used were 56.9 yuan for Shanghai, 33.4 yuan for Nanjing, 25.7 yuan for Wuhan, and 19.56 yuan for Chongqing; (footnote 1) ("Basic Conditions of 18 Large and Medium-sized Cities and Open Coastal Cities and Special Economic Zones," compiled by the Wuhan Statistical Bureau, August 1986, p 21) and industry wide, the figures for various industries were: oil, 74.9 yuan; electrical power, 77.55 yuan; electronics, 29.3 yuan; machine-building, 21.3 yuan; coal, 18 yuan; textiles, 16 yuan; chemicals, 13.9 yuan; building materials, 9.5 yuan; foods, 9.41 yuan; and metallurgy, 7.35 yuan. (Footnote 2) ("ZHONGGUO SHEHUI KEXUE" "[SOCIAL SCIENCES IN CHINA], No. 1, 1986, p 162) The differences between localities, departments, and industries were stipulated in the past when interest rates were planned. Some reforms have been conducted in recent years, but the problems of overly rigid control, unreasonably low interest rates, and disproportionate profit differences and profit rates have not been completely solved. With the opening of the funds market, funds from various localities form a single pool. Here, funds from various localities are subordinated to the power of competition but not to that of planning. They flow to where interest rates are high. Therefore, current activities in the funds market are unavoidable characterized by the fact that some banks are unwilling to grant normal loans to borrowers in localities under their jurisdiction, but prefer to lend funds to high-interest

rate localities like Wenzhou, and some banks prefer to borrow funds from low-interest rate localities to acquiring funds locally. Thus, transactions in funds on the funds market go against the state's macroeconomic policy of achieving balanced development in each locality and industry, and the gap between advanced and backward localities is further aggravated. Therefore, in the arena of transactions in funds on the funds market, particularly interbank lending, measures must be taken which will allow the market mechanism to play its role and will not go against the state's policy of achieving balanced development in every locality and industry. Shortcomings must be circumvented and strong points preserved. The principle of concentrating on local activities and short-term transactions must be adhered to. The funds market must thus be helped to develop healthily.

4. The contradiction between the growing role of the funds market and the simplistic use of administrative means by the People's Bank to exercise management:

Macroeconomic control is a prerequisite for microeconomic invigoration. The extent of microeconomic invigoration depends on the degree of compatibility of macroeconomic control. According to general theory, because the market mechanism is incorporated into the funds market, the inherent laws of the market will stimulate a "self-controlling" capability inherent in microeconomic and financial activities, and also help create conditions to facilitate the Central Bank's use of various economic means for "fine-tuning," so that the funds market is described as a sector which unites macroeconomic control and microeconomic invigoration, and which is the inevitable option used by the Central Bank to effect the transition from direct control to indirect control. However, the current problem is that the People's Bank has been specifically exercising its function as a Central Bank for a short time and it lacks experience in exercising leadership over the funds market and managing it. Currently, exercising direct control through formulating credit plans and prescribing the total quantity of credits is the principal means for regulating and controlling financial activities. Other economic means currently in use have not yet become genuine means of regulation. For example, in the case of reserves against deposits, except for deposits with construction banks earmarked for capital construction, deposits of other industries, irrespective of their nature or maturity, require a 10 percent reserve delivered to the higher authorities. Moreover, once the amount of reserves is determined, it will remain fixed for several months. This is actually a method whereby the Central Bank amasses funds from specialized banks. Relending should have been a highly flexible means of regulation, but currently its main function is to satisfy the specialized banks' transient need for funds. In considering rediscounting, because the amount of commercial bills and the volume of specialized banks' rediscounting business are small, the People's Bank's method of dealing with the initiation of rediscounting is the "preferential supply of funds and preferential interest rates." This serves to help specialized banks start a commercial bill discounting business. Consequently, rediscounting has become another channel for specialized banks to obtain funds from the People's Bank at low interest rates. Under the condition of a continuously augmenting market mechanism, China's financial activities are changing over from "planned finance" to "planned market finance," and as the hub of the entire credit system, the

People's Bank should also change its means of regulation and control, so that instead of relying mainly on direct administrative intervention, it relies mainly on indirect economic regulation. Multilevel macroeconomic control of finance must be practiced, and the funds of the People's Bank's branches in central cities must be increased so that its regulatory capability can also increase. Regarding the targets for control, both the money supply and the quantity of credits must be controlled. Regarding the means of regulation and control, the system of deposits and reserves must be improved; different reserve ratios for different durations of deposit must be stipulated and must be raised or lowered according to the ease or tightness of credit in the market. The proportion of unsecured loans must be reduced so that the Central Bank's loans will be granted mainly through rediscounting, mortgaging, and so on, and the funds market and banks' credit activities will be based on solid socioeconomic activities.

5. The contradiction between the many varied forms of credit and the lack of variety of financial instruments:

An active funds market must not only furnish many varied forms of credit, but, what is more important, it must have many varied financial instruments. Currently, some new financial instruments appearing in the financial markets of the West not only facilitate funds transactions, but also effectively guard against speculation and risk. China's situation in recent years is such that with the in-depth development of the commodity economy and economic reform, many different forms of credit have appeared; for example, government credit, commercial credit, consumer credit, private sector credit, and so on. Each of these categories of credit also exist in many different specific forms; for example, commercial credit includes the sale of commodities on credit, acting as a marketing agent, advanced payment for goods, consignment sale of goods stocked in warehouses, and so on. Because financial instruments are inadequate, however, there are a number of marked problems affecting some inherently good forms of funds transactions. For example, inter-enterprise commercial credit in the form of sale on credit is in itself a most convenient and economic form of funds transactions. But because the majority of enterprises concerned use the methods of verbal credit agreements and making bookkeeping entries in the absence of commercial bills, these methods have degenerated into major means of inter-enterprise default or the gratuitous use of other enterprises' funds. The resultant debt chains affect normal production and circulation operations. Moreover, the circulation and transfer of the small number of financial instruments which have appeared are prohibited. This is like getting enmeshed in a web of one's own spinning, and funds transactions are thus restricted. For example, the transfer of treasury bills, financial bonds, commercial bills, and so on is expressly prohibited, and this poses an obstacle to funds transactions in the funds market. In the case of treasury bills, purchasing them means owning them for several years, during which many changes may occur. Because their transfer is prohibited, when treasury bills are issued the next time they must be apportioned by administrative means. The functions of financial instruments on the funds market are: First, they furnish legal protection of the relationship of lending and borrowing between the parties undertaking funds transactions; and second, as the carrier of funds in their movement, they promote the circulation of funds. At present, therefore, under the condition that a

considerable variety of forms of credit have been developed, a larger number of financial instruments must be created to help invigorate the funds market.

6. The contradiction between channeling funds from units having a surplus of foreign exchange to those in want of foreign exchange and overly rigid foreign exchange controls:

Over the past several years, with the development of opening China to the outside world, China's economic and cultural exchanges with other countries have become more frequent and the number of units involved or affected by the earning and spending of foreign exchange has been continually increasing. Therefore, foreign exchange activities on the funds market have become increasingly more important. The actual situation is that for one thing, not all foreign exchange-earning units need to spend foreign exchange. The majority of China's products which fare well in competition on the international market are traditional handicraft articles and sideline agricultural products, and the units producing them do not necessarily have to spend the foreign exchange they earn. And for another thing, not all foreign exchange spending units earn foreign exchange. For example, some domestic products like television sets, radio-recorders and so on lag far behind advanced standards abroad, but there is a broad domestic market for their consumption, and using foreign exchange to import advanced foreign technology to produce these products has very good prospects for development. However, our existing foreign exchange control measures prohibit the buying or selling of foreign exchange, and the retained earnings of foreign exchange-earning units must be used in some prescribed ways. Thus, the frequency of use of foreign exchange is limited at present. This actually represents a method of management characteristic of the product economy. Moreover, it must be noted that really big earners of foreign exchange are now few and the majority of units earn a relatively small amount of foreign exchange. According to statistics compiled by the Foreign Exchange Management Bureau of Wuhan, in October 1986 there were 345 foreign exchange-earning enterprises in Wuhan, which together earned 11.53 million dollars. Some 53 percent of them, or 183 enterprises, earned less than 10,000 dollars each, and their total earnings were 518,000 dollars, or merely 4.5 percent of all earnings. Small sums of money cannot function well as capital. These small sums of foreign exchange will remain idle if foreign exchange transactions are not carried out. To solve this problem some central cities have started foreign exchange rechanneling businesses and achieved good results. Nevertheless, further conditions must be created for instituting a foreign exchange market and making possible the buying and selling of foreign exchange.

7. The contradiction between the legal protection of funds transactions and the phenomenon of "a lack of pertinent laws and difficulty in working according to laws:"

With the development of the funds market, the past situation of a single and utterly plain channel for the circulation of funds has ended, and many channels and forms of funds transactions have appeared, which facilitate funds transactions between enterprises, banks, banks and enterprises, and individuals and units. However, the extensive development of funds transactions still depends on the available degree of legal protection. In

the arena of complex activities of the funds market, it is even more essential for various financial relations and criteria governing financial activities to be permanently stipulated in legal form, so that there are common norms for all to observe. This is an important prerequisite for invigorating the funds market without causing chaos. If this prerequisite is not satisfied, and if we continue to use administrative measures to intervene in funds market activities, we will inevitably have to follow the beaten track of "relaxing control, leading to chaos, and tightening control, leading to rigidity." In China's current situation, economic and financial legislation work seriously lag behind, so that instances of disorder in funds market activities have inevitably occurred. For example, shares yield both dividends and interest and their value is repaid on maturity. Bonds carry a chance to win prizes and this stimulates the desire for good luck. Some units distribute bonuses in disguised forms by issuing shares and debentures and distributing dividends and interest, and so on, so that shares and debentures, which have been proved in practice to be effective forms of funds transactions, have changed in nature from the very beginning, and their image in people's eyes has even been marred. Therefore, in the development of the funds market particular attention must be paid to subjecting funds transactions to a set of norms. Economic and financial legislation work must be accelerated so that various economic relations and criteria governing economic activities can be permanently stipulated in legal form and the healthy development of the funds market can be ensured.

8. The contradiction between desired fair competition between many categories of financial institutions and the monopolistic practices of the four major specialized banks:

In opening a funds market it is of the greatest importance to bring in the market mechanism and allow various financial institutions to enter into competition as equal legal persons, in order to guide the flow of funds, raise efficiency in the use of funds, improve the quality of financial services, and raise the standards of operations and management. However, the highly monopolistic organizational structure of the four major specialized banks is now hindering the launching of competition. Various spheres in the professional division of labor are delimited as bulwarks of control, complete segregation prevails, and the situation of four major specialized banks monopolizing the operations of all financial businesses has not completely ended. Reform measures in recent years have reinforced rather than improved the situation of monopolistic operations. For example, trust departments have developed into trust companies, but the personnel are still under the leadership of various specialized banks, and even the outward dispatch of information must be approved by the specialized banks. The trust companies' independent operations and assuming of responsibility for profits and losses exist in name only. Rural credit cooperatives are still in swaddling clothes under the agricultural bank's care. Urban credit cooperatives enjoy a certain degree of independence as new municipal financial institutions serving the collective economy and the individual economy, but it is still difficult to sever the umbilical cord between them and the specialized banks. Internally, the four major specialized banks, on account of their nonenterprise mode of management, are indifferent to profits or losses resulting from their operations. Externally, their highly monopolistic organizational structure

renders other financial institutions unsuccessful in competing against them. This is now a major obstacle to further developing and perfecting China's funds market. Therefore, the situation of separatist rule by the four specialized banks must be completely ended, minor specialized banks must be designated as units practicing independent accounting, and regional and other offices must be empowered to directly participate in funds market activities. Moreover, a number of financial institutions must be established according to the need for economic development. Any enterprise should be permitted to freely choose any bank, or vice versa, as its business partner.

9. The contradiction between the desired rapid flow of funds and the traditional means of operation:

The funds market's functioning depends on fully exploiting temporal, regional, and occupational differentials in the use of funds and automatically channeling funds from units with a surplus to those with a deficit. The fact that "time is money and efficiency is life" is of special significance here. According to some statistics, using microelectronic technology in financial markets can raise efficiency by 10 percent. Therefore, in economically developed Western nations, the banks' business activities are synchronized with the earth's rotation. Moreover, the preferred use of advanced microelectronic technology in the financial sector has increasingly blurred the distinctions between local market and markets elsewhere, between domestic and international markets, and between visible and invisible markets, thus greatly raising efficiency in the use of funds. Currently, China's communications facilities are backward and activities in the funds market are still mainly conducted through the "visible market," which cannot be open for business every day because of the constraint of various conditions, so the development of funds transactions is limited. Therefore, assigning priority to achieving the widespread use of microelectronic technology in the financial sector is a pressing task.

10. The contradiction between the extensive development of the funds market and the grave shortage of financial personnel:

The funds market represents a completely new challenge to China's financial undertakings. Large numbers of specialists well-versed in professional work are needed to perform theoretical designs and practical operations. Judging from the actual current situation, our contingent of financial personnel is far from capable of satisfying this requirement because there are not enough personnel and their quality is low. The majority of old bank staffers with experience in funds market operations in old China have either retired or are going to do so, while the middle-aged and young financial workers, who have been working under conditions of the supply system of funds allocation, lack theoretical knowledge about the funds market and practical experience. Therefore, many measures must now be adopted to vigorously raise our financial personnel's theoretical standard. Moreover, attention must be paid to guard against the phenomenon of "employing untrained personnel at the expense of trained persons" which occurred in the past. What is learned should be put to use.

## SHANGHAI FORMS REGIONAL FINANCIAL MARKET

OWO71214 Beijing XINHUA in English 1133 GMT 7 May 87

[Text] Beijing, 7 May (XINHUA)--Shanghai has enhanced its role of commercial center in east China and formed more sound monetary networks to deal with fund borrowing and lending, exchanges of bonds and bill discounts.

According to a report in today's overseas edition of the PEOPLE'S DAILY, the city's agricultural bank initiated the business of lending and borrowing of funds with its counterparts in 1984 mainly by negotiating by telephone.

By 1986 some 1.43 billion yuan had been transacted among different banks. Of this sum, 197 million yuan was borrowed by banks of 22 counties and cities in Jiangsu, Zhejiang and Hubei Provinces. The interest rates were decided by both sides and the highest monthly rate was 0.73 percent, the paper said.

The Shanghai branch of the industrial and commercial bank of China later established a short-term money market to handle fund borrowing and lending and bill discounts between financial institutions. By the end of last year, 2.8 billion yuan had been transacted on the market, it said.

The bank started discount business in 1981. To make fund circulation more effective and convenient, the Shanghai branch of the People's Bank of China opened a rediscount service 1 April last year. It had handled 536 million yuan by the end of the year. The bank also controlled the direction of fund circulation by adopting a floating interest rate.

Moreover, the city has established a bond market to meet the growing need. Now, more than 1,000 work units in the city have issued bonds and shares, the paper said. Most of the bonds and shares issued publicly can be transacted on the market.

On 6 November 1986, the city launched a foreign exchange center for all Sino-foreign joint ventures and work units using foreign investment throughout the country. So far, 3.71 million U.S. dollars has changed hands at the center, it said.

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CSO: 4020/221

## MONETARY MARKET FLOURISHES IN SHANGHAI

OWO10752 Beijing XINHUA in English 0652 GMT 1 Jun 87

[Text] Shanghai, 1 June (XINHUA)--Monetary markets, which first appeared in Shanghai Economic Zone less than a year ago, are flourishing, as a total of 27 billion yuan had changed hands by the end of April.

So far more than 60 money markets have been established throughout the economic zone since the second half of last year, a local official said, adding they lent and borrowed 15 billion yuan at the end of last, covering 50 percent of such bank transactions in the country.

The Shanghai Economic Zone includes the municipality and five provinces in east China, including Jiangsu, Zhejiang, Anhui, Fujian and Jiangxi Provinces. The total industrial and agricultural output value of the zone made up 30 percent of the country's total.

The monetary market helps the flow of funds between banks, said Gong Haocheng, deputy governor of the Shanghai branch of the People's Bank of China.

The monetary market in Wuxi, a neighbouring city of Shanghai, has lent and borrowed more than 5.6 billion yuan among from than 90 financial agencies since it opened in January of this year.

The official from the Shanghai Monetary Market also said a unified monetary market would be set up, which will offer such services as stock and foreign currency exchange.

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## DECISION TO CURB SPENDING FACES CHALLENGE

HK180644 Beijing CHINA DAILY (BUSINESS WEEKLY supplement) in English 13 May 87  
p 1

[By staff reporter Qin Xiaoli]

[Text] A tug of war is going on between the central government and its numerous offices and state-run industries: The state treasury wants to tighten up the purse strings but spenders refuse to cooperate.

The central government has made one of its goals this year a bid to cut administrative expenditures by 10 percent from last year's level. But its offices have pushed spending up by 11.6 percent in the 1st quarter of this year.

The central government has simplified diplomatic protocol, cut down the number of state banquets, revised the standards for office buildings, and reduced the number of this year's recruits to set an example. And an auditing team has been organized to check expenditure by 15 major ministries and state-run corporations.

But various government organizations have been competing to give free or subsidized food to employees, organize extravagant meetings in tourist spots, set up new offices, rent expensive hotels for offices, buy luxurious furniture, and spend lavishly on imported office automation equipment.

The state-run industries, though living under a tight state accounting system, have taken advantage of the labour protection allowance to make expensive suits for workers as work uniforms. Some factories buy suitcases, table lamps, hot water bottles and bedding to give to workers as bonuses to get around pay ceilings set by the state.

"The possibility of cutting expenses by 10 percent looks very dim," said an official from a State Council office.

He said curbing spending by the government and government-run industries would contribute to the country's financial balance. A 10 percent cut in spending would mean saving at least 4 billion yuan this year while a 10 percent increase would bring in a problem of the same size.

The Ministry of Finance seems determined to win the battle. A national conference on increasing revenue and cutting expenses is going on in Beijing to enforce the goal of a 10 percent cut.

"The goal must be achieved," said an official from the Ministry of Finance.  
"Even if an office has the money, it is not allowed to spend beyond the budget.  
Accountants all over the country will refuse to accept bills beyond the budget."

He said that the cost of free or subsidized food given for Spring Festival in January may have to be paid back by government workers.

The war between the central government and local government is also going on over another aspect [of] the taxation.

China has a unified tax system. Tax policies are made by the central government and collections are divided between the central and local authorities according to agreed ratios. But many local governments, in order to please businessmen and foreign investors in the region, allow tax exemptions to local businesses. Sometimes they show such generosity not only on local government revenue, but also at the expense of central government.

Alarmed by shrinking tax revenues, the State Council had to remind local governments in April that tax regulations are part of the law and no one has the authority to nibble away at them without consulting the Ministry of Finance. The State Council told all levels of tax collectors to override local governments' illegal instructions on tax exemptions.

The state's budgeted income for 1987 is 237.9 billion yuan, and budgeted expenditure is 245.9 billion yuan, allowing a deficit of 8 billion yuan.

The official from the State Council's general office said the implementation of the budget is on course in spite of the problems.

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CSO: 4020/221

## BANK OF CHINA OFFICIAL SEES MORE BANKING REFORMS

OW131526 Beijing XINHUA in English 0951 GMT 13 Jun 87

[Text] Beijing, 13 June (XINHUA)--The reform of China's banking system will continue and enter a new level, Liu Hongru, vice-governor of the People's Bank of China said.

"Banking reforms have shown remarkable results since they started in 1979," Liu said, summing up the current reforms as:

--A new banking structure, characterized by better distribution of work between the country's central and specialized banks;

--Diversification of business scope and services;

--The founding of money markets; and

--The introduction of the responsibility system, under which banks are responsible for their own losses and profits.

At a recent banking meeting in Beijing Liu said, "earnest efforts should be made to carry out relevant decisions one by one in continuing the reform."

"Development of short-term money markets should be further encouraged," Liu said, adding more attempts should be made to set up long-term money markets, and enterprises should become more involved in the securities market.

Commenting on strengthening the role of the Central Bank, Liu said, "because of the country's underdeveloped capital market and strict control on interest rates, the Central Bank has to rely on control of the amount of credit loans in macro-management, and this might cause specialized banks to depend on the Central Bank." Therefore, he added, efforts must be made to improve the macromanagement of the Central Bank by setting up money markets and readjust the interest rate system.

"Banks should shoulder more responsibilities like enterprises and only in this way can they become more efficient," the latest issue of the "financial times" quoted the vice-governor as saying.

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CSO: 4020/221

## EFFORTS MADE TO STEP UP GOLD PRODUCTION

HK150527 Beijing CHINA DAILY (BUSINESS WEEKLY Supplement) in English 15 Jun 87  
p 1

[By staff reporter Sun Youngeng]

[Text] For the last few months, China has been stepping up its efforts to strengthen the management of the country's gold production in a bid to achieve sustained and rational utilization of its gold resources.

Since collectively-owned business and individuals were first allowed to mine gold in 1978, numerous such businesses and individuals joined the present "gold rush" fuelled by a rise in buying prices. On 1 December 1986, the price increased to 994.1 yuan an ounce from 894.1 yuan for gold sold by individual panners.

Small mines owned by local governments and rural individual prospectors together produce more than half of the nation's gold. Individual panners total nearly 200,000 across the country.

Some irregularities emerged during the "gold rush," which attracted the attention of the country's newspaper, radio and television stations as well as government institutions in charge of gold production.

Measures were taken promptly to correct this situation. In early April, the Ministry of Metallurgical Industry issued Temporary Regulations on the Management of Gold Production, which stipulated exploration should proceed in accordance with a general plan and in an organized way and that state-owned gold enterprises will be responsible for large-sized gold mines while locally-owned businesses will deal with small- and medium-sized mines under local government control.

The rules also state that local gold authorities can organize collectively-owned businesses to explore the periphery of gold mines with the permission of the major enterprises so as to make full use of natural resources.

The regulations say state- and collectively-owned businesses and single individuals who have approval can prospect for gold but they have to do so at designated places. Individuals are banned from conducting gold-extracting operations.

They stipulate that only the People's Bank of China and its authorized institutions can purchase finished gold.

Now provinces nationwide have to take various initiatives to ensure better gold production.

On 13 April, Liaoning Province established a Bureau of Gold Administration to strengthen production and management.

In Zhejiang province, the government decided to establish a gold resources prospecting operations.

This year, the central government has put the greater investment ever [as published] into Henan to assist the province in its plans to upgrade the existing enterprises engaged in gold production by the year 1990.

In neighbouring Hebei, a major gold-producing province, efforts are being made to realize its target to double its 1985 gold production by 1990. To meet the target, the province has adopted a production responsibility system. Two other major gold-producing provinces, Heilongjiang and Guangdong, had earlier adopted the same system.

China's gold production in 1986 overtook the year's targets by a big margin, hitting an all-time high both in output and growth rate. Production increased 14.1 percent despite the fact that the target was a 10 percent rise over the previous year, according to the China Gold Company, which did not reveal the actual production figures.

A company official said the state hopes to maintain an average annual growth of 14 to 15 percent over the next 4 years, which will enable the 1985 figure to be doubled by 1990, the last year of the current 5-year plan.

China's confirmed gold reserves rank fifth in the world after South Africa, the Soviet Union and the United States.

In Jiadong Peninsula in Shandong Province, abundant deposits of gold have been found. About 40 gold mines have been revealed, of which three are new large mines. The peninsula's total deposits are the country's most important ones.

Since 1976, Shandong gold production has maintained an average annual growth of 17 percent and its yearly output was first in the country. Four mines are among the top 10 largest in the country. Above all, jiaojia mine was the country's first mine to become a world-level mine with a proven deposit of 100 tons.

In Jiangxi Province, a new deposit equal to three large mines was found recently with a combined reserve equal to about 20 percent of the national total.

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## BRIEFS

ANNUAL GOLD OUTPUT INCREASE--Beijing (CEI)--China's gold output increased by 14.1 percent last year and is expected to increase at an average rate of 10 percent a year, according to the recent First National Gold Science and Technology Trade Fair held here. China's technology in gold exploration, mining, refining, and smelting has reached international standards. [Text] [Beijing XINHUA in English 0545 GMT 10 June 87 OW] /12232

NEI MONGGOL HAS RARE EARTH--Hohhot (CEI)--Bayan Obo mine of Baotou Iron and Steel Company in Inner Mongolia has 80 percent of the world's total rare earth [RE] reserves and its niobium reserve is only second to Brazil. The company now produces over 200 specifications of 70 categories of rare earth products. Its RE concentrates, chlorinated rare earth and RE ferro-silicoide alloy have been exported to 14 countries and regions, including Japan and the United States. It also has 2000 customers in the country. The company is a comprehensive industry with mining, ore dressing, metallurgy, separation and manufacturing. [Text] [Beijing XINHUA in English 0632 GMT 15 Jun 87 OW] /12232

CSO: 4020/221

## RENMIN RIBAO ON IRON, STEEL INDUSTRY DEVELOPMENT

HK161336 Beijing RENMIN RIBAO in Chinese 10 Jun 87 p 2

[Article by reporter Liu Xieyang (0491 3610 7122): "A Stern Challenge to the Iron and Steel Industry"]

[Text] The problems of the variety and quality of iron and steel have become more prominent today in the course of "opening to the outside world and invigorating the domestic economy."

--Trains in our country have speeds of 80-100 km per hour, even as high as 120 km per hour, and the loading capacity of freight cars has been raised to 50-60 tons, but our wheels can only suit the driving conditions at speeds of 60-70 km per hour and with a loading capacity of under 30-40 tons. As the capability of the wheel is low and the speed is high, it is very difficult to avoid accidents caused by the breakdown of the wheels.

--Over the past two years, some 10 motor vehicle manufacturing assembly lines have been imported from 33 foreign companies of 7 countries, and most of the rolled steel used has been imported. The capacity of the homemade motor vehicle gear wheels is low, their quality poor, and their service life half that of the foreign gear wheels....

--The actual strength of our country's machine-building is great and there are conditions for our machinery to enter the international market, but as the quality of some rolled steel is not up to standard, it affects the products made. Construction machines, including bulldozers, plows, and excavating machines, need high-strength steel plates. We cannot produce steel plates with 50 kg tenacity and supply steel plates with 60-70 kg tenacity.

--During the Seventh 5-Year Plan, approximately 1,000 km of railroad of our country must change to heavy rails, and long and large 10,000 ton trains for the Datong-Qinhuangdao line must be hurriedly manufactured. The large hydraulic electrogenerating equipment of Gezhouba, the 300,000 ton ethylene project, and the second phases of the "Baoshan Iron and Steel Company" and "Panzhihua Iron and Steel Company" are all contemporary modern advanced equipment. Projects that are to last for generations demand good quality above all else, particularly iron and steel quality.

Over the past two years, our country's production of iron and steel has developed very quickly, their variety increased, and their quality improved. Last year, steel output reached some 50 million tons and ranked fourth in the world. Why should we import 10-20 million tons of rolled steel every year? An important reason is that the variety and quality of our iron and steel are still not up to standard.

Our strict demands on iron and steel production are that we should have wide variety and good quality. This is a new situation facing the metallurgy front. In future, we must attach importance to output and quality. We must produce a large variety of steel and steel of good quality so that 1 ton of good quality steel is better than several tons of inferior steel.

To promote iron and steel variety and quality, we must set strict demands. For many years in the past, we had only a rate of acceptable products, which could not reflect consumers' actual requirements or represent the international level. The rate of acceptable products in some factories reached 99 percent, but they were not necessarily suitable for use in the units using them. They were even more unmarketable in the international market. To change this situation, the Ministry of Metallurgical Industry has decided that in future, iron and steel enterprises should gradually organize production according to the international standard and that by 1990, some 40 percent of the rolled steel produced by the key enterprises should meet the international standards. During the Seventh 5-Year Plan, the local iron and steel enterprises must strive to organize production according to the international standard. The so-called international standard means that in raw materials, smelting, steel rolling, finishing, and packing, advanced techniques must replace old backward techniques and products must reach the international standard. The wheel brakes produced by the Maanshan Iron and Steel Company can now suit the speed of 60-70 km per hour and their loading capacity is under 30-40 tons. In future, according to the international standard, we must produce products that can suit the speed of over 100 km per hour and have a loading capacity of over 50 tons. This change in the quality standard is an important test for the metallurgy trade. Like a high jumper, if the standard is raised, he will find it harder, and if he jumps over it, he will make a new record. With a view to organizing production according to the international standard, the Ministry of Metallurgical Industry is prepared to carry out technological transformation of the production techniques and equipment of 35 key backbone iron and steel enterprises. By 1990, 462 production lines with advanced techniques and perfect equipment will have been set up, about 200 varieties produced according to the international standard and to the advanced international standard, and the production capacity will be 18 million tons, accounting for some 40 percent of the total output of the rolled steel of these enterprises.

At the same time, beginning this year, the Ministry of Metallurgical Industry has changed its old way of formulating a plan by attaching importance only to output value and quantity without stressing quality and sent down a state instruction on organizing production according to the international standard. In future, when it checks an enterprise and announces whether or not it has fulfilled its plan for production, it must judge whether it has fulfilled two quotas, one for the quality of products and the other for quantity. The

fulfillment of only one quota cannot be reckoned as the fulfillment of the plan. An enterprise that cannot fulfill the quota for quality cannot be assessed as a state second grade, first grade, or special grade enterprise. If its quality fails to measure up to the international standard, the price of its rolled steel cannot be raised.

Many enterprises hold that this series of measures is serious and they must not be treated lightly. They must practically organize production according to the international standard. The earliest iron and steel base of our country--Anshan Iron and Steel Company--has readjusted its investment during the Seventh 5-Year Plan and provided funds for 46 variety production lines and for the technological transformation of the quality of 55 products. After two 210-ton large double-blown converters [fu chui da zhuan lu 1788 0706 1129 6567 3619] of the Capital Iron and Steel Company were put into operation, according to the requirements of the level of the advanced techniques of the 1980's and to the international standard, the company has set up a production line for the production of high-grade concentrate, pig iron with low sulphur and silicone contents, and high precision and good quality wire rod. Wuhan Iron and Steel Company has given full play to the role of the 1.7-m rolling mill and is striving to hurriedly surpass the advanced international levels.

An important run has begun to emerge on the metallurgy front. In the course of marching toward the advanced international levels, the iron and steel workers with glorious traditions will surely make even greater contributions.

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CSO: 406/770

## STATE COUNCIL CIRCULAR ON PRODUCTION SAFETY

OW160531 Beijing XINHUA Domestic Service in Chinese 1116 GMT 13 Jun 87

[Text] Beijing, 13 June (XINHUA)---The State Council issued an emergency circular to various regions and departments on 8 June on strengthening measures to ensure safety in production. The circular points out:

Since the beginning of this year, the situation of production safety in many districts has not been very good.

After the powder explosion at the Harbin Linen Factory, a catastrophic forest fire in Daxinganling Region broke out on 6 May. On 8 May, a passenger ship collided with a tugboat in Nantong, Jiangsu. All these accidents and disasters have caused tremendous losses in lives and property and to China's economic construction and national defense; they have seriously affected the smooth development of the campaign to increase production, practice economy, raise revenues, and reduce expenditures. After investigation, we discovered major faults. They are: The leadership of the related departments and the workers and staff members of various enterprises have not vigorously implemented the principle of "safety first with emphasis on preventive measures." Their sense of responsibility has been weak and their management poor. They have failed to strictly enforce the systems and measures and have ignored hidden dangers that might lead to a possible accident. Therefore, the leadership at all levels and all workers must pay greater attention to safety in production and firmly strengthen their management over production safety. In this regard, the circular points out:

1. The people's governments at all levels and the industrial, transport, and forestry departments must conduct earnest and all-round examination of their work with regard to production safety in one's own area and department. Especially in those areas and departments where accidents have already occurred, the leadership in charge of production must earnestly find out the reason or reasons for the accidents and sum up experiences. The person or persons who are mainly responsible for an accident must be dealt with strictly. Those who have violated the panel code must be called to account according to the law. A time limit must be set to solve those "long-standing, old, and difficult" problems which jeopardize safety but have not been solved for a long time. Unsafe conditions, figures on death and injury, and measures taken to ensure safety should be made public so as to arouse the attention of

the people and their supervision over various operations and help overcome bureaucracy and solve problems on time.

2. Enterprises and the authorities concerned must strengthen their management with regard to production safety and conscientiously implement the principles, policies, and regulations to ensure safety in production. In making economic or technical policy decisions, we must take into consideration production safety and work out relevant regulations. It is essential to set targets for safe production, strengthen our control in this regard, and work out measures to conduct checkups. Efforts must be made to regard production safety targets as an important criteria in assessing enterprises. Those that are very weak in this regard cannot be upgraded or listed as advanced units. Various enterprises must rapidly establish and improve their regulations and systems in ensuring safety in production and formulate various measures to prevent accidents. It is necessary to implement a responsibility system to ensure safety in production at every level, strictly enforce all regulations, and forbid anyone to issue commands and carry out operations in violation of regulations. No one is allowed to violate labor discipline or carry out unsafe operation by acting recklessly or ignorantly. Various enterprises must periodically check production safety and timely eliminate hidden dangers in their equipment and operations and remove various unsafe factors. When any incipient sign of an accident appears, measures must be taken in time to prevent the accident. If an accident occurs, a report must be submitted and an investigation conducted in a timely manner.

3. Labor departments must conscientiously and responsibly supervise the various enterprises in ensuring safety in production. They must set a time limit and demand that the related units do away with hidden dangers within a set period if there are any. It is essential to criticize, educate, and struggle against those who pay little attention to production safety; fail to strengthen their control; lack a sense of responsibility; display a bureaucratic workstyle; and carry out all types of unsafe activities.

4. Various enterprises must regularly and systematically pay attention to education on safety. It is imperative to earnestly study and publicize the principles and policies of production safety and to learn from the experiences of the advanced units in this regard. Efforts must be made to use typical examples to conduct education among the workers and help them raise their level of ideological awareness so that every one will attach great importance to production safety. At the same time, it is essential to organize and train people to study well the various regulations and deepen their knowledge of production safety. The leadership of various enterprises, particularly those in charge of production, must take the lead in doing a good job in study. New workers or workers who perform special duties should not be allowed to take their posts without safety training and certification that they have received training and passed a test. From now on, workers who have scored achievements in ensuring safety in production should be commended, and those who have made considerably larger contributions should be awarded. Regulations to punish those who violate safety rules must be worked out, and such regulations should be strictly enforced.

5. Various regions and departments should immediately implement this circular after they receive it. They should work out concrete measures on strengthening their management with regard to production safety in line with their own actual conditions; they should ensure that such measures are rapidly implemented in various basic-level units. Journalists and propaganda departments must vigorously coordinate with each other, give widespread publicity to safety in production, and spread knowledge on production safety.

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CSO: 4006/770

## TIANJIN TO USE FOREIGN CAPITAL TO DEVELOP INDUSTRIES

HK150519 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 15 Jun 87  
p 1

[By staff reporter Wang Yanping]

[Text] Not long after Shanghai was authorised to absorb additional foreign capital beyond its plan, Tianjin has become the second city to have the right to use an extra \$1 billion foreign capital during the Seventh 5-Year Plan (1985-90).

The purpose of the move is to built Tianjin into an export-oriented economy and to quicken urban construction. "But this one billion alone is not enough. We still have access to capital including \$1.35 billion from this year's exports and \$1.4 billion from already planned expenditure, and 7 billion yuan from the State for the upgrading of enterprises" said Li Ruihuan, the mayor of Tianjin, at a recent press conference.

Li said: "During the first three months of this year 199 joint ventures have been set up in Tianjin and this is a 100 percent rise compared with the same period of last year."

"In cooperation with foreign businessmen, the first thing we consider is where to find the best profit potential for foreign businessmen," the mayor said.

Most of the joint ventures in Tianjin are profitable except for a few joint venture hotels. About 26 joint ventures operating for two years could earn 30 percent profit on their sales volume, according to Li.

Several hotels make small profit and lose money because the investment return cycle is short, generally about 12 years.

"We are considering extending the cycle to help foreign partners," said the mayor.

Having the money is important to the region's development but using the money properly is more important. "We will study seriously with foreign partners where to invest, and solve problems in time," said Li.

Zhang Zhaoruo, director of the Municipal Commission of Economic Relations and Trade, detailed their preliminary plan for using additional foreign exchange to promote exports, basic industry and urban construction.

Most of the \$1 billion will be used in promoting exports. The first group of trades to be taken into consideration includes: textile products, shoes, carpets, foodstuffs, sporting goods, kitchenware, welding electrodes, electronic components, automobile parts, bicycles, clocks and watches, cameras, copying machines, household electrical appliances, elevators, peripheral computer hardware, and computer software.

A considerable amount of the foreign capital will be used for developing basic industries. The projects under this category include:

--High speed rolling mill with annual production of 350,000 tons of coil steel.

--Copper refinery with annual production of 100,000 tons of electrolyzed copper and processed material.

--Cold rolling steel plant with annual production of 150,000 tons of sheet steel.

--Steel wire rope with annual production 24,000 tons of galvanized steel wire and steel wire rope.

--Separation of natural gas with annual production of 600 million cubic metres of natural gas.

--Polyester film coating with annual production of 7.5 million square metres of film, and

--Casting centre and a moulding center.

The projects for urban infrastructure facilities include:

--Expansion of the Yangliuqing Power Plant to add 600,000 kilowatts to the installation capacity of the generator.

--Jiyu coal gas plant to produce one day.

--The expansion of No. 2 Coal Gas Plant to increase coal gas by 1 million cubic metres per day.

Second phase of project of Xinkaihe Water Plant to provide 500,000 tons of water per day.

East suburb sewage water treatment plant with daily capacity of 400,000 tons of waste water.

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CSO: 4020/220

## HEILONGJIANG CONFERENCE ON LABOR, WAGE REFORMS

SK310458 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 30 May 87

[Text] The provincial labor work conference, which concluded on 29 May, put forward some explorative opinions on deepening the reform of the labor and wage systems to suit the needs of the economic structural reform. Governor Hou Jie attended and addressed the conference.

The major opinions put forward by the comrades participating in the conference were as follows: On the premise that the relationship of interests among the state, the enterprise and the worker is properly handled, enterprises may enforce a wage system which is conducive to invigorating themselves. The ways to use the market mechanism and economic levers to guide the rational flows of laborers should be explored so that the employment problem in which some people are not employed while some job vacancies are left unfilled can be solved. The wages for the work posts that people vie to assume may be properly reduced, and those for the work that people are not willing to take may be properly raised to encourage laborers to flow rationally, and be in their proper places.

The conference also put forward the open invitation system for the recruitment of enterprise cadres, the workers' labor association system, the system to select the best among workers for certain posts, the system to sign contracts with regular workers in the management of workers, and the system of establishing labor service markets within enterprises. Some people held that a major breakthrough in the wage system achieved at the conference was the formulation of the method to encourage enterprises to streamline their staff. Enterprises are permitted to try out the method of linking their number of staff with their development of production, and their economic results. They are permitted to retain 30 to 50 percent of the amount of standard wages made surplus by the streamlining of staff. This may help raise the labor productivity by a fairly large margin.

The conference also called for efforts not to regard a 100 percent employment rate as the major goal of the labor work. It called for efforts to implement the system of rational employment. The unemployment rate is allowed to be stabilized at about 2 percent, and a proper ratio of supply to the demand of laborers should be maintained. In this way, enterprises can have some choices when recruiting workers, and the pressure on laborers created by the

competition will stimulate laborers to improve their labor quality and labor attitude.

The conference also put forward opinions on expanding employment, intensifying job training, and establishing senior skilled worker schools on a trial basis. (Wang Shuben), new director of the provincial labor bureau, delivered a speech entitled "Change Ideas and Deepen Reform."

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## SHANGHAI WORKERS' WAGES TIED TO PRODUCTIVITY

OW011350 Beijing XINHUA in English 1335 GMT 1 Jun 87

[Text] Shanghai, 1 June (XINHUA)--About 410,000 workers in Shanghai have shown soaring enthusiasm for work since their wages were allowed to float with their work efficiency.

The traditional wage system in China's state-owned enterprises is mainly based on the worker's educational level and seniority, rather than on his capability and work efficiency.

The municipal authorities recently began to try a new system by linking the whole amount of wages of an enterprise to its economic contribution to the government. Now 400 state-owned work units in the city have developed eight kinds of systems in line with their different work characteristics, a municipal official said.

Manufacturing enterprises usually tie their wage budget to the profits and taxes they have handed over to the state. Wages of transportation departments are linked to the amount of cargo and passenger they have handled and the length the have covered. And shop-assistants see their income linked to the amount of goods they sell.

In 1986, the average per capita profit and taxes handed over the the Shanghai state No 17 cotton mill, which has nearly 10,000 workers, were 20 percent higher than those of other cotton mills, according to the official.

The Shanghai Meishan Metallurgical Company enjoys a stable market for pig iron. Its workers now get more wages for every extra ton of iron they produce. The company has become one of the few advanced iron producers in the country in terms of production efficiency.

According to a survey of seven enterprises, the profits and taxes they have turned over to the government account for about 70 percent of the total output value. "The increase of the total amount of wages is slower than the increase of profits and taxes they turn over to the state," the official said.

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## BRIEFS

SHANGHAI LABOR EXPORT--Shanghai (CEI)--From January to April this year, the Shanghai Foreign Economic and Technological Cooperation Company signed 18 labor and engineering contracts totalling 8.02 million U.S. dollars. The contracted projects include construction work for the Lovis Company in the United States, a Chinese-style garden in Sydney, Australia, and the International Conference Center in Shanghai. The labor exports include a group of technicians sent to knitting, garments, and glove-making factories in Mauritius, rug weavers to the Federal Republic of Germany, and five trainees who will work in the China Hall in Disneyland, Florida. By the end of April, the company had sent 1,819 workers to the Yemen Arab Republic, Mauritius, Algeria, Lesotho, the Federal Republic of Germany, the United States, Venezuela, Thailand, Singapore, Iraq and Iran. Other Shanghai-based companies had also sent more than 1,000 people to work abroad by the end of March. [Text] [Beijing XINHUA in English 0606 GMT 1 Jun 87 OW] /12232

LABOR SERVICE CORPORATIONS--Beijing (CEI)--A total of 36 Chinese labor service corporations are dispatching specialists in railway transportation, cosmetology, massage, martial arts, ivory carving, and computer software. They signed 458 contracts with foreign companies in 1986 for projects worth 170 million U.S. dollars. The Chinese Corporation for Exporting Complete Sets of Equipment, the largest of its kind in China, is expected to send technicians and skilled workers this year to work in machinery, cement, bicycle, textile, and light industries abroad. This year, Fujian Province will send workers skilled in electroplating, electronics, casting, and knitting, as well as tailors and vegetable gardeners abroad. [Text] [Beijing XINHUA in English 0614 GMT 10 Jun 87 OW] /12232

CHINESE CONTRACTORS ABROAD--Beijing (CEI)--By the end of 1986, 67 Chinese building Contractor companies has signed a total of 4000 contracts with nearly 100 countries. The contracts are worth 6.5 billion U.S. dollars, of which 3.3 billion have already been fulfilled. Of the total contract volume, 4.2 billion U.S. dollars came from Asia, 1.7 billion from Africa, and 600 million from other areas. A monthly average of 50,000 people worked abroad on building projects. China now boasts a complete network of foreign economic and technological cooperation in all fields, and has design, research, information, and construction capabilities. To date, China's contracts with foreign countries include roads, railways, bridges, stadium and other civil engineering construction. In Kuwait, China's Road and Bridge Engineering Company, in cooperation with a French

contractor, has successfully constructed a bridge which links Kuwait with Jazirat Island. An American journal, ENGINEERING NEWS reported, "The project was completed to quicily because management personnel and workers from the Chinese company were highly qualified." [Text] [Beijing XINHUA in English 0611 GMT 10 Jun 87 OW] /12232

CSO: 4020/221

## QUNYAN VIEWS POPULATION DEVELOPMENT STRATEGY

HK11146 Beijing QUNYAN in Chinese No. 4, 7 Apr 87 pp 21-24

[Article by Wu Cangping (6762 3318 5493): "China's Strategy for Population Development"]

[Text] China has been advocating family planning and is working hard to have the population controlled at about 1.2 billion by the end of this century. A strategy for population development up to the end of this century has been specifically proposed. However, the population problem in China will not stop then. There must be an even longer term strategy.

I. The Decision on Strategy for Population Development Up to the Middle of Next Century Must Be Made Now

"Planning leads to the thriving of all things, lack of planning leads to the destruction everything." For the sake of building socialism with Chinese characteristics and due to the objective requirements for the country's overall development strategy and population development, it is necessary to formulate now a strategy for population development up to the middle of next century. This is because: 1. The country has specified the strategic objective for development up to the middle of next century; that is, by the middle of next century the country's economic level will be close to that of the developed countries at that time. This calls for a corresponding strategic objective for population in order to cope with the need of economic development. Otherwise the implementation of the strategic objective for development will "fall short of the target" or be greatly hindered because of the rapid growth of population. 2. Preliminary and reasonable adjustments can be made by then to correct the errors made in the past and the difficult situation caused by uncontrolled population growth. By then the country's population development will enter a new era. 3. To formulate a long-term development strategy is beneficial to the country's population policy in a continuous and steady manner. The strategy also functions as "a notice to reassure the public," guiding the general masses toward a broad and long-term view of the country's population policy. They will thus know what causes the consequences and why.

## II. Strategy Options for Our Population Development

The key point of the country's strategy for population development at present and in the distant future is to control population growth. In so doing, it is necessary to strenuously improve the physical and cultural quality of the population, and to prevent the emergence of an unfavorable age structure. The present strategy of population control is to strictly control the growth of population. There is no specification as to whether population control is to be continued or to what extent when the 1.2 billion target by the end of this century is reached. This is a problem of concern at home and abroad. In light of the history of population development and development strategy at home and abroad, China has a number of strategies which can be chosen up to the middle of next century:

1. A laissez-faire strategy to take a laissez-faire attitude on population development.
2. A population reduction strategy to keep population reduction as the objective, to continuously and strenuously control the number of the population so that the scale of population will be reduced greatly.
3. A low-growth strategy to maintain the population at a continuous and low growth.
4. Zero population growth, to apply the best method to have the population grow to a certain level and basically maintain in there.

## III. The Scientific Proof of the Feasibility of Different Strategies for Population Development

To draw up a scientific strategy for population development, we must uphold Marxism and use both historical materialism and dialectical materialism as guidelines. The formulation of the strategy for population development must be based on the actual situation of China, accurate calculation, and scientific evaluation. The strategy must be continuously perfected and revised during implementation. It is necessary to comprehensively weigh and evaluate the pros and cons of different strategies in light of the economic, social, and ecological results.

A laissez-faire strategy is unacceptable whether it be viewed from economic or ecological results. This strategy will push the population to over 1.6 billion or even 2 billion which is higher than the estimates at home and abroad. If the annual population growth rate is 1.1 percent, the population will double every 66 years. The consequence of a laissez-faire strategy is the population will grow rapidly and greatly. Advocates of this strategy think that as long as the economy grows, the birth rate will naturally drop, as happened to the developed countries today. People holding this view have overlooked the entirely different socioeconomic conditions and reproduction behavior between today's China and the developed countries then. Before the mid-1970's our country's birth rate was much higher and the present death rate is much lower than those in the 18th and 19th century Europe, therefore our population growth is much higher. However, the economic level in China was

lower than that in Europe during the period of population change. If the laissez-faire strategy is adopted, it is difficult to believe that the birth rate will drop automatically in a short time. In addition, the surplus population in Europe could be "diverted" to the American continent and Australia. China is not provided with such conditions. Population growth causes more problems in food, education, employment, housing, and improvement of living standards. Judging from the long-term social benefit, this is also unacceptable.

The practice of family planning in recent years has proved that the population reduction strategy is infeasible and unacceptable. First, this strategy requires that birth rate for several generations has to be below the replacement level; that means women of child-bearing age can only give birth to one child each for several generations. This is impracticable in Chinese social tradition and mentality. Second, this plan will lead to an unprecedented speedy increase of population aging and a high proportion of old people in the country. This situation is not an ideal one in light of the responsibility of the society to the aged and social vitality. Third, a continuous low birth rate will cause a constant population reduction which is unfavorable to China.

The low-growth strategy is based on Keynes' principle of effective and insufficient demand. Keynes thought that to keep the population growing would stimulate demand, investment would increase and production would be promoted and developed. This idea is only for the developed countries but has not been proved scientifically and is not suitable for our country. If low-growth strategy is applied in our country, it is not a question of stimulating demand but is a question of insufficient supply. In light of social development, unlimited population growth is definitely not a sign of happiness for the human race.

New zero population growth is the only choice. In fact, zero growth is the ultimate choice on population and is in accord with the development tendency of human population. Population in the world cannot increase or decrease incessantly, but must be stabilized sooner or later. Zero population growth will not cause drastic expansion, decline or aging of population in this country. Viewing from the present and the future situation, this strategy is a choice which can be acceptable to the society up to the beginning of the next century. There is a great variation in population distribution in this country. The implementation of zero population growth will help each region to give extra effort to achieve their target of zero growth, thus diminishing the variation of population distribution in different regions. If other choices are selected, it will probably further the differences in birth rate and growth rate among the regions.

#### IV. A Choice of Programs for Realizing Zero Growth in Our Population

Zero population growth means that the number of births and deaths is basically the same. The population is neither growing nor declining, and remains at a stable level. However, population growth cannot be rigidly fixed at zero. Generally speaking, a fluctuation between 0.2 to 0.3 percent is regarded as a basically stable condition.

The prerequisite of zero population growth is that the birth rate must reach the replacement level (this means on the average there should be one daughter to replace one mother). However, a birth rate reaching replacement level does not mean that it has reached zero growth. There is inertia in population growth. It has been found in extensive studies that even when the birth rate of developing countries has reached the replacement level, population growth will continue for 50 to 100 years (or even longer) before reaching zero population growth. There are problems with the strategy of zero population growth, namely the time zero growth is achieved, the population level at the time of zero growth, and the age structure of the population. Therefore, there are different programs as to how to fulfill zero population growth. The prerequisite for all the programs is that the birth rate must not exceed the replacement level. To realize zero population growth in this country, there are three programs which can simply be categorized as high-rate, medium-rate, and low-rate programs.

The low-rate program is to start now with each couple having two children. This plan is easy to implement but zero population growth will be realized much later. Population level will be enormous. Therefore, this is not an ideal program. Furthermore, the second population peak period in the country will emerge at regular intervals, thus creating an imbalanced age structure. Therefore, this is not the best choice.

The high-rate program continuously and strenuously advocates a one child per couple policy before reaching zero population growth. This program accelerates the realization of zero population growth. The population level will not be too large. On the face of it, this seems to be conducive to the improvement of the quality of life and the protection of the environment. However, in this program, the proportion of the aged (above 65 years old) will exceed 20 percent. The state, the society, and families will face the burdensome problem of caring for the aged. A high-rate program will also probably lead to rapid population drop for a long time which cannot be quickly stabilized. Judging from the country's social mentality and social benefit, this is not ideal.

The medium-rate program is between the high-rate and low-rate programs and seems to be the best compromise for zero population growth. This program calls for the continuation of the one-child-one-couple policy for the rest of the century. Starting from the end of this century or the beginning of the next, reproduction will be promoted in a planned manner to the replacement level. To achieve zero population growth by this program, it is necessary to be strict at first and to be lenient later. This program will enable our country to achieve a zero population growth by the 2030's. The population peak will be around 1.4 billion and will not exceed 1.5 or 1.6 billion. The degree of aging of the population will not be too high. It is estimated that people at 65 years of age and above will constitute about 20 percent of the total population. By "compressing" the second population peak, the medium-rate program can make the age structure of the country's population stable and proportional.

The realization of the program of progressing from medium-rate to zero growth is definitely more difficult than in the case of the low-rate program. However, if the reason and strategy for population development is made public, detailed and patient persuasion and education is carried out, and a stable policy is followed, it is possible to obtain understanding and cooperation from the general masses. It is necessary to continue for 10-15 years to create favorable conditions for achieving the expected objective. It is vital to point out that if the second population peak is not decisively controlled from the "beginning" in these 10 years or so, it will be more difficult to control in the second generation. In light of the actual situation of China, it is easier for the couples of child-bearing age who were born during the high birth rate period to accept the one-child-one-couple policy than those couples of child-bearing age who were born during the low birth rate period. From the viewpoint of sociology, a one-child policy in two consecutive generations will bring about more problems.

#### V. Several New Problems Which Will Probably Arise in the Realization of Zero Population Growth: A Few Assumptions on Population Development by the Latter Part of Next Century

The practice of being rigid at first and lenient later and the implementation of a medium-rate program to achieve zero population growth are aimed at the errors made in the past. Various types of new problems are bound to arise in the course of correcting historical mistakes. After weighing the gains and losses and comparing the serious consequences resulting from the other strategies, we can see that these problems are temporary and secondary but we still need to watch them closely so as to solve them in time. The main problems are as follows:

1. The problem of an aging population. To achieve zero population growth, population will surely age. We need not be alarmed; instead, we should realize that this is the inevitable trend of population development and also a phenomenon of social progress. At the same time, we must adopt suitable measures in making overall plans and taking all factors into consideration regarding population control and aging to avoid a high degree of aging, which will hinder the development of social economy.
2. The problem of sex ratio. In some areas people still prefer boys to girls. Therefore, when advocating a one child or even two children per couple policy, we have to prevent illegal acts such as drowning and abandoning baby girls as well as induced abortion of the female fetus, so as to avoid another social problem caused by an imbalanced sex ratio.
3. The problem of the structure of population quality. Owing to historical, socioeconomic reasons, there is a great difference in physical and mental quality among people in cities, rural areas, nationalities, and regions. On the average, the quality of people who live in cities is better than those in rural areas; the Han nationalities are better than the minority nationalities; and developed regions are better than backward regions. In reducing birth rate, the former is faster than the latter. In the new generation, the high proportion of quality city people in the whole population will drop; while that of the people with a low educational level who live in rural areas or

remote and mountainous areas will rise. The consequence of the change of population structure of the new generation will degrade the quality of the population. We must pay attention to this problem and implement all-round measures to solve it. First, we should carry out eugenics, quality rearing, and education.

4. The problem of the education of the only child. In the process of implementing zero population growth in the country, it is bound to happen that a good portion of families will have only one child. The practice in the cities in recent years has proved that we have to pay close attention to education for the only child. Many parents who have only one child are spoiling the child and using improper educational methods which are not beneficial to their healthy growth.

5. The problem of difference in time for various regions to reach zero population growth. Our country has a vast territory. Conditions vary. Some regions will reach zero population growth earlier than others. The time difference may be very great. Shanghai, Beijing, Tianjin, and some coastal provinces may be slower than the provinces in the southwest and the northwest for decades. If the gap between the forward and backward regions is not narrowed rapidly, the country will not reach zero population growth until much later. This problem must be given early attention.

After zero population growth is reached, population development policy for the latter part of next century cannot be accurately determined yet. Judging from general population development at home and abroad, by the middle of next century, there will probably be a slow and spontaneous negative growth in the country. By then, the Chinese social and economical conditions will be very different from those of today. There will be a higher degree of modernization, industrialization, and urbanization. People will no longer pursue many sons but good and high living quality. Therefore, it is possible that the birth rate will fall below the replacement level. But this low birth rate will not be the result of the implementation of strict population control but of people's change of attitude to reproduction.

There is another possibility that the degree of aging population will be no higher in the 2040s than it is today, because the majority of the old people will be those born in the 1950s and 1960s and they will be gone by the middle of next century. The absolute number of old people will not be higher than that in the 30's and 40's. As a result of the improved health of the aged and the breakthroughs in cures for the diseases which harm the aged most, such as cancer, cardiac and cerebral vascular diseases, the proportion of old population will be higher.

There is another possible change. By then, the key point of the strategy for population will shift from the number and structure of population to the quality and distribution of population. This is because the level and change of population are basically stable while the development of the times sets a higher demand on the quality of population. Basically, there will not be much

difference between the present pattern of population distribution of the country and the pattern then. It will become necessary and possible to develop the sparsely populated northwest and southwest areas. The scale of population migration will be larger than today and the ways will be more varied.

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CSO: 4006/771

## BRIEFS

POPULATION GROWTH--Beijing, 12 June (XINHUA)--China's population growth rate is expected to increase again this year as more young couples become eligible to have a baby, the PEOPLE'S DAILY reported today. This year, the paper said, there will be 7.3 million more child-bearing women between the ages 15 and 49 than there were in 1986. Women between the ages of 21 to 29, who are most entitled to have their child, number 86.4 million, up 3.2 million from last year. If the birth rate continues at last year's pace of 20.77 per thousand, 23 million babies will be born this year making the natural population growth rate 14.95 per thousand, compared with 14.08 per thousand in 1985, the paper said. The present situation is rooted in a population explosion that began in 1963, it said. "We must continue the 'late marriage and late child birth' and 'one-child' policies," it said, adding: "If we failed to strictly control population growth, it will be impossible for China to achieve a considerable increase in the standard of living." [Text] [Beijing XINHUA in English 0629 GMT 12 Jun 87 OW] /12232

SAMPLE POPULATION SURVEY--Beijing, 14 June (XINHUA)--China has completed preparations for a sample population census this year which is aimed at providing the government with the latest information on population to facilitate decision-making, according to the State Statistics Bureau today. The census, which is planned to begin on 1 July, will involve 10 million people in 1,019 counties and cities throughout the country. An official from the bureau said more than 30,000 trained investigators and 7,000 census directors will start working at more than 12,000 investigation points in more than 6,000 townships before the end of this month. China has so far conducted three national population censuses. Since the last census in 1982, there have been great changes in the number and distribution of the population, as well as their socioeconomic and educational status. The 1987 census is necessary also because people born during a baby boom in the 1960s have entered the childbearing age. This year, 713 million more women will reach childbearing ages. [Text] [Beijing XINHUA in English 1208 GMT 14 Jun 87 OW] /12232

CSO: 4020/221

## USE OF CONTRACT RESPONSIBILITY SYSTEM TO WIDEN

OW171603 Beijing XINHUA in English 1527 GMT 17 Jun 87

["China Introduces Contract Responsibility System to Large, Medium-Sized Enterprises"]

[Text] Beijing, 17 June (XINHUA)--China will introduce the contract responsibility system, under which factory directors enjoy more autonomy and are responsible for gains and losses, in large and medium-sized enterprises this summer, reports OUTLOOK WEEKLY (Overseas Edition)."

According to the State Economic Commission and the State Commission for Restructuring Economy, Contractual Agreements between a number of large and medium-sized enterprises and their directors and managers were initiated several years ago on an experimental basis.

While on an inspection tour to Beijing and Shanghai not long ago, Chinese Premier Zhao Ziyang said it was imperative to adopt the responsibility system in large and medium-sized enterprises in the country.

In March this year, Kang Qiguang, director of the Shijiazhuang waterpump plant, signed a contract with the Shijiazhuang waterpump plant, signed a contract with the Shijiazhuang City Economic Commission to run the plant for four years. During the period, Kang will have to turn over a set amount in taxes and profits to the State and complete other tasks including technical transformation of the factory's equipment.

After the quotas and other tasks are fulfilled, the factory will receive 70 percent of additional profits, with the remaining 30 percent going to the State, the weekly said.

During the four year period, the factory can independently set its prices, develop its own marketing strategy and exercise control over other business matters.

If the factory is poorly run, director will have their wages and bonus cut. Workers face the same fines.

The contract responsibility system is expected to make managers and employees work together for their common interests, the weekly said.

The responsibility system has already been tried in some 100 large and medium-sized enterprises in Beijing, more than 470 enterprises in Guangzhou, Shaoguan, Zhaoqing and Maoming cities in south China's Guangdong province and in many enterprises in northeast China's Liaoning and Heilongjiang provinces, east China's Shandong province and northwest China's Gansu province.

Authorized by the State Council, China's highest governing body, the State Economic Commission in April summoned economic officials from 27 provinces, municipalities and autonomous regions to Beijing to discuss how to introduce the contract responsibility system.

It was decided the responsibility system will be introduced in large and medium-sized enterprises that make both big and small profits and those that face losses or urgently need technical upgrading.

The Jiamusi City Paper Mill in Heilongjiang province, the largest paper producer in China, was built in the 1950s. Since it started experimenting with the contract responsibility system in 1983, the combined profits it realized in the past three years surpassed the total for the previous six years prior to introduction of the new management system. The combined taxes and profits handed over to the State during the period accounted for more than 85 percent of the State's total investment in the mill since it was established, the OUTLOOK WEEKLY said.

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CSO: 4020/220

## BRIEFS

MORE ELECTRIC RAILWAYS--Beijing, 12 June (XINHUA)--China will build 4,000 km of electric railways during the 1986-90 period in a bid to modernize its railway network, a senior official of the Railway Ministry said here today. Major new electric railways will run from Datong, a coal mining center in Shanxi Province, to Qinhuangdao, a port city in Hebei Province; from Zhengzhou, capital of Henan Province, to Baoji in Shaanxi Province; from Zhengzhou to the Hubei provincial capital of Wuhan; and from Yingtian to Xiamen in Fujian Province. Li Ziwan, director of the Electrical Engineering Bureau attached to the railway ministry, said that the Datong-Qinhuangdao line will be China's first double-track electric railway designed mainly for coal transport. China now has 4,454 km of operational electric railways, 2,511 km of which were built during the country's Sixth 5-Year Plan period (1981-85)--more than double the total length for the previous five 5-Year Plan periods. By the year 2000, Railway Ministry experts predicted, China will have 20,000 km of electric railways, or a quarter of its total railway length. They will carry at least 50 percent of the railway freight. [Text] [Beijing XINHUA in English 1336 GMT 12 Jun 87 OW] /12913

CSO: 4020/220

## RENMIN RIBAO ON SPECIALIZED HOUSEHOLDS

HK170841 Beijing RENMIN RIBAO in Chinese 8 Jun 87 p 2

[Article by Sun Ritai (1327 2480 3141), Jin Zhijian (6855 1807 1017), and Wang Xiaoping (3769 1420 1627): "Shrinking or Developing?--Survey on the Rise and Decline of the Specialized Households and the Breaking Up and Merging of Associations"--capitalized passages published in boldface]

[Text] Specialized households and associations have been operating in the historical arena of rural commodity production for quite a few years. Now some people say that specialized households have declined and associations are about to break up, and their prime is past. What is the actual situation? Recently, we have made a survey of this issue in Jianhu County, Jiangsu Province.

The Number of Specialized Households and Associations Has Increased in Some Fields and Decreased in Others, With the Increase Compensating for the Decrease

The development of specialized households and associations can roughly be divided into three stages, namely, the initial period which lasted from 1982 to 1983, the developing stage which lasted from 1984 to the first half of 1985, and the stage of stabilization, readjustment, and upgrading which started from the second half of 1985. The development of specialized households and associations is a process of rise and decline, a course of expansion and shrinkage. While some specialized households are shrinking, others are developing; and while some associations are abolished, others emerge as a result of regrouping. To put it more precisely, the changes can be summarized into the following three cases:

1. Quantitative change. In late 1982, there were very few specialized households in Jianhu County. Each township or town there had not more than 10 specialized households on the average. By early 1985, there were a total of 8,552 specialized households in the county, accounting for 5 percent of all the agricultural households. And that meant 475 specialized households per township or town on average. However, the number of specialized households began to decrease in the second half of 1985. In that year, the number of specialized households in the whole county decreased by 9.1 percent as compared with 1984. In 1986 the number further

decreased by 1.8 percent. Meanwhile, the number of associations has increased each year. There were 377 associations in 1984, the number increased to 691 in 1985 and to 740 last year.

2. Change in the number of specialized households and associations distributed in different industries. In brief, the number of specialized households and associations "has increased in three fields, decreased in another three fields, and remained unchanged in still another three fields." The number of specialized households and associations dealing in the aquatic products industry, transportation, and other industries has increased. For example, during the period from 1984 to 1986, the number of specialized households dealing in fisheries increased from 430 to 486 while the number of associations increased from 48 to 138; with regard to transportation service, the number of specialized households increased from 1,573 to 2,172 while the number of associations increased from 85 to 165; as for other industries, the number of specialized households increased from 426 to 564 while the number of associations increased from 122 to 249. The number of specialized households and associations dealing in farming, animal husbandry, and commerce has decreased. For example, in 1984, there were a total of 3,218 specialized households dealing in farming in the county, and the number dropped by 32 percent by 1986; the number of specialized households dealing in animal husbandry dropped by 50 percent by 1986 as compared with the number in 1984; and the number of commercial specialized households also decreased by 8 percent during the same period. Meanwhile, the number of specialized households and associations dealing in the catering trade, in forestry, silk worm raising, and fruit planting, and in other trades remain basically unchanged. By and large, although the number of specialized households and associations has increased in some fields and decreased in others in the past 3 years, their development was basically stable, with the increase making up the decrease.

3. Change that has been effected between specialized households and associations. Some specialized households have been grouped to form associations while some associations have disintegrated into individual specialized households. Since 1984, several hundred specialized households have grouped together on a voluntary basis to form associations every year, most of them being specialized households dealing in the building industry, transportation, and industries. Meanwhile, members of some disbanded associations have become individual specialized households.

Rise and Decline, as Well as Disintegration and Regrouping, Are Mainly a Reflection of the Law of Development of Things

REMARKABLE DEVELOPMENT IN THE INITIAL PERIOD IS A NATURAL TREND OF THE RURAL REFORM.

As the system of contracted responsibilities on the household basis with remuneration linked to output has been implemented in rural areas, the productive forces in rural areas that had long been fettered have been emancipated and the production efficiency has been rapidly improved. This has provided an opportunity for the surplus labor force and idle funds

in rural areas to shift to various fields of production. So, a large number of specialized households engaging in various lines of production, processing industries, transport service, and marketing have emerged in rural areas. Since then, some individual dealers among them have tried to join with each other in the fields of production, supply, and marketing in terms of capital, labor force, technique, and other elements of production so that they would be able to develop to a larger scale of commodity production and that they could avoid risk. In consequence, new economic associations in various forms have emerged on the basis of specialized households and sprung up vigorously.

THE SHRINKAGE IN THE INITIAL PERIOD IS A NATURAL RESULT OF THE OBJECTIVE LAW. The peasants who have gone into the economic arena all of a sudden are unfamiliar with commodity production. Quite a few of them just join the craze because others have done it. And it is quite natural that some of them would suffer losses due to poor management or would go into bankruptcy because of restrictions in technology and capital or other factors. Hence the objective law will naturally demand that they carry out a readjustment of their business.

THE PRESENT RELATIVE STABILITY IS A NATURAL PHENOMENON ARISING FROM THE NEED OF SELF-IMPROVEMENT. At present, the development of specialized households and associations has entered a stage of relative stability after some of them have shrunk. Relative stability is a natural phenomenon arising from the need of self-improvement, a basis for progress, and a new starting point. First of all, the number of specialized households and associations has stabilized to a certain extent and there has been no drastic increase or decrease in recent years. Since the impact of commodity competition, the surviving specialized households and associations in general have high efficiency and greater potential for further development. For example, Red Star Spare Parts Plant, a small-sized enterprise jointly run by several specialized households in Qingfeng township, has managed to sell its products well on the markets in Jiangsu, Hebei, Shandong, and other places despite sharp competition among many strong rivals. This enterprise is successful--managing to expand constantly and to score better and better economic results. It was formed by only four specialized households at the very beginning, and now has grown into a small enterprise with a staff of 40. Its annual output value increased from 200,000 yuan in the year before last to 300,000 yuan last year, and its profit increased from 20,000 yuan to 50,000 during the same period.

ANOTHER BOOM WILL BE A NATURAL OUTCOME OF THE DEVELOPMENT OF PRODUCTIVE FORCES IN THE FUTURE. Will specialized households and associations continue to develop and be upgraded in the future? The survey we have conducted shows us that another boom will be a natural outcome. The peasants have both the initiative in independently running family- or individual-owned business and in joining with each other to expand their business side by side, to learn from and help each other, and to make up each other's deficiencies. So long as the party's policy remains stable, the peasants' initiative is bound to be fully exploited.

Considering the status quo of most specialized households and associations, we can find that they are not operating on a moderate economic scale to give the optimal economic results. Some specialized households are now preparing to expand their production to scale new heights. Zhu Jubo, a peasant at Changgou village, Jinhua township, ran a shipping business in cooperation with another peasant Zhu Jusong in 1985, and they earned 3,000 yuan each that year. So, some specialized households dealing in transportation began to join them in running the transport business. Now their expanded freight fleet consists of 23 junks and the shipping business is busy the whole year round.

### Strengthening Guidance and Giving Assistance in Solving Difficulties

How can we keep up the developing momentum of specialized households and associations? In the course of the survey, we found that the following problems need to be solved.

First, it is necessary to make further efforts to dispel the worries about possible change in the policy concerning specialized households and associations and to encourage them to make greater strides in getting rich. At present, the peasants' worries about policy changes have not been completely dispelled. The peasants begin to feel ill at ease if there are fewer reports on specialized households and associations published in newspapers or broadcast on the radio. Inappropriate propaganda of the cooperative system may also arouse "vigilance" among specialized households and associations and give them an impression that the authorities are going to "tighten control." Therefore, it is necessary to further publicize all the set policies of the party toward rural areas and to propagandize typical cases of advanced specialized households and associations. At the same time, the peasants' will should be respected when promoting association of specialized households, and "overheated" propaganda must absolutely be avoided.

Moreover, it is necessary to strengthen guidance for various fields so as to ensure that specialized households and associations will make steady progress on their way to wealth. The rise and decline, as well as the breaking up and merging, of specialized households and associations are conditional on the objective law and on some artificial conditions. In light of the case of Jianhu County, first we must strengthen guidance for the initial stage, guide peasants in starting their business in light of their resources and in accordance with scientific laws. Second, it is necessary to strengthen guidance by providing up-to-date information. Specialized households in Jianhu County are mostly engaged in stock and poultry raising. At the very beginning they raised chickens or ducks. They later rushed headlong into rabbit raising. Once a specialized household or a village started a new business, other specialized households or villages just followed suit without careful consideration. As a result, while many specialized households have made great profits, many others are suffering losses. Therefore, it is necessary to work out a plan for the development of specialized households and associations in light of local conditions and market demand; and it is necessary to give full

play to advantages while alleviating disadvantages, to arrange for a rational distribution of various trades, and to overcome disorder. Third, it is necessary to strengthen technical guidance. Rotational training courses should be organized for managerial personnel of specialized households and associations, and it is necessary to find a way to improve productive technology, to add new machines and equipment, and to enhance technological and managerial standards.

In addition, it is necessary to give assistance in solving difficulties. At the moment, the five major headaches for specialized households and associations are shortage of funds, lack of orders, small marketing network, heavy service charges exacted by many departments, and encroachment of legitimate rights. Some townships and villages in Jianhu County have scored good results by adopting the following measures: Village cooperative foundations have been set up to provide specialized households and associations with funds; township and town enterprises give orders for goods to specialized households and associations; commercial departments are to market the products of specialized households and associations and to expand the market for them; and a system of all-in-one service charge has been introduced to lighten the burden on specialized households and associations.

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CSO: 4006/769

## SANXIA WATER CONSERVATION PROJECT ASSESSED

HK100106 Beijing QUNYAN in Chinese No 4, 7 Apr 87 pp 25-28

[Article by Feng Zidao (7458 1311 6670): "Several Considerations for the Sanxia Project"--passages within slantlines published in boldface]

[Text] Over the past 10 years or so scientists at home and abroad have focused their attention on the question concerning the impact of water conservation projects on the environment and vice versa. The construction of large water conservation projects has both advantages and disadvantages. They may turn out better economic results as well as certain problems and even endless troubles for the future. For this reason it is necessary to assess the overall results of the large projects like Sanxia, estimate the problems that may arise, work out plans, and adopt countermeasures against possible troubles.

Regarding a large project like Sanxia, the CPC Central Committee has called for making examinations, adopting "a vigorous and prudent attitude," inviting the participation of experts who hold different views when preparing feasibility reports, developing technological democracy, and carrying out heated discussions so that conclusions with scientific grounds can be drawn and so that the feasibility reports and designs are "meticulous, accurate, and safe." This is absolutely correct. The author intends to offer some opinions and proposals in this article concerning the Sanxia project and the corresponding ecological environment and economic and social problems:

/1. It is necessary to make a comprehensive analysis of the effects that may arise after building the dam./

The Sanxia key water control project is a key project concerning the exploitation of water resources of the Changjiang valley. Undoubtedly, its construction will improve China's energy structure, meet the great demand for energy at the turn of the century, increase the ability of flood prevention in the middle and lower reaches of the river, and attain better economic results. At the same time, the project will inevitably produce reverse effects on shipping, flood discharge and fighting natural calamities in the upper reaches, migration and the capacity of the land and the population, protection and rational exploitation and the use of resources, economic losses and benefits, changes in weather, soil erosion along both banks, bog soil and wet land, the stability of mountains, the inducement of earthquakes, precipitous cliffs and slopes endangering the

removal of cities and towns, the growing of crops, the ecology of terrestrial and aquatic animals and plants, rare species and gene resources, infectious and epidemic diseases, environment pollution, channels retarded by silt, dam bursts, cultural relics, and a series of social, economic, and ecological environmental problems. Therefore, it is necessary to make an overall assessment of the impact of the Sanxia project and find out which overriding factors benefit or harm, the ecology, environment, economy, and society. The construction of the Sanxia project and the impact after its completion may involve many regions (provinces and cities) and departments as well as nature, the economy, society, technology, and other spheres. It is also related to the concerned areas in the upper, middle, and lower reaches. Moreover, their advantages and disadvantages may differ from each other. For this reason, only by conducting an overall study and making all-round arrangements in light of the laws governing the economy and nature and correctly handling the relations between various factors can we attain better economic, environmental, and social results.

When deciding on the construction of the Sanxia project and choosing the plan for the water storage level, we should take into account the above-mentioned advantages and disadvantages. It is necessary to comprehensively and systematically assess the impact of the Sanxia project on the entire Changjiang valley, particularly the ecological environmental and economic and social development of the dam area, from the angle of the nation, the upper, middle, and lower reaches, the river mouth, and the coast. Meanwhile, it is necessary to particularly emphasize the study of a balanced coordination from a systematic and overall angle.

Since the Sanxia project is located in a densely populated area where industry and agriculture are relatively concentrated, there are various, complicated factors that may produce both good and bad effects on the ecological environment and economic and social development of the dam area, the upper, middle, and lower reaches, and the river mouth. The extent of the effects may also vary (from tremendous or big, to partial, small, minute, and nonexistent). Since the construction of the project has not yet started, we should investigate the relations between the ecological, environmental, economic, and social factors in the area through various means. Meanwhile, we should also study the economic and social development targets and ecological environment in the area and in light of present conditions and developing trends, make a simulated contrasted forecast on the effects that may arise after the construction is completed. Generally speaking, we can make a qualitative forecast (such as the effects are definite or very possible, possible, slightly possible, scarcely possible, or impossible). The normal water storage level may vary somewhat, so the effects of various factors will also be different. In view of this it is necessary to carry out systematic, overall model calculations so that we can make a practical analysis of the forecast. Through qualitative selection and contrast, we should make a quantitative selection and contrast. According to a preliminary analysis the construction of the Sanxia dam will change the current ecological and environmental balance and drastically increase unfavorable factors. Moreover, the impact of the unfavorable factors will outstrip the favorable ones.

## /2. On induced earthquakes and earthquake intensity./

Many examples at home and abroad have proved that induced earthquake intensity can outstrip that of the original structure. Zambia's (Cariba) dam was an earthquake free zone in 1986 (before storing water). There were frequent earthquakes after the storage of water. There were earthquakes on the magnitude 5.1-6.1 [not further clarified] on nine occasions when the water reached full level. The epicenter was in the vicinity. India's (Koyira) dam was a gravity one made of rough rock concrete located in the Cambrian geological zone which was generally acknowledged as a safe zone. During the period from 1954 to 1967 the areas near the dam recorded earthquakes of medium magnitude on 20 occasions. There was an earthquake immediately after the completion of the dam in 1963. When the water reached full level in 1965 earthquakes on the magnitude of 5.0-5.5 took place on two occasions in September 1967. In December 1967 an earthquake on the magnitude of 6.5 took place near the dam and the epicenter was right under the dam.

Earthquakes induced by key water conservation projects and dams are caused from a lack of thorough studies on the consequences resulting from the construction of high dams. According to statistics, most of the earthquakes on the magnitude of 5 and above have taken place in the earthquake free zones and where there are only weak earthquakes. For this reason, earthquakes prior to the storage of water only indicate the background of the original structure of the dam area. They neither indicate whether or not earthquakes will be induced after the storage of water nor show the intensity of the earthquakes induced after storage of water. According to a hypothesis, the extra load from the water column and the dam will possibly undermine the balance of stress of the rift (originally fixed) intrinsic in the mountains and release stress greater than the load stimulated from the water level and building. Therefore, it is the water pressure rather than the volume of the dam that plays a decisive role. For this reason, is the information obtained from the energy released from earthquakes which took place over the years, the geological structure, the rift of Xiannu mountain, and ordinary linear rifts of the Huangling anticlinal zone enough? It seems that a study of the load of the dam should be conducted. It is incomprehensive to believe that the "earthquake intensity of the original structure will not be exceeded."

In my opinion, after water is stored in the Sanxia dam, the intensity will definitely be of a high magnitude if there are any earthquakes. Therefore, earthquake-proof intensity should at least be increased to a magnitude of 4 or above. This is because the dam is located on the base of biotite granite in Sandouping which is a good location in terms of geological conditions. However, the geological conditions of this area are complicated. There is a juncture of granite and carbonite not far from the dam which is advantageous to the mass rock movement under the tectonic stress and gravity and has the conditions for inducing earthquakes when the dam is full of water. The rifts in Xiannu mountain, Jiuqiwan, and Tianyangping converge near the dam in the form of a "k" which is a section where stress is relatively concentrated and a place where earthquakes can be induced in

the future. Induced earthquakes generally take place in the outer layer section and the intensity is relatively high. For this reason the dangerous geological areas around the dam should be marked out. Under the conditions of floods and torrential rains as well as hidden rifts and fracture zones after the storage of water, it is particularly necessary to take note of the inducement of strong earthquakes. In view of experiences at home and abroad we cannot rule out the possibility of being attacked by induced earthquakes, natural disasters, and storms at the same time.

### /3. On the question of environment and health./

The construction of the Sanxia project will totally change the environment of the dam area. The waters, in particular, will change from the current rivers into lakes, which may change the intensity, movement, and accumulated direction of the original environmental and chemical material and then move, accumulate, and distribute in light of environmental conditions. Some of the effects may be advantageous to our health. For example, the expanded area of water and increased capacity will be advantageous in diluting pollutants. However, some factors may increase the accumulation of harmful chemicals. The upper reaches of the dam area are an important base of China's metallurgy, nuclear, and coal industries. The majority of Sichuan's cities, towns, and industrial enterprises are also distributed along the mainstream and tributaries. Large amounts of pollutants are discharged into the river everyday. The metals, organic substances, and artificial nuclein discharged from the upper reaches and the harmful and natural radioactive elements from the submerged minerals and rocks flow into the water and are accumulated in the riverbed. They pile up with the silt in the Sanxia reservoir. These materials may be hazardous to the health of inhabitants when they are transferred to human body through the biological, geological, and chemical food chain.

It is true that some areas around the dam may induce endemic fluorine poisoning. The disease is contracted when the body absorbs fluorine excessively from the environment. It has been verified that some areas in Wushan, Wuxi, and Pengshi are the areas where gas polluted endemic fluorine poisoning is relatively serious. This is mainly because of the indoor air, drinking water, and food polluted by bone coal extracted from the outer layer which contains a lot of fluorine. People are affected by the disease when they absorb too much fluorine from food or through the respiratory tract. The water-type endemic fluorine poisoning is rather common in certain counties and villages in Wanxian prefecture. Apart from the high content of fluorine, the disease is also related to alkalinity and a low content of calcium magnesia in drinking water. During the 1960s and 1970s, endemic Keshan disease (there are still some cases now) ran rampant in some villages around the dam area. Endemic goiter of varying degrees was also widespread in some mountain areas near the dam.

During the construction of the Sanxia project a great deal of work has to be done in moving and building new towns and in migration. Since there are no results from preparatory research work we have no information to use for reference and we do not know whether the environmental conditions

of these regions can meet the needs of migration work and whether there are latent factors that may be hazardous to their health (for example, the high or low content of trace element in water, soil, and food; and whether or not the quality of air is healthy). For this reason, the positive or negative impact of the background environment on health merits attention. It is necessary to adopt countermeasures against existing epidemic disease, take note of the areas where endemic disease and malignant tumors prevail, and prevent latent regional endemic diseases.

#### /4. On the question of migration./

After the construction of the dam the local people will have to move further away. The existing space will be reduced and the population will drastically increase which will lead to a question of environmental capacity and tolerability. This contradiction will be intensified with the increased storage of water. After the construction of the dam human activities will inevitably bring about remarkable changes in the chemical and ecological environment in both the old and newly-inhabited areas. We must select the best location and work out proper plans for migration and ensure that migrants can adapt to the new ecological environment.

The Sanxia dam area is characterized by numerous mountains with steep slopes, limited land space with a dense population, constant torrential rains, and soil erosion. In addition, it has a weak ecological and environmental background and the number of landslides and disasters are increasing. All this has damaged the environment of the dam area and become an obstacle in the resettlement of migrants and economic exploitation. The construction of the Sanxia project and the development of human activities in the dam area will inevitably aggravate the natural disasters in the area.

The migrants should be resettled according to the relevant region's environmental capacity. It is necessary to tap the potential of the environment and make full use of all the space and also to realistically determine the number of migrants according to the environmental (including land) capacity. Meanwhile, it is necessary to work out plans for the employment of migrants and the direction of regional economic development in light of the environment and resources. Migrants should be appropriately distributed and have employment opportunities. We should ensure the livelihood of migrants and the development of the regional economy and maintain the ecological and environmental conditions so that migrants can live and work in peace and contentment.

The Sanxia dam area is a densely populated area with high mountains and steep slopes and there is a great pressure on land and environmental capacity so hillside fields caused by over-reclamation can be seen everywhere. In addition, the forests are destroyed and the forest coverage rate is relatively low. It is estimated that the construction of the dam will aggravate soil erosion and sharpen the contradictions between the population, natural resources, and the environment. If the fields with high, stable yields along the river are inundated, the majority of the peasants there will be deprived of their essential means of production which will inevitably

lead to an ecological imbalance. Consequently, it would be difficult or even impossible for the migrants to move further away in most of the areas. Viewed from the great pressure on land tolerability, the capacity of migrants, the danger of latent landslips and mud-rock flows, resettlement and employment, an appropriate chemical and environmental area, the water supply, life facilities, and other factors, the environmental capacity, as a result migration, has become the factor determining whether the Sanxia project will be developed or not and which plan concerning the water storage level will be selected. If we do not have long-term plans and if we simply resettle the migrants without following scientific laws, there will be no end to the troubles in the future. If we fail to make a long-term, rational, scientific demonstration of the plan for the new area, the drastic increase in migrants and the over-reclamation of land will aggravate soil erosion and further damage the ecological environment. If the migrants cannot adapt to the new environment and are unaccustomed to the climate of the new place, endemic diseases will prevail. After moving to a new place the peasants will become further impoverished from reduced land resources, their limited knowledge, and unfamiliarity of the new environment.

/Some proposals./

1. Summarize experiences by making a systematic study of the errors which have occurred in China's existing large dams and do a better job of constructing the Sanxia project and other water conservancy projects to be built in the future.
2. Organize symposiums or forums on the problems concerning the Sanxia dam (such as reservoir-induced earthquakes, precipitous cliffs, dam bursts, land and population environmental capacity, and migration), and exchange information through discussions, seek unity of thinking, make concerted efforts, and put forward countermeasures.
3. Pay close attention to water and soil conservation work in the upper reaches and other tributaries of Changjiang.

Regardless of whether the Sanxia project will be built or not, when it will be built, and which plan will be adopted, it is necessary to do a good job in soil and water conservation in the upper reaches and other tributaries of Changjiang as quickly as possible. The silt in Sanxia dam comes mainly from the upper reaches and other tributaries. To maintain the functions and efficiency of the dam across the Changjiang we must attach great importance to construction work on water and soil conservation and prevent silt erosion. The problems concerning silt, channels, and the accumulation of pollutant are also related to the work in this regard. This work--whether it is a biological or engineering measure--covers much ground, involves many factors, and produces results slowly. For this reason soil and water conservation work should be done well before the construction of the Sanxia project.

Viewed from the angle of flood prevention, in light of the advanced experiences of other countries, the engineering measures have been changed into overall systematic measures, namely the integration of engineering with nonengineering measures. The flood prevention tasks of the Sanxia project should be designed and integrated with nonengineering measures.

4. Make preparations immediately for establishing Sanxia natural reserves and a Sanxia environmental automatic monitoring system.

Whether the Sanxia project will be built or not, the Sanxia natural reserves, which have the overall characteristics of culture, landscape, species, genes, ecology, geology, and tourism, should be denoted out and planned as quickly as possible. Apart from cultural relics and landscape reserves, there are also physiographical, geological, tourist, species, lake, botanical, and zoological reserves. Relevant regulations should be promulgated on the use of natural resources and on the protection of scenic spots and cultural relics.

An automatic monitoring center should be set up as quickly as possible for Sanxia's regional environmental and ecological systems which will be responsible for monitoring the atmosphere, climate, water quality (pollutants, organic matter, heavy metals, and radioactive metals), aquatic plants, terrestrial plants, soil, precipitous cliffs, landslides, silt, reservoir-induced earthquakes, and natural resources. The work in this regard should be included in the Sanxia dam's ecological and environmental plan, and the earlier the better.

5. The best plan for the economy, society, ecology, and the environment should be worked out for the Sanxia dam as quickly as possible.

Regardless of whether the Sanxia project will be constructed or not and when it will be built, it is necessary to work out the best, overall plan for the economy, society, the ecology, and the environment of the Sanxia dam. It is particularly necessary to take note of the developing plans for extricating the remote poor mountain areas from poverty and diseases. In my opinion, we should promote the development of towns with large, medium, and small projects and adopt special policies for the poor mountain areas in order to extricate them from the vicious cycle of poverty as quickly as possible.

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CSO: 4006/769

## HUNAN TAKES STEPS TO COMBAT FERTILIZER SHORTAGE

HK120636 Changsha Hunan Provincial Service in Mandarin 0000 GMT 11 May 87

["Special Report on the Fifth Session of the Sixth Hunan Provincial People's Congress and on the Fifth Session of the Fifth Provincial CPPCC Committee"]

[Excerpts] Xiong Qingquan and (Luo Huiyun), governor and secretary general of the provincial government, yesterday morning presided over the opening of a forum held at a small auditorium in the guesthouse of the provincial People's Congress. During the forum, they held talks with more than 30 deputies to the fifth session of the sixth provincial People's Congress on a number of major issues including rural reform, grain production, town and township enterprises, and the work of supporting the poor areas.

Governor Xiong Qingquan said: Our shortages of electric power, oil, and fertilizers are real problems. The provincial government is currently adopting measures to solve these problems.

Referring to fertilizers, Governor Xiong said: We have made mistakes in our work. Our major fault is that we have underestimated the peasants' needs in fertilizers. As a result, the production output of chemical fertilizers we organized has been insufficient. In addition, the output of farm manure has also been insufficient. To resolve the shortage of fertilizers, we must focus on the following four points. First, we must increase fertilizer output. Our province has more than 80 chemical fertilizer plants. They can produce an additional output of 400,000 tons of standard fertilizers prior to the arrival of the period for rush-harvesting and rush-planting. Second, we must step up the work of allocating and transporting potash fertilizers. Third, we must conduct inspections to see whether chemical fertilizers have been truly given to the peasants and to see whether the chemical fertilizers for the peasants have been partly embezzled. Problems in this regard must be handled. In addition to inspecting the quantity of chemical fertilizers for the peasants, we must also inspect the quality and prices of the chemical fertilizers for the peasants. At present, some departments and some people simply disregard the interests of the peasants and are engaged in unhealthy tendencies. Fourth, we must continue seeking some chemical fertilizers from the relevant higher authorities.

Referring to the poor, old liberated areas, the poor areas inhabited by minority nationalities, and the poor outlying areas, Governor Xiong said: Our province has a total of 18 million people living in these three types of poor areas. If the poor areas fail to make progress, our whole province will also fail to make progress. The key to helping the poor areas lies in stressing the economic development.

In conclusion, Governor Xiong said: Our town and township enterprises did quite well during the first quarter of this year with a substantial increase in their output. We must continue to successfully promote their production output. A successful promotion of the production output of our town and township enterprises will enable us to solve quite a few problems.

Qi Shouliang, Xie Xinying, and Li Tiangeng, vice chairmen of the provincial People's Congress Standing Committee, attended the forum.

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CSO: 4006/769

## SHAANXI: AGRICULTURAL SYSTEM IMPROVES CAPITAL MANAGEMENT

HK120604 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 10 May 87

[Excerpts] The vast numbers of workers and staff members of our provincial agricultural system have rectified the thinking that nothing much can be achieved in launching the "double increase and double economy" campaign within the system, and have also tapped the potentials of administrative funds and expenses and the potentials of agricultural funds, thus achieving remarkable successes in launching the "double increase and double economy" campaign.

During the initial stage of the "double increase and double economy" campaign, a number of workers and staff members of the agricultural system noted that due to the past few years' shortages of funds within the system, launching the "double increase and double economy" campaign was a task set for the industrial system and that it would not make much difference whether the agricultural system launched the campaign or not. In the light of this thinking, all departments and bureaus under the agricultural system organized their cadres, staff members, and workers to study the relevant documents issued by the central authorities and the provincial authorities and to fully understand the importance of launching the campaign. Through the study, everybody has recognized the fact that despite the agricultural system's shortages of funds, the phenomena of blindly outdoing others in construction, indiscreetly spending money, and going in for ostentation and extravagance still exist within the system and are also responsible for economic waste and nonbudgetary administrative expenses.

On the basis of deepening their understanding, departments and bureaus under the agricultural system have set this year's targets for reducing expenses by 20 to 50 percent.

According to a plan mapped out for this year for units under the provincial Department of Agriculture and Animal Husbandry, the units are pooling more than 20 buses and limousines and have cut a total of more than 30 temporary workers. As a result, they have reduced administrative expenses by over 120,000 yuan during the first quarter of this year.

All departments and bureaus under the provincial agricultural system have adopted measures to strengthen the management of agricultural funds. Regarding aid funds for the Qinba mountainous region totaling more than 80 million yuan, the provincial authorities have adopted measures to coordinate technical, personnel, and financial resources for every project to be carried out by the grass roots. Regarding the sum of 14 million yuan in special funds designed for harnessing rivers in the province's experimental drainage areas, the provincial bureau for water and soil conservation has adopted the measure to give priority support to the best, the measure to replace subsidies by bonuses and material rewards, and the measure to make compensatory investments, thus enabling the special funds to bring about better beneficial results.

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CSO: 4006/769

## TORRENTIAL GUANGXI RAINS DESTROY FARMLAND

OW292005 Beijing XINHUA Domestic Service in Chinese 1432 GMT 29 May 87

[Report by reporter Liang Pengzhi]

[Text] Nanning, 29 May (XINHUA)--The Guangxi Zhuang Autonomous Region has been repeatedly hit by rainstorms and torrential rains since the beginning of May. According to incomplete statistics, 28 counties (cities) have suffered disasters from rainstorms, and more than 830,000 mu of various crops have been flooded. The harvest for more than 60,000 mu of such crops is hopeless. Water conservancy facilities in 2,497 locations have been destroyed. Over 60 kilometers of irrigation ditches and 188 kilometers of river embankments have been burst by floodwaters.

The important thing about the rainstorms this time is that an enormous amount of rainfall fell in a very short time. Generally, 180 to 300 millimeters of precipitation fell in 2 to 3 hours, causing torrents of water to rush down from the mountains. In grain-producing Heng County, the amount of precipitation in 14 of the 22 townships was more than 100 millimeters in the 3-hour period from 0800 to 1100 hours on 16 May. The amount of precipitation in the hardest hit Nanxiang township was 302 millimeters in 2 hours, an extremely uncommon phenomenon. Some 148,000 mu of crops were submerged in water because of this torrential rainfall.

According to data provided by the department concerned, 42 people have been killed, and a total of 4,509 houses and 179 bridges have collapsed during the rainstorms.

According to the meteorological department, the rainfall [throughout the province] has been uneven. It is still possible that some areas will be exposed to heavy rainfall in June.

Party and government organizations in the counties and cities concerned are leading the people to avert the consequences arising from the rainstorms and floods.

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## BRIEFS

HUNAN PREFECTURE COMMENDED--He Kang, minister of agriculture, animal husbandry, and fisheries, inspected Changde Prefecture in mid-May and fully endorsed the prefecture's agricultural production. He said: Changde has made great contributions and also has great potentials. The growth of its grain output and its contributions exceeds the national average growth. It has also set an example for areas south of the middle and lower reaches of the Chang Jiang in various respects such as improving rice cultivation, promoting winter cultivation, improving dry-land grain cultivation, and developing agriculture. Minister He Kang endorsed the grain and pig structure of agricultural production in Changde Prefecture as a good form that should be adhered to. He said: The guiding idea for future development should be to keep the grain and pigs steady and also develop industrial crops. Grain is the dominant factor in agriculture and must be continually developed. In animal husbandry, apart from developing pig-raising, it is necessary to make full use of pastureland resources to develop herbivorous livestock, such as goats, rabbits, and geese.

[Text] [Changsha Hunan Provincial Service in Mandarin 1000 GMT 11 Jun 87]  
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CSO: 4006/769

DESCRIPTION, CAPABILITIES OF PLA SPECIAL UNITS

HK150600 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No. 23, 8 Jun 87 pp 6, 7

[Article by Xu Jingyue (1776 0079 6460): "New Pattern in the Development of China's Special Army Units"]

[Text] Editor's note: This year is the 60th anniversary of the founding of the PLA. Over the past 60 years, especially the 38 years since the founding of new China, the PLA has made rapid progress in its modernization drive. The special report of this issue presents an aspect of this achievement. [end editor's note]

On the eve of the 60th anniversary of the founding of the PLA, an authoritative person of the Chinese Army pointed out: an important achievement of the Chinese Army in the 1980's is the great development in the building of the special Army units, which has brought about a historical change in the structure of the whole Army.

The authoritative person then quoted remarks of Yang Dezhi, chief of the PLA General Staff, on the building of special army units: the Chinese Army has developed on the basis of a unitary unit of the infantry, which made magnificent contributions in the revolutionary wars. Since the founding of the state, various arms of the services have been established one after another and they have all been established on the basis of the infantry. To suit the needs of anti-aggression wars in the future, the Central Military Commission has decided that under the condition that the total number of troops is reduced by 1 million, the number of special army units will be increased. Thus some obvious changes have taken place in the tasks and roles of special army units. In the ground force, the number of special Army units has for the first time exceeded the number of infantry. This is a historical change in our army building.

In his remarks, Chief of the General Staff Yang pointed out in broad outline the status quo and the trend of development of the special units of the Chinese Army.

In the 1980's, with the development of the modernization drive in China's national defense, the time of the infantry being the main unit of the PLA has passed. The cavalry units, which performed valorous deeds in past battles,

have lost the role as an arm of the services. The last cavalry regiment was eliminated last year. The orientation for the development of the Chinese Army are: 1) in the 1960's, after the building and strengthening of the special Army units, such as artillery, armored, engineering, signal, and chemical defense troops, which had been established one after another since the founding of new China, the Strategic Rocket Force was also established; 2) to suit the needs of the development of modern national defense, some new-type special army units have been established in succession. In the ground forces, there have appeared some new units such as the aviation, meteorological, electronic warfare, and mountain area fighting troops. In the Navy, there have appeared the marine corps and the nuclear submarine corps. In the Air Force, there has also appeared a surface-to-air missile unit.

The new changes in the special units of the Chinese Army after several years' efforts are firstly reflected by the tasks they are shouldering and their positions and roles. For example, the number of tanks of the Chinese armored force has leaped to third place in the world. It has become a unit with strong firepower, good mobility, a good armored defensive capability, and ability to subsist on the battlefield. It has been changed from assisting the infantry in fighting into a main attacking force in ground offensives.

The proportion of the artillery troops in the ground force is for the first time higher than the infantry, and the artillery troops have become the largest arm of the services in the ground force. It does not only assist the infantry, the armored force, and other arms of the services with indirect fire but also attacks all kinds of targets with direct fire. In future wars, this fire will not only be able to kill the enemy at nearby infantry positions but will also be able to attack the enemy dozens or even hundreds of miles away from our Army's positions; they will not only be able to destroy the enemy's effective strength that is already exposed but will also be able to destroy the enemy's covered targets and to independently carry out antiaircraft fighting.

The Engineering and Chemical Defense Corps, which were merely forces to support fighting in the past, are now capable of killing the enemy as well. For example, the Engineering Corps has to build roads and bridges and remove obstacles and clear mines for the fighting units, but now it can also directly destroy the enemy's tanks with its own rockets and aircrafts and through its high-speed mine-laying machines and can destroy the enemy's defense works with its path-breaking machines.

New changes in the traditional service arms are also reflected in the rapid development of weaponry. For example, the armored force of the PLA has successfully produced and has been successively equipped with new-type main battle tanks and other new armored vehicles, which have replaced the Soviet-made tanks used earlier. Their ammunition, fire-control system, and defense and communication technology have all reached international advanced levels. The new defense structure, in particular, has greatly improved the armored protection function of main battle tanks, making them able to fight even under nuclear conditions. The tank crew does not need to wear masks inside the tank because it already has an NBC defense function. The armored force also has the ability to deal with double-armored main battle tanks.

In the tank series of the Chinese Army, while mainly developing main battle tanks, dozens of other new-type armored support vehicles have also been developed, such as amphibious tanks to fight across rivers, light tanks for fighting in hilly areas, command tanks for commanders, armored transport vehicles for carrying foot soldiers to fight under the protection of tanks, bridging tanks, mine-clearing tanks, and some special tanks for carrying out special fighting tasks. Of them, the armored transport vehicles alone have more than 20 varieties.

As another example, an electronic signal communication network has basically been established by the Signal Corps. A multi-purpose and large capacity communication network including satellite communications, digital and microwave communications, and optical fiber communications is being established. The first vehicle-carried ground station for satellite communications has already been successfully made. For the whole Army, a communications network with the headquarters as the center and the fixed communications station as the main body has been basically set up, which can be used in both peacetime and wartime, through both wire and wireless communications, and for both direct and relayed communications.

A quick reaction capability is a guarantee for victory in future wars. The improvement of this ability is another new change in the traditional special army units. For example, the artillery troops have achieved automation in all functions from the command post to the actual firing. Firepower response time of artillery groups has been shortened from minutes to seconds. In the past, a long time was needed for calculations before a gun was fired. Now this work can be completed very quickly and accurately by electronic equipment and computers. In June last year the PLA headquarters of the General Staff held an on-the-spot meeting in Dalian. The participants found themselves in an entirely new world when they saw the command system of the artillery troops with computers, laser range finders, and digital transmission communications equipment as the main body, the information and command system of the antiaircraft and air defense missile units, and many other advanced automatic command systems. As soon as a target appeared, it was caught by the optical, electronic, magnetic, and acoustic reconnaissance and ranging devices of the artillery. Soon the gun got an order to fire immediately after the range of fire was adjusted, and the target was destroyed as suddenly as lightning. The whole event only took some dozens of seconds of time.

The modernization drive of various special Army units, including the artillery, armored, engineering, signal, and chemical defense troops, has been promoted to suit the needs of enhancing China's national strength and developing China's military science and technology. At the same time, modernization of various new special army units which have emerged in recent years has also been promoted.

A new characteristic of modern warfare is that battles are fought simultaneously on land, sea, and air. To suit this new characteristic, the ground force has established the aviation and electronic warfare units, and the Navy has established the Marine Corps. They are inevitable products of the Army's modernization drive.

After the founding of New China, the unitary infantry-cavalry tactic was replaced by the combination of tanks and infantry, which brought about a change in the forms of land fighting. However, judging from its structure, this change was but a plane combination of forces. Since the 1980's, both the United States and the Soviet Union have put forth some theories on "integration of air and land fighting" and "large-scale and in-depth battles," emphasizing the change in the traditional forms of ground battles and the comprehensive use of the forces both on the air and on the ground and giving prominence to the role of tactical support of the ground force aviation unit. It was at such a historical moment that the aviation unit of the Chinese ground force emerged, and it displayed its great power for the first time last year during a joint military exercise held in a certain place in north China.

On the ground for a combat exercise with live ammunition, the mixture of the vertical attack force of helicopters and the horizontal attack force of the tank groups presented a wonderful scene of modern triphibious warfare on the ancient battlefield in northern China where Genghis Khan once fought fierce battles on his galloping horse. When the "blue army" was ready to retreat, the military helicopters of the "Red Army" soon flew to its rear to cut off its retreat with airborne forces. At the same time, the helicopters also successfully carried out their task of giving commands from the air. This indicated a historical change in the image of the ground force, which already has a history of 60 years. This traditional ground fighting army unit has been given iron wings and begun to take off.

Another new characteristic of this military exercise was that in the invisible space there was mutual electronic interference in the command and communications systems of both sides. Electronic warfare, which is a new measure of defense, has been adopted by the Chinese Army. In recent years, the Central Military Commission has been attaching great importance to the building of the electronic warfare unit. While the total number of troops has been reduced by 1 million, the number of the electronic warfare troops has been increased. This unit has become an important fighting and defense force of the PLA and one of the five main fighting units of the modern army. At present the electronic countermeasure technology of various countries has been developed from wireless countermeasures to photoelectronic countermeasures (including infrared ray and laser countermeasures) and from the earth's surface to outer space. the Chinese Army is also tracing and developing these advanced technologies.

To enhance its fighting capacity in modern warfare, the Chinese Navy has established a new Marine Corps, which takes landing, antilanding, and other amphibious warfare as its main task. This corps has gradually worked out and perfected a complete set of peacetime and wartime training programs, fighting regulations, and other rules and systems for both a single army unit and the army as a whole and for both special warfare and combined fighting, laying a good foundation for the regularization of the Army.

Last year, the Marine Corps sent some amphibious tanks, amphibious cars, and its engineering, chemical defense, missile, and marine units to take part in a large-scale experimental landing exercise with the Navy's air unit and various battle ships.

Following the strategic change in the guiding ideology for the building of the Chinese Army, a higher demand has been set on the modernization of this Army on the question of limited wars. It is necessary to establish a highly efficient and trained quick reaction army unit. To suit the complicated fighting environment, a mountain area fighting unit has been established by the Chinese Army. The soldiers of this unit are capable of climbing up high mountains and cliffs and crossing dangerous mountain streams and are capable of fighting and moving quickly in hilly areas. This unit, which can adjust to the natural and geographical features of the fighting areas, was formed after the headquarters and the leading organs of relevant military regions had worked out a scientific system for its establishment on the basis of extensive investigation and study and through studying the situation of the hilly area fighting units of some other countries. In September last year, to test its mobility and ability in fighting, this unit successfully carried out a hilly area offensive and defensive exercise, proving it capable of withstanding practical tests.

Another characteristic of modern warfare is combined operations. While strengthening the building of new fighting units and new support units, the Chinese Army has also strengthened the building of its new technological support units. For example, the emergence of the meteorological unit of the ground force's group armies has enabled the army to take a new step forward in enhancing its ability of combined operations under modern conditions and has ensured that the mobility, ability to subsist, and weapons of the fighting units are brought into play.

With the emergence of the nuclear Submarine Corps, China's defense ability on the sea has been increased. At the end of 1986, the Chinese Navy's Submarine Corps achieved satisfactory successes in its first oceangoing voyage on Chinese-made nuclear submarines.

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MILITARY, PUBLIC SECURITY

PLA MOBILIZATION DIRECTOR DISCUSSES MILITIA TRAINING

OW150445 Beijing Domestic Service in Mandarin 2230 GMT 10 Jun 87

["Military Life" program interview by unidentified female announcer with Chen Chao, director of the Mobilization department under the PLA General Staff Department; date and place not given]

[Excerpts] [Announcer] As we know, the militia system is a traditional military system in our country. Militia building is an important aspect of the modernization of our national defense.

Now let us ask Comrade Zhen Chao, director of the Mobilization Department under the PLA General Staff department, to discuss some specific conditions of the militia.

[Chen] Through readjustment and reform, China's militia today has reduced the number of its members and units and lowered the age requirement for joining it. Basic militia units are stronger than before, and their members are highly trained although they are smaller in number than before. The quality of militiamen has greatly improved. Now the militia has not only infantry units but antiaircraft gun, artillery, antiaircraft machine guns, signal, chemical defense, reconnaissance, engineer, and other technical units. It not only has reserves needed by various arms of the Army but also technical personnel needed by the Navy and the Air Force. The militia has now developed from an infantry force into a powerful mass force with various types of technical soldiers.

[Announcer] Director Chen, how about the militia's weapons and equipment?

[Chen] The militia's weapons and equipment have greatly developed, compared with what it had in the past. The militia is now equipped with standard weapons, such as rifles, submachine guns, light and heavy machine guns, and various kinds of artillery. A number of well-equipped and well-managed militia equipment warehouses have been built in various parts of the country, many of which are of a standard size, mechanized in loading and unloading, with automatic controls, and with their own management system.

[Announcer] We have learned that military training is conducted in some universities and middle schools. How is the training going, Director Chen?

[Chen] To strengthen the building of our reserve forces for national defense, we have conducted military training for students in universities, colleges, and senior middle schools. Since 1985, military training of students has been tried out in more than 100 universities, colleges, and senior middle schools across the country. Through military training, students have received a lively education in patriotism, increased their understanding of national defense, enhanced their sense of organization and discipline, and fostered a sense of collective honor and a spirit of bearing hardships and standing hard work.

[Announcer] What are the plans for the future building of reserve forces in our country, Director Chen Chao?

[Chen] The only way to build modern national defense is to combine a standing Army that is small in number but highly trained with powerful reserve forces. In this regard, we will continue to implement the Central Military Commission's principles of reducing numbers, improving quality, grasping key points, and laying a solid foundation, and further readjust and reform the militia work. In addition, we will combine the militia system with the reserve system. We will build properly-scaled, highly trained, good-quality, and rationally deployed primary militia units. We continue to improve the reserve officer system. Moreover, we will also build a reserve force that can be quickly mobilized. Military training of students will be gradually conducted in institutions of higher learning and senior middle schools. It can be expected that, with the development of economic and defense construction, the building of reserve forces will enter a new period of development.

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MILITARY, PUBLIC SECURITY

PLA ARTILLERY COMMANDER OUTLINES RECENT ADVANCES

HK120340 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0310 GMT 11 Jun 87

[Report: "Artillery is the God of War---an Interview with the Commander of the Artillery Department of the PLA General Staff Headquarters, Du Changqing"]

[Text] Beijing, 11 June (ZHONGGUO XINWEN SHE)--The Soviet Army's Supreme Commander Stalin once said during World War II that "artillery is the God of War."

In an interview, Du Changqing, commander of the Artillery Department of the PLA General Staff headquarters, said: As the largest branch in China's Army, the artillery troops now have developed high-speed reaction capability, and are able to complete the whole combat process from the issuance of seconds. Reaction speed is more than 10 times higher than the original time, and ranks as advanced in the world.

The artillery troops have made such substantial progress because they have adopted an advanced automatic command system. Du Changqing said: The fire control system and the information and command system for antiaircraft artillery and missile troops have all adopted such high-tech means as computers, laser rangefinders, and digital telecommunications equipment. As soon as the target appears, it will be immediately acquired. The firing of the artillery guns can be promptly guided and adjusted, and shells can fall on the target with the suddenness of a thunderbolt.

In the military review to celebrate the 35th anniversary of the founding of the PRC, a new type of 40-barrel rocket launcher for the first time was shown to the public. These guns can fire 40 rockets at the same time. They are the most powerful suppressive weapons among all field guns. Du Changqing said: China's artillery troops are also equipped with new-type mortars, howitzers, and automatic howitzers which have a high rate of fire and high firing capacity. They also have powerful antitank guns and various types of missiles. These weapons not only can take a heavy toll on enemy troops on infantry battlefields, but can also wipe out the enemy in the rear tens or even hundreds of kilometers away from our army's position.

He said: In antiaircraft weapons, the artillery troops are equipped with all kinds of medium-caliber and small-caliber semi-automatic antiaircraft guns,

automatic antiaircraft guns, and different types of antiaircraft missiles, thus forming fire barriers at different altitudes.

He said: In combined operations involving different branches of the armed forces, the artillery troops play the main attacking role in making fire assaults. They not only support the operations of the infantry and the armored troops, but can also independently fight ground, water surface, and antiaircraft battles. In the battles to counterattack Vietnamese invaders, the artillery troops closely cooperated with the infantry, and fought effectively and successfully, showing the prowess of our Army and our nation.

Du Changqing is a veteran artillery soldier who joined the Army during the Anti-Japanese War. He took part in many battles in the Anti-Japanese War, the Liberation War, and the Korean War. He has rich experience in commanding artillery troops.

When reviewing the history of China's artillery development, he said wittily that China's artillery can be traced back to the age of the Eastern Han Dynasty some 1,700 years ago. At that time, China had machines which could loft stones. In the famous Guandu battle, the Army led by Cao Cao used the stone launchers to destroy the camps of Yuan Shao's Army. In the 7th century, China invented gunpowder and also made a weapon that used gunpowder to launch stones. In the Ming Dynasty, the court's guards had a special "artillery" battalion. It can be said that China is the birthplace of guns. Only in the last decades has the development of guns slowed down.

On 1 August 1950, the artillery headquarters of the PLA was officially established, and Chen Qilian was appointed first commander of the artillery force. In 1954, China succeeded in making the first large-caliber howitzer and thus ended the period in which China could not make large-caliber guns. After the recent reorganization of the PLA, the artillery force became the main branch of the Army, and its scale is being expanded.

The commander said excitedly: With the development of science and technology, the modernization level of the weapons and equipment of the artillery force will continue to rise, and will become more automatic, mobile, powerful, and longer-range. The command system will also become quicker and more flexible. Before the invading enemy can enter an infantry position, the artillery will be able to wipe out the enemy's effective strength and will also be able to destroy various hidden enemy targets.

When talking about the development prospects of the PLA artillery force, Du Changqing said: In any possible future wars, the artillery force will continue to play an important role; its weapons and equipment will be further improved; the quality of the officers and men of the artillery force will continue to be raised; and further progress will be made in the capacity of joint operations with other branches of the Armed Forces. In future antiaggression wars, China's "God of War" will display greater prowess.

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MILITARY, PUBLIC SECURITY

PLA FORMS AUTOMATIC COMMAND AND COMMUNICATIONS NETWORK

HK150800 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0902 GMT 14 Jun 87

[Report: "The Chinese Army Has Built an Automatic Command Network"]

[Text] Beijing, 14 June (ZHONGGUO XINWEN SHE)--The Chinese army has built an army-wide highly mobile automatic command network capable of making quick responses in communications and security and cooperation in communications, resisting jamming and destruction, and of maintaining secrecy.

Diao Peize [0431 1014.3419], director of the Communications Subdepartment of the PLA General Staff Department, told reporters that with the establishment by the Signal Corps of China's first relatively large-scale computer network system, military official dispatches can be transmitted quickly and accurately. This signifies that the phase of the Chinese Army handling information has gone from a stage of traditional manual operation to a stage of computerized handling of information.

At present wire communications already available throughout the Army can reach all parts of the country, including coastal defense islands and forward border positions. Hence, there is a national defense network with the Supreme Command as the core and fixed communication stations as the mainstay, a network which combines peacetime and wartime use and is equipped with both wire and wireless devices. The huge-capacity carrier information equipment of the advanced level of the 1980's has been available for use in some selected units of strategic importance.

Director Diao Peize said: The Chinese Army's radio communications have also correspondingly developed. Single sideband receivers and transmitters of relatively high power and quality have been widely used and field communication equipment has been basically miniaturized and serialized. Progress is being made in the use of digital microwave, troposcatter, and fiber optic communications.

He said: With the successful positioning in space of China's experimental communication satellite and practical communication and broadcasting satellite, medium-size and small satellite communication ground stations of all types have been set up one after another. The satellite communication ground stations in Beijing, Urumqi, Junming, and Lhasa have successfully ensured the smooth operation of various experiments and practical

applications, such as transmission of satellite communication broadcasting and television and facsimile transmission of pictures and characters.

Director Diao Peize said: The strategic objective of the Chinese Signal Corps is to form a comprehensive and relatively perfect military communication command network and a multi-means, multi-layer, huge-capacity, all-bearing, automatic communication system fairly capable of maintaining secrecy and resisting destruction.

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CSO: 4005/769

ADVANCES IN PLA GROUND FORCES DETAILED

HK170847 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1213 GMT 16 Jun 87

[Report: "There Is a Leap Forward in Quality in the Modernization of the Chinese Ground Forces"]

[Text] Shijiazhuang, 16 June (ZHONGGUO XINWEN SHE)--The ground force of the Chinese Army has made substantial advances in its modernization. A mechanized group army of the Beijing Military Region stationed in the center of the Huabei plain has been developed into a combined arms force, including armored, artillery, communications, engineering, antiaircraft, and aviation units, and has become an operational [zhanyi 2069 1763] group army with rather strong attack, defense, mobile, and raiding capabilities. The sophistication of the weapons and equipment and the perfect combination of various armed branches have greatly built up the combined fighting capacity of this group army and have made it a "favored unit" of the Chinese Army.

The group army grew out of a heroic regiment led by late Marshal Peng Dehuai during the Pingjiang uprising in the late 1920's. This unit fought many brave and victorious battles in the Anti-Japanese War, the War of Liberation, and the War of Resisting the U.S. Invaders and Assisting Korea. Now it has become China's first mechanized group army, and it is also the first new-type operational group army in China. This marks the end of the "three-three" structure that the PLA has adopted for more than 50 years, and the new army structure is a product of the Chinese Army's recent reorganization and reform.

The new-type armored troops and special troops have become the main combat forces of this group army. The teams of special troops have increased by 70 percent. Now there are more than 370 special branches and more than 1,200 military technologies. The group army has modernized units specialized in electronic warfare, laser, military meteorology, radar, and aviation.

The group army has updated and modernized its weapons and equipment six times. Now it is equipped with a large number of new-model tanks, personnel carriers, and armored carriers, and the armored attacking force accounts for 66 percent of the combat force of this group army. This basically forms the ground attacking force with tanks and armored infantry carriers as the main body.

The firepower, range, and accuracy of the automatic artillery, new-type rocket artillery, and various antiaircraft guns of the group army have been greatly

raised, and they form an integrated system of ground fire network. The group army has also updated its antitank rocket projectors, antitank missiles, and rocket mining vehicles and has been equipped with electronics guidance systems, telecontrol weapons, and automatic commanding systems.

Last Autumn, this group army carried out a large-scale offensive combat exercise with live ammunition and weapons. Hundreds of tanks and armored carriers advanced across a vast area of hilly battlefield, and the fighters and bombers appeared in the sky to support the operation of the ground force. The antiaircraft guns opened intensive fire. The mechanized infantry divisions charged the "enemy's" lines in depth. In the war exercise of four days and nights, the group army showed its strength under modern combat conditions.

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CSO: 4005/769

MILITARY, PUBLIC SECURITY

PLA ENGINEERING EQUIPMENT 'INCREASINGLY MODERNIZED'

HK170853 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0247 GMT 17 Jun 87

[By correspondents Li Chun (2621 2504) and Tian Huiming (3944 1920 2494)]

[Text] Beijing, 17 June (ZHONGGUO XINWEN SHE)---These reporters learned from the engineer forces of PLA General Staff Headquarters that the equipment of the Chinese engineer forces has becoming increasingly modernized. Their equipment, such as the four-section pontoon ribbon bridge, rocket mine-laying vehicles, and scatter camouflage nets, has reached world advanced levels. The engineers have become a well-equipped and technology-intensive specialized arm of the services with comprehensive security capability and considerable fighting efficiency.

The engineers cut paths through mountains and build bridges across rivers. Through several decades of pioneering efforts, the engineers have become an important arm of the services in China's land force, developing from a single-function engineer corps into a unit comprised of engineer, pontoon bridge, construction, camouflage, and field water supply corps, and is equipped with complex professional technology and a wide range of machines.

The heavy and light mechanized bridges, including the four-section pontoon ribbon bridge used by the pontoon bridge corps of the engineers, can turn a deep natural chasm into a thoroughfare in a short time and can span the rolling Chang Jiang and Huang He in all seasons.

The manual blasting method of "carrying explosives on people's shoulders and laying mines by spade" has become a thing of the past. Mines are now laid by rockets, machines, and aircraft. Rocket mine-sweeping vehicles can fire dozens of minesweeper shells in several minutes, opening up a thoroughfare in a minefield for the armored corps and infantry.

Not only can their bulldozers and trench excavators build defenses and roads rapidly but they can also operate under enemy fire since they are armor-clad, bulletproof, and equipped with antiaircraft and flat-fire machineguns.

The camouflage Corps of the Engineers, dubbed the "magician on the battlefield," has been equipped with camouflage nets of all types and other camouflage devices, such as the "secret weapon" of cube corner reflectors. In wartime, command posts, missile-launching sites, and other important

objectives can be camouflaged with this kind of equipment, thus concealing what is real and exposing what is false.

The engineers have for years built an underground great wall of steel and strategic roads and carried out large-scale national defense projects in China's long coastal lines, important islands, and regions of strategic importance, thus ending the history of a China without defenses.

The engineers are becoming increasingly mechanized with each passing day. In the mechanized group army, they rank second in terms of per-capita horsepower, following the Armored Corps.

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CSO: 4005/769

CAS INSTITUTE DEVELOPES NEW MISSILE TRACKING THEODOLITE

OW161219 Shanghai WEN HUI BAO in Chinese 7 Jun 87 p 1

[Special dispatch from Chengdu by reporter Zhou Yuan]

[Text] The Institute of Photoelectric Technology under the Chinese Academy of Sciences--a crack scientific research unit in modernizing China's national defense--has successfully developed the world's most advanced theodolite for tracking guided missiles and satellites at present, and made a breakthrough in strategic weapons technology.

Scientists and technicians of the Photoelectric Institute successfully developed a large, new-generation photoelectric tracking theodolite after working hard for seven years and solving more than 100 difficult technical problems. This development marks the end of China's reliance on expensive imported photoelectric surveying equipment on its testing grounds. This instrument is capable of taking pictures of any television-set-size target from a distance of 300 kilometers with a possible error of less than 1 meter. The entire equipment involves the use of lasers, infrared rays, and television beams for automatic tracking measurements as well as the use of several microcomputers with a real time control system. Therefore, it can be used not only to measure the trajectory of a guided missile or satellite, but also to record what actually happens to an air-to-air guided missile by taking synchronous pictures at a speed of 200 frames per second. The first model of this instrument demonstrated its miraculous performance when it was put into actual use at a testing ground in northwest China. Evaluating it, experts hold that the major technical capabilities of this system reach or exceed the level of similar sophisticated instruments in the world. Together with its peripheral equipment developed by other research institutes, this theodolite has won a special state award for scientific and technological progress. In 1986, the new photoelectric tracking instrument and the Long March-3 rocket were displayed at the first international space technology exhibition in Geneva as two major high-technology products of China. They drew attention from experts of many countries.

The institute has also scored gratifying results in the study of adaptive optics. Adaptive optics is a technology newly developed since the 1970's. It is a vital technology for the development of strategic weapons. With this technology, people can initiate control of optical wave surfaces, eliminate atmospheric interference, and obtain a clear image of a target. Using this

technology, people can correct minor errors of laser devices and focus a light beam on targets of only several tens of microns in diameter. The Photoelectric Research Institute has filled a gap in this field in China. Right now, this new technology has been applied to China's first high-energy laser device, raising the energy of its focal spot 300 percent. It can be used to carry out experiments in simulating nuclear fission. The use of adaptive optics in an astronomical telescope can greatly improve its resolution. It is a new technology for observing satellites. Scientists in Europe and the United States have expressed interest in cooperating with China in this field.

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CSO: 4005/769

MILITARY, PUBLIC SECURITY

NDSTIC PROMULGATES REGULATIONS GOVERNING ORDINANCE QUALITY

OW151141 Beijing XINHUA Domestic Service in Chinese 1148 GMT 12 Jun 87

[By reporter Chen Zhiqiang]

[Text] Beijing, 12 June (XINHUA)--China's first "Regulations for Controlling the Quality of Military Industrial Products" were promulgated recently by the National Defense Science, Industry, and Technology Commission [NDSTIC], with the approval of the State Council and the Central Military Commission, according to the NDSTIC.

The purpose of promulgating the regulations--which have been drawn up on the basis of summing up the positive and negative experiences accumulated over the past 30 years in producing military industrial products, the successful experiences in trying out the "Provisional Regulations Governing Quality Control of Military Industrial Products" over the past 3 years, and study of domestic and foreign experiences--is to keep pace with the restructuring of defense science, technology, and industry; to replace the human factor in quality control; and to integrate prevention with control, so that quality control of military industrial products (weaponry, ammunition, and other supporting goods) can be institutionalized and codified into law.

The regulations contain the following features:

They introduce legal and economic means into research, development, production, and use of military products, so that the quality of products will be directly linked to their economic results;

They establish a centralized, mutually coordinated, and efficient organization of quality control, which, under the direct leadership of its director, shall exercise its power independently and objectively, so that there will be an administrative system governing legislation, control, examination, and supervision of quality;

They establish a strict responsibility system in ensuring quality control, maintaining original records, and tightening control of substandard products, so that control of product quality can be traced;

And they establish a quality control system among all factories (or institutes), regarding quality control of the final product as the objective.

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## IMPORTS FROM U.S. GROWING FASTER THAN EXPORTS

OW150309 Taipei CNA in English 0245 GMT 15 Jun 87

[Text] Taipei, 15 June (CNA)--The nation's imports from the United States increased faster than exports to the United States since the New Taiwan [NT] dollar began appreciating in September 1985, according to an analysis by economic and financial authorities.

In the first 5 months of 1987, exports to the United States accounted for 45.2 percent of the nation's total exports, down by 2.7 percent as compared with the same period of last year; while the percentage of exports to Europe and Japan rose by 4 percent. It indicates the government's efforts to diversify foreign markets are comparatively effective, the analysis says.

Since early this year, the Japanese yen moved upward faster than the NT dollar in its exchange rate against the U.S. dollar. However, the imports of capital equipment and parts, semi-finished products from Japan increased significantly as a result of the booming exports during the period.

In May alone, the 10 leading export products all recorded growth more than 20 percent higher than the same month of last year. Among them, machinery recorded the highest increase at 60.8 percent, and electronics, 55 percent.

The export value of plastic products in May set a single month record because of increases in orders and higher unit prices.

Imports of electronics, chemicals, transportation equipment, petrochemicals, machinery and electrical products also increased more than 40 percent.

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TAIWAN

# COMPUTER MAKERS MAKE BIG PUSH INTO EUROPE

OWO21045 Taipei CNA in English 1018 GMT 2 Jun 87

[Text] Taipei, 2 June (CNA)--In their efforts to diversify overseas markets, some major makers of computer products in the Republic of China have set 1987 as their "action year" for promoting exports to Europe and are therefore active in establishing branches or warehouses in Europe to facilitate sales there.

Customs statistics shows that as much as 68 percent of Taiwan's exports of computer products were absorbed by the U.S. market in 1985, which dropped to 42 percent in 1986. Exports to Europe, however, have grown rapidly over the past 2 years to account for 36 percent of total local computer exports in 1986, making Europe another major outlet for locally-made computer products.

In view of the continued appreciation of the New Taiwan Dollar against the U.S. greenback and the rising protectionist sentiment in the United States, some local computer makers such as Plus and Plus Co., Ltd., and Mitac Inc. are regarding this year as "action year" for the promotion of sales in Europe.

To this end, Plus and Plus has set up a branch office in Britain and has outbid IBM and other well-known computer makers to win purchases from a nuclear research and development center of the European Economic Community, while at the same time, Mitac has established a branch in Dusseldorf, West Germany, and will set up another one in Amsterdam, Holland, within 6 months.

In addition to the above mentioned two companies, Multitech Industrila Corp., Tantung Co., Caf Computer Corp. and Copam Electronics are also active in marketing in Europe through the appointment of dealers and agents, or the establishment of branches or warehouses.

A ranking official of the Institute for Information Industry predicts that local exports of computer products to Europe will, for the first time, be higher than those to the United States this year as a result of the efforts in market diversification.

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TAIWAN

YU KUO-HWA HOLDS TALKS WITH SINGAPORE LEADERS 9 JUN

OW091557 Taipei CNA in English 1456 GMT 9 Jun 87

[Text] Singapore, 9 June (CNA)--The Republic of China [ROC] Government will encourage entrepreneurs in Taiwan to invest in Singapore to further cement economic relations between the two countries, visiting ROC Premier Yu Kuo-hwa said here Tuesday.

Premier Yu gave the assurance to Singapore's First Deputy Prime Minister Goh Chok Tong while the latter was visiting Yu's hotel suite

The Chinese premier had a busy day Tuesday, paying courtesy calls on his hosts and holding talks with Singapore Government leaders.

Early in the morning, Premier and Mrs Yu called on President Wee Kim Wee and relayed President Chiang Ching-kuo's greetings to the Singapore chief of state.

During their 30-minute conversation, Yu and Wee exchanged views on matters of mutual concern, including problems arising from the current transformation of industrial structures in both countries.

Premier Yu told President Wee that the ROC is doing its best to relieve the pressure of its enormous foreign exchange reserves which currently stand at U.S. 60 billion. Recently announced measures include the expected suspension of foreign exchange controls and massive tariff cuts aimed at encouraging the increased import of capital and consumer goods to balance the nation's trade.

He expected the ROC's export growth to slow down gradually but predicted that the nation's foreign exchange reserves would continue to rise at a slower pace.

Later in the morning, Singapore's First Deputy Prime Minister Goh Chok Tong and Second Deputy Prime Minister Ong Teng Cheong paid separate calls on Premier Yu. Matters discussed included cooperation in trade and investment. Premier Yu was also briefed on Singapore's labor policy and welfare system.

On Tuesday afternoon, Premier Yu held a 1-hour talk with his Singapore counterpart Prime Minister Lee Kuan Yew at Lee's office. They discussed the world situation, bilateral relations, trade protectionism and the economic development strategies of their countries.

During the afternoon, Mrs Yu visited a history museum where she was apparently impressed by Singapore's successful efforts to preserve its cultural heritage.

TAIWAN JOB MARKET CLOSED TO FOREIGN WORKERS

OW290411 Taipei CNA in English 0237 GMT 29 May 87

[Text. Taipei, 20 May (CNA)--The Republic of China [ROC] must limit its job market to local workers, except for certain peculiar professions, in view of the nation's current situations, the Executive Yuan (cabinet) said Thursday.

The cabinet made the statement in a written reply to an interpellation by legislator Huang Cheng-yi regarding the government policy towards foreign workers here.

The cabinet made the statement in a written reply to an interpellation by legislator Huang Cheng-yi regarding the government policy towards foreign workers here.

The cabinet said it has long been watching closely over the influx of foreign workers in the country. The Ministry of the Interior has also invited officials of other government agencies to discuss whether to allow foreign nationals to work here. All government agencies concerned agreed that the ROC cannot open the domestic job market to foreign workers at the present time.

One reason is the ROC is already one of the world's most densely populated countries, with approximately 540 persons per square kilometer, the cabinet said.

Moreover, the country still has many unemployed people. Last year, for instance, the average unemployment rate was 12.66 percent, or about 200,000 local people jobless.

The cabinet said the influx of a large number of alien workers would not only reduce job opportunities for local people, but also cause many social problems.

However, it said that the ROC would allow a limited number of foreign professionals, such as professors, technicians, business managers, medical personnel and entertainers, to work here. They must obtain prior permissions from concerned ROC authorities, it added.

The cabinet said that the government has informed the governments of Southeast Asian countries of the ROC's policy. The Ministry of Foreign Affairs has also instructed its overseas representative offices to tighten their screening of visa applications by foreign nationals in order to block the entry of illegal foreign workers.

## BRIEFS

URANIUM EXPLORATION IN GUATEMALA--Taipei, 23 May (CNA)--The Economics Ministry urged the Taiwan Power Company Friday to cooperate with Guatemala in exploring for uranium in that Central American country. Guatemala is rich in uranium deposits, according to a recent report by Chinese mining experts sent to Guatemala under the terms of a mining cooperation agreement between the Republic of China [ROC] and Guatemala. ROC diplomats in Guatemala have asked Taipower to explore the Uranium there for this will not only contribute to diversifying the sources of Taipower's uranium supply but also strengthen friendly relations between the ROC and Guatemala. Taipower is currently exploring for Uranium in the western part of the United States in cooperation with an American firm. [Text] [Taipei CNA in English 0232 GMT 23 May 87 OW] /12232

AGRICULTURAL TRAINING COURSE--Chung Hsing New Village, 23 May (CNA)--Twenty agricultural experts from 16 countries will conclude their 3-week training program in the Republic of China [ROC] Saturday. The program, which began on 4 May, was sponsored by the Taiwan Agricultural Laboratory at the request of the Foreign Ministry. Among the experts, 4 taking a rice cultivation course were from Honduras, Panama, Morocco and Ecuador; the 16 others attending a vegetables planting course came from the Dominican Republic, Fuki, Panama, the Solomon Islands, Jordan, Syria, Malaysia, Paraguay, Swaziland, Indonesia, Saint Christopher, Saint Lucia and Costa Rica. Some of the participants are professors, while most of them are government agricultural promotion and administrative officials in their nations, the Taiwan Agricultural Laboratory said. [Text] [Taipei CNA in English 0234 GMT 23 May 87 OW] /12232

IMPORTS, EXPORTS UP--Taipei, 29 May (CNA)--April imports to the Republic of China totaled U.S. \$2.8 billion, up 44.6 percent from April 1986 while exports increased 39.8 percent to U.S.\$4.4 billion, the Council for Economic Planning and Development [CEPD] said Thursday. The growth rate for imports in April was 4.8 percent more than that of exports, suggesting that the continued appreciation of the new Taiwan [NT] dollar and the government's decision to lower tariffs and loosen import controls is producing the anticipated effect, CEPD said. According to statistics, the NT dollar rose 3.76 percent from March and 16.7 percent from the same month last year. Despite this, the nation's imports and exports have continued to grow rapidly, CEPD said. The trade surplus in April was U.S.\$1.59 billion, up 32.1 percent from the year before. The structure of imports and exports and major trade areas remained almost the same as those of the past few months, CEPD said. [Text] [Taipei CNA in English 0234 GMT 29 May 87 OW] /12232

CABINET APPROVES TARIFF CUT--Taipei, June (CNA)--The Executive Yuan of the Republic of China Thursday approved temporary tariff cuts, averaging 32 percent, on 331 import items. The items include household electrical appliances, paper pulp and related products, and printing equipment. Jointly proposed by the Ministries of Finance and Economic Affairs, the tariff cuts will cost the government an estimated NT dollar 2.74 billion (U.S.\$87.5 million) in reduced revenues. The new tariff rates will be in effect for 1 year starting 15 June. This is the second time the government has slashed tariff rates on a temporary basis since the beginning of the year. The last tariff cut took effect in April.  
[Text] [Taipei CNA in English 1504 GMT 4 Jun 87 OW] /12232

EXPORTS TO EUROPE UP--Taipei, 10 June (CNA)--The Republic of China's exports to Europe totaled U.S.\$2.85 billion during the first 5 months of 1987, up 73.6 percent from the same period of last year, while imports reached U.S.\$1.93 billion, up 58.6 percent, according to statistics released by the Board of Foreign Trade [BOFT] Tuesday. In May alone, the ROC's exports to Europe reached U.S.\$619 million, an increase of 74.8 percent over the same month of 1986, and imports were U.S.\$528 million, up 82.8 percent. A BOFT official attributed the nation's significant export growth to the appreciation of major European currencies against the U.S. dollar and the government's strenuous efforts to diversify foreign markets. [Text] [Taipei CNA in English 0237 GMT 10 Jun 87 OW] /12232

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