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Close-Up on the New China

A program that helps you to make sense of the changes in China

Program Handbook



Global Hanyu®
全球汉语

The Center for Comtemporary China Studies
The Global Hanyu & Culture College
The GEM Group

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CLOSE-UP ON THE NEW CHINA PROGRAM

In collaboration with
The Massey MBA and The College of Business
Massey University, New Zealand
NOVEMBER • 6 – 14 • 2009

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Program Objectives

- 1** To learn about the latest political, economic, and social developments in China from Chinese and foreign experts operating in China.
- 2** To assess economic growth in the manufacturing and service sectors, and examine various modes of operation, such as entrepreneurship, privately owned enterprise, and state-owned businesses.
- 3** To understand the strategic environment in China as well as the opportunities and challenges facing businesses in China.
- 4** To be introduced to elementary Mandarin.
- 5** To determine the culture of a group/region/nation and its importance to business.

**CLOSE-UP ON
THE NEW CHINA
PROGRAM**

DAY 1

SETTING THE STAGE

NOV • 6 • 2009

Learning Objectives



Arrival, pick up at Pudong International Airport (PIA)

Shanghai Pudong International airport is new China's window to the world.

Designed by French architect Paul Andre, PIA opened to the world in 2000.

Participants get their luggage, board the bus and head for Suzhou on China's new superhighways. Arrive Suzhou, check into hotel that is located in the new section of Suzhou. Be sure to pick up hotel business cards in case you use a taxi.

MUST DO

Learning Objectives

- 1| Get a sense of the new infrastructure of China.
- 2| Observe the culture of the Chinese people with regards to: -
 - Governmental actions
 - Personal space and boundaries
- 3| Observe marketing and branding techniques along transportation routes.
- 4| Observe the energy usage in an urban region.
- 5| Observe a common approach (art of garden and landscaping) to express and achieve harmony between humans and nature.
- 6| Observe the contrasts and similarities of infrastructure, modes of transportation, architectural style, and lifestyles from ancient to modern periods.

DESCRIPTION OF THE DAILY ROUTE

Shanghai Pudong Airport- Suzhou Downtown-Higher Education Park in Suzhou

QUESTIONS TO ASK

- How was it possible for the government to have built so many infrastructures in such a short time?
- How are they financed and operated?

UNIQUENESS OF THE MEAL FOR THE DAY

Traditional Suzhou cuisine, delicate style from Jiangnan (south of the river)

CULTURAL ENCOUNTER

Get a sense of the service standard of the New China.

A Synopsis

When China opened itself to the world at the end of the 70s, many thought that the World will change China, it now turns out that China is changing the world. How is this statement true? What about the future of China? Will it become the largest economy of the world and what are the implications for the World, my country and myself and my career?

New China, born from the waves of sea changes that started in 1978, is a body of knowledge that deserves serious study. These changes have serious impact and repercussions for careers, businesses and competitiveness of communities around the world.

CHINA RISING *What does that mean to you?*

Having an accurate, rational update on the going-on's in China has therefore become critical to successful corporate policy formulation or managing one's career strategy. Whether you or your company export to or import from China, whether you do business in China, now or in the future, no matter which industry you are in or at which part of the supply chain you operate or build your competitiveness, you need a China response, if not a strategy. This response and strategy needs to be constantly reviewed. Businesses and Corporate leadership need constant update on China.

Renowned Chinese economists Wu Jing Lian said, *“The future brought about by reforms is squarely before us. One road leads to an orderly market economy governed by law, another leads to vested interest privatizing national wealth. This moment could be the spring of hope or it could turn out to be the winter of frustration. We could be heading towards heaven or in the other direction.”*

The Program will examine

- >> The Chinese System in Transition: 1978-2008
- >> Model of development: The Industrial Parks
- >> Foreign Players in China & their experiences
- >> Made In China: China as The World's Factory
- >> Chinese Consumer: The World's fastest growing Consumer market
- >> The Chinese Civilization in Renaissance
- >> Experience China on your own
- >> Developing a view on the Future of China and its impact on the world

Welcome by Chair of the Program

Foong Wai Fong



Ni Hao. Welcome to China.

On behalf of our team at the Close up on the New China program, it is my pleasure to welcome you to the China Experience we have created for you in this program.

The program aims to show you the new world the Chinese are building for themselves, and how this new world in turn is influencing and reshaping the entire world. China went through 30 years of reform and opening; and during this period; she has created for herself a new China which was driven by both internal and external forces. Foreign Direct Investment, the participation of overseas Chinese and foreigners, trade and globalization have been the key external driving forces shaping the new China. Liberalization of the economy, urbanization, the privatization of the Chinese economy and the experiment to build a market economy with Chinese characteristics are the internal driving forces.

Many people are familiar with the China of the last 5000 years, but know little about the changes that took place within China in the last 30 years. However, the last 3 decade of change in China is revolutionising China in a big way; these changes also have widespread repercussions that will drive changes in the rest of the world. The Chinese talk about the closing of one chapter between 1949 to 2009; that period they refer to the New China. The reform and opening initiated by Paramount Leader Deng Xiaoping celebrated its 30th anniversary in 2008, that too is another milestone in the modernization of the nation (1978-2008). Today; the sight is cast on the next 30-60 years; which the Chinese are talking about the building of a New New China. Much expectation waits to see the sustainability of the China Development model. Stayed tuned.

In your stay with us during this program from our home campus in Suzhou, we hope you will experience the political, economic, social dimensions of a China in fast transition. This experience we hope will help you form new insights and conclusions that will instruct your business and career.

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About Your Host



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The Global Hanyu & Culture College (GHCC) is a subsidiary of The GEM Group. (get-ed.com) GHCC provides Hanyu and Culture programs in both qualification and non-qualification categories. GHCC programs are run both online and in our centers, both in overseas locations and out of our flag-ship campus at Suzhou.

For the continuing education program on Hanyu Learning, the Shanghai Jiao Tong University (sjtu.edu.cn) is the academic partner of GHCC. The Institute of International Education of SJTU is the leading provider of teaching Hanyu to foreigners in China, having over 5000 overseas students who studied in their Shanghai campus.

GHCC offers partnership opportunities with education institutions worldwide to join its network of franchised centers as well as to be a licensor for its Hanyu learning curriculum. The Study on Contemporary China program is also available to universities and colleges worldwide as an insert into their global skills programs.



The GEM Group

www.get-ed.com

Global EduTech Management Group (GEM) is an educational investment holding and management group dedicated to developing education ventures in China and Southeast Asia. The investors of the group comprise high net worth professionals and owners of public companies from China and Southeast Asia. GEM is committed to building a network of third generation institutions of higher learning.

As expressed by the four-color stripes on GEM's logo, the operating principles comprise the following:

- >> Academic and professional excellence
- >> Efficient and effective management
- >> International and global outlook
- >> Industry Linkage and service to society

History

This is a story of three individuals and their friends who endeavored to create meaning of their energy and connections to build a Generation III institution of higher learning in China. It all started during a farewell holiday trip between two good friends, former Chairman of Motorola China P Y Lai and Director of International Division of the Ministry of Electronics, Yang Shi Liang. After close to three decades of a rewarding career with two of the world's outstanding information technology company, Intel and Motorola, P Y was ready to retire from active business. Yang Shi Liang headed the international cooperation department of China's Electronics Department under the Ministry of

About Your Host (cont'd)

Electronics, in-charge of forging Sino-foreign joint ventures. During Yang's tenure, he was instrumental in bringing big multinationals to China and headed the 909 High Technology Project, helping foreign multinationals to access China's market.

Dato P Y Lai and Director Yang Shi Liang, were both concerned with the acute shortage of the right kind of talent for China's growing economy. Both of them deliberated at great length on making effective contribution to China's higher education and were committed to do something meaningful after their retirement. P Y discussed this with Foong Wai Fong, the founding director of Megatrends Asia (a partnership with US Trend watcher and Futurist John Naisbitt), who has already shifted her base from Kuala Lumpur to Shanghai in 2000, to study up close the trends of a rising China. Wai Fong has also been heavily involved in the sustainable development activities in China by volunteering in many programs that involve the environment and education.

The trio concluded that higher education is a critical area that is needed to sustain China's growth, and went about persuading other like-minded friends to join the group. The GEM Group was founded in 2002 with the purpose of setting up a private, for-profit Generation III higher education. Soon after incorporation, the group began looking around for a possible location to site the flag-ship operation.

The Suzhou Industrial Park (SIP), a joint venture between the Singapore and Suzhou government dedicated to becoming a new industrial park for multinationals wishing to set up base in China, had been successful in attracting foreign investors. After more than a decade of growth, the leadership at the park was thinking about the challenges of migrating up the value chain. Vice Mayor Wang, an acquaintance of P Y and Yang, learnt of The GEM Group's plans and immediately offered them to set up this new education base in Suzhou. There were no shortage of places in China that have offered land and concession to the group, but Suzhou was finally picked because of its strategic position in the Yangtze River Delta. Suzhou has the necessary conditions that the Group feels are conducive for private education.

Hence on February 27, 2003, a collaboration agreement was signed between SIP and The GEM Group. Today, The GEM Group, through its subsidiaries, GEM Suzhou in China (The HKU SPACE Global College, GEM-Microsoft Software Technology Center, Global Hanyu & Culture College, First Light Institute, GEM English Academy) and GEM M Sdn Bhd (The Disted Stamford College in Penang and The Confucius Institute Language Resource Center in Kuala Lumpur) established itself as a leading provider of higher education programs for undergraduates and postgraduates who wish to have an internationalized experience while pursuing their degree studies. The GEM Group also aims to provide a contemporary experience on China for international students.

About GEM Suzhou's Campus at The Dushu Lake Higher Education Park

GEM Suzhou is building a new campus at the Dushu Lake Higher Education Park. The first phase of the campus, 30,000 sq m will be completed in Sept 2007. Currently GEM occupies facilities that can accommodate up to 2000 students.

The Dushu Lake Higher Education Park, Located on the fringe of the Suzhou Industrial Park, this is an integrated development where comprehensive higher education facilities are being developed.

Spread over an area of 10 sq km, on the banks of the Dushu Lake, the government development company SIPEDI is building the largest digital library (3000 works stations), cultural and sports centres, conference and accommodation facilities, hotels, commercial and residential facilities as well as state-of-the art teaching facilities to support the development of 8-10 international universities in the Park. When completed, this new township will accommodate up to 80,000 students, faculty and staffs.

About Your Host (cont'd)



The Dushu Lake Higher Education Park is an integrated campus town, where Sipedi builds the entire common infrastructure such as library, hostels, sports complex, large theatre, cultural center, and commercial spaces. Individual universities will only build their own dedicated teaching and office facilities.

Listing of Common Facilities

- >> Hostel for Teachers and Students
- >> Sports Complex
- >> Cultural Center
- >> Shops and Restaurants, large Dining Hall
- >> Digital Library
- >> Experts Villa
- >> Conference Facilities

State-of-the art conference and meeting facilities area available:

- >> 300 seats big lecture hall with 4 track simultaneous translations
- >> Medium and large meeting rooms
- >> Executive and Board meeting rooms
- >> VIP reception room

Comfortable Accommodation

Different class and type of facilities are available:

- >> Budget hostels for students
- >> Single suites for postgraduate students and executives
- >> Special facilities for foreign students and executives
- >> Expert's Villa with club house and housekeeping services
- >> All these facilities are fitted with the latest audio visual, internet and supporting dining facilities.

Profile of Speakers & Lectures (cont'd)



FOONG WAI FONG CHAIR,

Close Up of The New China Program

DIRECTOR,

Megatrends Asia

EXECUTIVE DIRECTOR (STRATEGY),

The GEM Group

PRESENTATION

**Megatrends of the New
China / The Next Challenge:
Let 90% of the People get
their Chance to get rich.**

Foong Wai Fong, entrepreneur, businessperson, social activist and best selling author and commentator. Wai Fong has an interesting career witnessing the rise of the Asian region and China in her various capacities as social trends watcher, entrepreneur/businessperson, activist and writer.

A third generation overseas Chinese, born in Malaysia, she was among a small number of Chinese elites graduated with honors from the University of Malaya. She became a business entrepreneur at an early age and received Top Business women of Malaysia (IT and Innovation Category) from the King of Malaya in 1992. She collaborated with John Naisbitt of Megatrends fame and founded Megatrends Asia where she moved from Kuala Lumpur to Shanghai in early 1997. She directs the Asian research program from bases in Kuala Lumpur and Shanghai, her research areas include macro economic and social trends in Asia, the progress of reforms and changes in China, cultural industries and sustainable development. She contributed to many key megatrends Asia research projects and have has 3 best selling books of her own: "The New Asian Way," "We have to talk, Mr. Prime Minister" and "Culture is Good Business"* (**voted top 10 best books in Taiwan in 2003 by influential magazine Commonwealth*).



Wai Fong consults and works with multi nationals regularly on Asian and China trends. She has served as advisor to many local governments and multi national companies, including serving on the International Advisory Board of the Economic Development Board of the Port and City of Rotterdam. Well travelled and versatile in key Asian languages; she is much sought after in current affairs and trends programs on Asia and China.

Wai Fong keeps homes in Suzhou and Kuala Lumpur. Since 2003, she has been instrumental in founding The GEM Group (gem-group.com); an education management company with several colleges and institutions with 10,000 full and part time students. She is also the Chairman and founding director of the Confucius Institute Malaysia@Shanghai Jiaotong University-Global Hanyu & Culture Center (globalhanyu.com).

Wai Fong is also Co-Founder of Pahlawan Volunteers, a Malaysian voluntary and advocacy group which made significant contribution in the Nipah Virus Crisis and Visit Malaysia Cybercampaign following the financial crisis of 1997 (www.pahlawan.com.my or facebook <http://group.to/pahlawan>).

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Profile of Speakers & Lectures (cont'd)



JONATHAN MATHENY
PHD, MBA, BSCI

Jonathan Matheny teaches, writes, and consults about the challenges of personal development, leadership and organisational change.

Working with Senior Leadership Teams, Jonathan has facilitated numerous strategy workshops and designed organisational development programmes. Jonathan is a member of faculty in the Department of Management and International Business at Massey University in New Zealand. He holds bachelors degrees in business analysis and psychology from Texas A&M University, an M.B.A. in human resource management from the University of Connecticut, and a Ph.D. in the management of organizational change from the University of Rhode Island.

A member of several Editorial Boards of internationally recognised journals, Dr. Matheny has published academic papers in journals such as the *Journal of Managerial Psychology and Organisations and People*. He has also presented papers at the world's leading conferences in management. His specific areas of research include interpretation, reflection and learning among individuals. He also studies culture and change management within organisations. These interests stem from many years of consulting in the areas of organisational development and human resource management.

As a thought provoking and sought after speaker, Dr. Matheny has delivered talks for business events and lectured in business schools spanning Asia, Europe, and the United States. He is the recipient of several awards and commendations for his research and teaching activities including the The MCB University Press Award for Excellence in Research and the Vice Chancellor's Excellence Award for Distinction in Teaching.

CHINA: Background & Statistics

KEY STATISTICS

Population to 2005: 1.30628 billion, Urban 36% Rural 64%

>> Total Number of Chinese Cities: 666

>> 11 cities with population of over 2 million

>> 23 cities with population of between 1 million and 2 million

>> 44 cities with population of between 500,000 and 1 million

>> 159 cities with population of between 200,000 and 500,000

>> 393 cities with population of less than 200,000.

China is administratively divided into 23 provinces, 5 autonomous regions, 4 centrally administrative municipalities* and 2 special administrative regions (SAR).

Provinces: Anhui, Fujian, Gansu, Guangdong, Guizhou, Hainan, Hebei, Heilongjiang, Hebei, Hunan, Jiangsu, Jiangxi, Jilin, Liaoning, Qinghai, Shaanxi, Shandong, Shanxi, Sichuan, Yunan, Zhejiang, Taiwan***

Autonomous Regions: Guangxi, Inner Mongolia, Ningxia, Tibet (Xizang), Xinjiang

Municipalities: Beijing, Chongqing, Shanghai, Tiangjin.

Special Administrative regions (SAR): Hong Kong, Macao.

There are 5 provinces with population of over 50 million

All of China's 4 municipalities with population of over 10 million

(Beijing, Tiangjin, Shanghai and Chongqing).

The most populated administration division: Henan Province with population of 92.56 million, The least populated region is Tibet Autonomous Region with population of 2.62 million.

China's Moving Development Pattern



- 1** 1980's – The Pearl River Delta (PRD)
- 2** 1990's – The Yangtze River Delta (YRD)
- 3** 2000 – The Bohai Economic Ring (BER)
- 4** 2008 – Guangxi Beibu Gulf Economic Zone (BGEZ)

Development Zones & Leadership

While China makes great strides to join the global economy and promote rapid modernization of its economic structure and business culture, we can expect China to continue with her centuries-old “*rule of man*” culture for a very long time to come. By “*rule of man*,” development patterns was always tied with the leadership at the helm, it has been like this for the past several thousands of years; and judging by what happened in the last quarter century in efforts to build a new China; the cultural DNA did not change; the same pattern was obvious. In this case, the past guides the future for China, and one way to view the past trends in China’s development is to tie the development pattern with the leadership of the day. Each generation of leadership has their own priorities and regional focus set in the context of the overall development.

China is an enormous country, it is a nation with many regions. The famous flying-geese formation described by Japanese economist Kaname Akamatsu about the shifting of FDI in Asia is now being played out in the Chinese mainland. The shift is from south to north along the coastal region. The Chinese public is now referring to these robust economic growth regions generally as the gold coast. This shift can be summarized as follows:

1 | DENG XIAO PING & THE PEARL RIVER DELTA (PRD)

Modern China’s economic reform began in 1978 in the southern most tip city, Shenzhen when Paramount leader Deng Xiao Ping declared, “development is the only path forward.” When Deng was at the helm in the 80’s, the region that was given the most liberalization for growth and development was the region, centered on the **Pearl River Delta (PRD)**¹.

The PRD became a massive manufacturing center. This is the first concentration point of foreign direct investment, where very large inflows came from Hong Kong businesses. The region surrounding Shenzhen and

southern Guangzhou is used as their backyard for labor intensive industries for making watches, Christmas decorations, plastic goods and toys etc. Then came the Taiwanese, who took their labor-intensive operations to the region; making the southern region a powerhouse for shoes, textiles and electronic components. Shenzhen was built from a humble fishing village to today’s sprawling city of 7 million people, with the highest per capita income in China. 11 cities in the Pearl River Delta had their fair share of attention and were given focus in development. With the Canton Trade Fair serving as a window, the China Export machine was built. The southern region was recording double digit growth rate, far exceeded the national average of 8%, giving rise to the first group of middle class consumers in China; making Shenzhen the most affluent city in China².

¹ The PRD covers eight prefectures of the Guangdong Province, namely Guangzhou, Shenzhen, Zhuhai, Dongguan, Zhongshan, Foshan, Huizhou and Jiangmen, and the Special Administrative Regions of Hong Kong and Macao.

² The PRD has become the world’s workshop and is a major manufacturing base for products such as electronics (such as watches and clocks), toys, garments and textiles, plastic products and a range of other goods. Much of this output came from foreign invested enterprises production bases for export. The PRD Economic Zone accounts for approximately one third of China’s trade value.

Development Zones & Leadership (cont'd)

2 | JIANG ZEMIN AND THE YANGTZE RIVER DELTA (YRD)

The 90s belong to the **Yangtze River Delta (YRD)**³. During the 90s, regions further up north with their own set of competitive advantages joined the reform and opening efforts. The Asian financial crisis of 1997 and greater competition within China forced industries to move up the value chain where they search for higher level skill and competence, this prompted industries to move further up northwards. This period also coincided with the reign of President Jiang Zemin, whose home base was Shanghai and many members of his team hailed from Jiangnan, or south of the Yangtze River. Shanghai received a lot of attention and liberalization, and the Pudong New Area became the showcase window project of this era. A whole new development area, measuring some 522.8 sq km was created, a modern state of the art financial district Lujiazui emerged out of once humble paddy fields; today many of China's most outstanding architecture are to be found in the Pudong New Area. Shanghai is now vying to become the new financial hub of China, and claiming the title of the dragonhead of China's development. FDI followed this shift in attention to the north, resulting in the 15 cities in the Yangtze delta being opened up, and received various levels of attention and foreign investment. Today, the Yangtze River Delta has become the most robust region in the entire new Chinese economy. Shanghai went through a rapid renaissance and rebuilding, it became the hottest destination for technology-intensive FDI and higher knowledge-content economic activities. The Zhejiang province recorded the most successful transformation in the privatization of domestic Chinese businesses, while Jiangsu Province went through a series of liberalization that has made many of its cities such as Suzhou, Wuxi, and Nanjing a stronghold for computer and electronics manufacturer. Taiwanese investment also moves north from the south, set in motion an internal restructuring of industries in response to change of leadership and policies.⁴

3 | HU JINTAO AND WEN JIABAO AND THE BOHAI ECONOMIC RING

Judging from the development of events, under the present Hu-Wen leadership the center of growth will move to the **Bohai Economic Ring (BER)**, which is known widely in China as the Third economic pole in China. Sometime also known as the Bohai Ring, this region includes Beijing, Tianjin, Shanxi, Hebei, Inner Mongolia, Liaoning and Shandong (see map) . The region occupies 12% of China's land and holding 20% of its population. Since the late 1990s, and especially after the 14th Central Consultative People's Committee (CCPC) Meeting, this area has accelerated its development and opening up and has become the hotspot and focus of both domestic and overseas attention. Within this Ring, state owned enterprises in the heavy industries sector dominate.

³ The PRD has become the world's workshop and is a major manufacturing base for products such as electronics (such as watches and clocks), toys, garments and textiles, plastic products and a range of other goods. Much of this output came from foreign invested enterprises production bases for export. The PRD Economic Zone accounts for approximately one third of China's trade value.

⁴ **Emergence of the PRD Economy:** The PRD has been the most economically dynamic region of the People's Republic of China since the launch of China's reform programs in 1979. The region's Gross Domestic Product (GDP) grew from just over US\$8 billion in 1980 to more than US\$89 billion in the year 2000. During that period, the average real rate of GDP growth in the PRD exceeded 16 percent, well above the national figure of 10%. In 1991, almost 50% of foreign investment in China was in Guangdong, and 40% in the PRD. By 2001 its GDP rose to just over US\$100 billion and it was experiencing an annual growth rate more than 3 percent points above the national growth rate. The abundance of employment opportunities created a pool of wealth, middle-income, professional consumers with an annual per capita income that puts them among China's wealthiest. According to a survey conducted in 2000, the region has 40.8 million people (3.2% of total population), 0.4% of the land area, but accounts for 8.7% of GDP, 32.8 percent of total trade and 29.2 percent of utilized foreign investment in 2001.

Development Zones & Leadership (cont'd)

4 | GUANGXI BEIBU GULF ECONOMIC ZONE (BGEZ)

A new designated development zone by the government, the Beibu Gulf sits south of Guangxi province, south of China. The Beibu Gulf Economic Zone in Guangxi is located in the center of the forefront of Beibu Gulf, the southern part of Guangxi, including Nanning, Beihai, Qinzhou, and Fangchenggang city, with a land mass of 42,500 sq.kms. By the end of 2006, the zone had a population of 124 million and the GDP of this zone made up 30% of that of Guangxi. To conform to the trend of economic globalization and regional economic integration, to further strengthen China-ASEAN strategic partnership, to have rational labor division between industries and trade through integrating resources within larger scope, and to obtain common development on the win-win and mutually beneficial basis, Guangxi puts forward the proposal on building a new China-ASEAN "One Axis Two Wings" regional economic cooperation pattern so as to improve sub-regional cooperation and advance the further development of regional cooperation under the framework of "10+1" cooperation. "One Axis" refers to the Nanning-Singapore economic corridor. Of the "Two Wings", one refers to the PBG economic cooperation, which involves China, Vietnam, Malaysia, Singapore, Indonesia, the Philippines, and Brunei Darussalam. The other "wing" refers to the GMS economic cooperation involving China, Myanmar, Laos, Thailand, Cambodia and Vietnam, which aim at reducing poverty and promoting infrastructure construction and project cooperation.

The Pan Beibu economic cooperation involves seven countries; China, Vietnam, Malaysia, Singapore, Indonesia, the Philippines and Brunei. Situated at the southwestern end of China's coastal area, Guangxi Beibu Gulf.

Economic Zone mainly consists of four cities, that is, Nanning, Beihai, Qinzhou and Fangchenggang, with a landmass of 42,500 square kilometers and a population of over 12 million. To its east is Pearl River Delta, to its south, Beibu Gulf, to its back, southwest China and to its front, Southeast Asia. Standing at the convergence of South China economic rim, Southwestern China economic rim and ASEAN economic rim, linking the east, middle and west China, BGEZ plays an irreplaceable role in regional cooperation like PPRD, PBG and between China and ASEAN. As the only area accessible to sea in west China, BGEZ is regarded as the most convenient gateway to the sea for Southwest China, a crucial bridge and base for enhancing comprehensive cooperation between China and ASEAN and the frontline and key doorway linking China with ASEAN and the rest of the world.

Eleven members: China and ten ASEAN countries

- the third biggest Free Trade Area in the world
 - 1.8 billion population, cover 30% people in the world
 - US\$ 2 trillion GDP, total trade amount over 1.2 trillion
 - Will be set up in 2010
- fastest growth
 - Bilateral trade volume increases by 38.9% annually.
 - Import and export will be expected to increase by 50%.
- Complementary advantages
 - Bilateral trade volume reaches US\$ 105.9 billion
 - Five ASEAN countries are China's top 20 trading partners
- More convenience for trade and investment
 - Agreement on dispute settlement mechanism
 - Agreement on trade in good
 - Lift most of the commodities' tariff in 2010
 - Started "early harvest" in 2004, more than 7000 commodities' tariff were abolished

As of June 2007, there are 417 Sino-foreign joint ventures, Sino-foreign cooperative enterprises and foreign-invested enterprises totally established by the 10 countries of ASEAN in Guangxi and the total amount of contractual investment is 1.41 billion US dollars, among which the actual utilization amount of foreign capital is 750 million US dollars. The main area of ASEAN investment of is manufacturing, real estate, agriculture, and construction. The proportion is 44%, 15%, 12%, and 11% respectively. By the end of May 2007, Guangxi has invested in 104 projects in ASEAN, with the agreed investment volume of 97.66 million US dollars, of which the volume from Guangxi is 77.4 million US dollars. The investment is mainly in productive enterprises, involving manufacture, construction, farming, foundry, printing, and plate making, nonferrous smelting, leather manufacture, food processing, etc. Major products include plastic products; medicine and health are products, domestic ceramic, fireworks and firecrackers, materials of electrical appliances, etc.

Development Zones & Leadership (cont'd)

ACHIEVEMENTS OF THE PERIOD 1979-2008

- China ranks No 1 in foreign reserve holdings in the world, No 1 in attracting foreign direct investment (FDI).
- China ranks No 2 in global oil consumption, after the USA.
- China ranks No 3 in world trade.
- China ranks No 4 in global GDP production.
- China is a 24 hour construction site: it has constructed more than 800,000 km of highways in the last 15 years; it is building 300 new cities; with Chongjing topping as the world's largest city with 30 million populations, railroads, bridges and post modern infrastructure are rising in China to welcome the Olympics.
- In Less than 10 years, China built the world's largest mobile telecommunication network; with over 300 mobile phone users and over 100 million internet subscribers. Important to note: The Chinese Internet and Mobile SMS talk in Hanyu (Chinese)
- The Gini Coefficient is 0.45.

US-CHINA TRADE STATISTICS AND CHINA'S WORLD TRADE STATISTICS

Table 1: China's Trade with the United States (\$ billion)

Note: US exports reported on FAS basis; imports on a general customs value, CIF basis

Sources: US International Trade Commission, US Department of Commerce

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
US Exports	11.8	12.0	12.8	14.3	13.1	16.3	19.2	22.1	28.4	34.7	41.8
% change	26.9	1.7	6.7	10.9	-8.0	24.4	18.3	14.6	28.5	22.2	20.5
US Imports	45.6	51.5	62.6	71.2	81.8	100.0	102.3	125.2	152.4	196.7	243.5
% change	17.5	13.0	21.5	13.8	14.9	22.3	2.2	22.4	21.7	29.1	23.8
Total	57.4	63.5	75.4	85.5	94.9	116.3	121.5	147.3	180.8	231.4	285.3
% change	19.3	10.6	18.7	13.4	11.0	22.6	4.5	21.2	22.7	28.0	23.3
US Balance	-33.8	-39.5	-49.8	-56.9	-68.7	-83.7	-83.1	-103.1	-124.0	-162.0	-201.7

Table 2: China's Trade with the World (\$ billion)

Note: PRC exports reported on a FOB basis; imports on a CIF basis

Source: PRC General Administration of Customs, *China's Customs Statistics*

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Exports	148.8	151.1	182.7	183.8	194.9	249.2	266.2	325.6	438.4	593.4	762.0
% change	23.0	1.5	20.9	0.5	6.1	27.8	6.8	22.3	34.6	35.4	28.4
Imports	132.1	138.8	142.4	140.2	165.7	225.1	243.6	295.2	412.8	561.4	660.1
% change	14.3	5.1	2.6	-1.5	18.2	35.8	8.2	21.2	39.9	36.0	17.6
Total	280.9	289.9	325.1	324.0	360.6	474.3	509.8	620.8	851.2	1,154.8	1,422.1
% change	18.7	3.2	12.1	-0.4	11.3	31.5	7.5	21.8	37.1	35.7	23.2
Balance	16.7	12.3	40.3	43.5	29.2	24.1	22.5	30.4	25.5	31.9	101.8

Development Zones & Leadership (cont'd)

Table 3: China's Top Exports (\$ million)

HS #	Commodity Description	2005	% Change*
85	Electrical machinery & equipment	172,320.8	32.9
84	Power generation equipment	149,715.5	26.7
61, 62	Apparel	65,904.1	20.3
72, 73	Iron & steel	34,123.7	35.3
90	Optics & medical equipment	25,478.0	57.1
94	Furniture & bedding	22,363.5	29.1
95	Toys & games	19,123.6	26.7
28, 29	Inorganic & organic chemicals	19,064.0	36.8
64	Footwear & parts thereof	19,052.9	25.3
39	Plastics	17,783.3	35.7

*Percent change over 2004 Source: PRC General Administration of Customs, China's Customs Statistics

Table 4: China's Top Imports (\$ million)

HS #	Commodity Description	2005	% Change*
85	Electrical machinery & equipment	174,839.8	22.9
84	Power generation equipment	96,374.8	5.2
27	Mineral fuel & oil	64,098.6	33.5
90	Optical & medical equipment	49,972.2	24.5
39	Plastics & articles thereof	33,323.5	18.8
28, 29	Inorganic & organic chemicals	32,836.1	18.1
72, 73	Iron & steel	31,905.2	12.4
26	Ore, slag, & ash	26,014.3	50.6
74	Copper & articles thereof	12,895.8	23.1
87	Vehicle & parts other than rail	12,312.8	-6.0

*Percent change over 2004 Source: PRC General Administration of Customs, China's Customs Statistics

Development Zones & Leadership (cont'd)

Table 5: Top US Exports to China (\$ million)

HS #	Commodity Description	2005	% Change*
85	Electrical machinery & equipment	6,850.5	13.0
84	Power generation equipment	6,357.2	2.1
88	Air & spacecraft	4,381.5	124.6
90	Optics & medical equipment	2,396.7	15.3
12	Oil seeds & oleaginous fruits	2,289.3	-3.4
39	Plastics & articles thereof	2,258.9	26.0
28, 29	Inorganic & organic chemicals	1,961.6	3.2
72, 73	Iron & Steel	1,864.7	40.1
52	Cotton	1,411.3	-1.4
47	Pulp and paperboard	992.3	31.6

*Note: Percent change over 2004

Sources: US International Trade Commission, US Department of Commerce, and US Bureau of the Census

Table 6: Top US Imports from China (\$ million)

HS #	Commodity Description	2005	% Change*
85	Electrical machinery & equipment	53,009.7	32.2
84	Power generation equipment	52,732.7	20.2
95	Toys & games	19,140.7	11.1
94	Furniture	17,054.7	18.3
61, 62	Apparel	16,807.9	56.8
64	Footwear & parts thereof	12,721.3	12.1
72, 73	Iron & steel	7,414.8	31.0
39	Plastics & articles thereof	6,639.5	27.8
42	Leather & travel goods	6,258.8	9.4
87	Vehicles & parts other than rail	4,207.9	24.3

*Note: Percent change over 2004

Sources: US International Trade Commission, US Department of Commerce, and US Bureau of the Census

Development Zones & Leadership (cont'd)

Table 7: China's Top Trade Partners (\$ million)

Rank	Country/Region	2005	% Change*
1	United States	211,625.9	24.8
2	Japan	184,443.8	9.9
3	Hong Kong	136,708.1	21.3
4	South Korea	111,931.2	24.3
5	Taiwan	91,234.0	16.5
6	Germany	63,252.0	16.9
7	Singapore	33,149.1	24.2
8	Malaysia	30,703.0	16.9
9	Russia	29,103.1	37.1
10	Netherlands	28,802.7	34.0

*Percent change over 2004 Source: PRC General Administration of Customs, China's Customs Statistics

Table 8: China's Top Export Destinations (\$ million)

Rank	Country/Region	2005	% Change*
1	United States	162,899.6	30.4
2	Hong Kong	124,481.1	23.4
3	Japan	83,992.1	14.3
4	South Korea	35,109.3	26.2
5	Germany	32,527.6	36.9
6	Netherlands	25,876.8	39.7
7	United Kingdom	18,977.0	26.8
8	Singapore	16,632.6	31.1
9	Taiwan	16,549.6	22.2
10	Russia	13,212.2	45.2

*Percent change over 2004 Source: PRC General Administration of Customs, China's Customs Statistics

Table 9: China's Top Import Suppliers (\$ million)

Rank	Country/Region	2005	% Change*
1	Japan	100,451.6	6.5
2	South Korea	76,822.0	23.4
3	Taiwan	74,684.4	15.3
4	United States	48,726.3	9.1
5	Germany	30,724.4	1.2
6	Malaysia	20,096.2	10.6
7	Singapore	16,516.4	18.0
8	Australia	16,186.5	40.1
9	Russia	15,890.9	31.0
10	Thailand	13,991.9	21.2

*Percent change over 2004 Source: PRC General Administration of Customs, China's Customs Statistics
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Dynamic Regions Along The Gold Coast

Jiāngsū Shěng 江苏省
Jiangsu Province

Abbreviation(s): 苏 pinyin: Su



Origin of name	江 jiāng - Jiangning (now <u>Nanjing</u>)	苏 sū 苏 Sūzhou
Administration type	Province	
Capital and Largest City	<u>Nanjing</u>	
Communist Party of China (CPC) Jiangsu Committee Secretary	<u>Li Yuanchao</u> 李源潮	
Governor	<u>Liang Baohua</u> 梁宝华	
Area	102,600 km ² (24th)	
Population (2004)- Density	74,330,000 (5th) 724/km ² (4th)	
GDP (2004) - per capita	<u>CNY 1.54 trillion</u> (3rd)- <u>CNY 20,700</u> (5th)	
HDI (2005)	0.805 (7th) — high	
Major nationalities (2000)	<u>Han</u> - 99.6% <u>Hui</u> (muslin) - 0.2%	
Major Cities	Suzhou, Wuxi, Changzhou,	
Prefecture-level divisions	13	
County-level divisions	106	
Township-level divisions (December 31, 2004)	1488	

Source for population and GDP data:

《中国统计年鉴—2005》/ China Statistical Yearbook 2005 ISBN 7503747382

Source for nationalities data:

《2000年人口普查中国民族人口资料》/ Tabulation on nationalities of 2000 population census of China ISBN 7105054255

Dynamic Regions Along The Gold Coast (cont'd)

Jiangsu is a province of the People's Republic of China, located along the east coast of the country. The name comes from jiang, short for the city of Jiangning (now Nanjing), and su, for the city of Suzhou. The abbreviation for this province is 苏 (sū), the second character of its name.

Jiangsu borders Shandong in the north, Anhui to the west, and Zhejiang and Shanghai to the south. Jiangsu has a coastline of over 1,000 km along the Yellow Sea, and the Yangtze River passes through its southern parts.

ECONOMY

Jiangsu has an extensive irrigation system supporting its agriculture, which is based primarily on rice and wheat, followed by maize and sorghum. Main cash crops include cotton, soybeans, peanuts, rape, sesame, ambary hemp, and tea. Other products include peppermint, spearmint, bamboo, medicinal herbs, apples, pears, peaches, loquats, and ginkgo. Silkworms also form an important part of Jiangsu's agriculture, with the Lake Taihu region to the south a major base of silk production in China. Jiangsu is also an important producer of freshwater fish and other aquatic products.

Jiangsu has coal, petroleum, and natural gas deposits, but its most significant mineral produces are non-metal minerals such as halite (rock salt), sulfur, phosphorus, as well as marble. The salt mines of Huaiyin have more than 0.4 trillion tonnes of deposits, one of the highest in China.

Jiangsu is historically oriented towards light industries such as textiles and food industry. Since 1949, Jiangsu has also developed heavy industries such as chemical industry and construction materials. Jiangsu's important industries include machinery, electronic, chemicals, and automobile [1]. The economic reforms of Deng Xiaoping has greatly benefited southern cities, especially Suzhou and Wuxi, which outstrip the provincial capital Nanjing in total output. In the eastern outskirts of Suzhou, Singapore has built the Suzhou Industrial Park, a flagship of the People's Republic of China-Singapore cooperation and the only industrial park in China that is in its entirety the investment of one single foreign country.

Jiangsu is very wealthy among the provinces of China, with the second highest total GDP (after Guangdong Province). Its GDP per capita was 14,500 yuan in 2002, but geographical disparity is great, and southern cities like Suzhou and Wuxi have GDP per capita around twice the provincial average, making south Jiangsu one of the most prosperous regions in China.

In 2004, Jiangsu's nominal GDP was 1.54 trillion yuan (US\$191.42 billion), making it the third largest GDP of all the provinces and an annual growth rate of 13.5%. Its per capita GDP was 16,796 yuan (US\$2,029). The share of GDP of Jiangsu's primary, secondary, and tertiary industries were 8.9%, 54.5%, and 36.6% respectively. The share of GDP by the public and private sector was 49.0% and 51.0% respectively.

Dynamic Regions Along The Gold Coast (cont'd)

HISTORY

During the earliest Chinese dynasties, the area in what is now Jiangsu was far removed from the center of Chinese civilization, which was in the northwest Henan; it was home of the Huai Yi (淮夷), an ancient ethnic group. During the Zhou Dynasty more contact was made, and eventually the state of Wu (centered at Gusu, now Suzhou) appeared as a vassal to the Zhou Dynasty in south Jiangsu, one of the many hundreds of states that existed across northern and central China at that time. Near the end of the Spring and Autumn Period, Wu became a great power under King Helu of Wu, and was able to defeat in 484 BC the state of Qi, a major power in the north in modern-day Shandong province, and contest for the position of overlord over all states of China. The state of Wu was subjugated in 473 BC by the state of Yue, another state that had emerged to the south in modern-day Zhejiang province. Yue was in turn subjugated by the powerful state of Chu from the west in 333 BC. Eventually the state of Qin swept away all the other states, and established China as a unified nation in 221 BC.

Under the reign of the Han Dynasty (206 BC – 220 AD), which brought China to its first golden age, Jiangsu was a relative backwater, far removed from the centers of civilization in the North China Plain. Jiangsu was at that time administered under two zhou (provinces): Xuzhou Province in the north, and Yangzhou Province in the south. Although south Jiangsu was eventually the base for the kingdom of Wu (one of the Three Kingdoms from 222 to 280), it did not become significant role until the invasion of northern nomads during the Western Jin Dynasty, starting from the 4th century. As northern nomadic groups established kingdoms across the north, ethnic Han Chinese aristocracy fled southwards and set up a refugee Eastern Jin Dynasty in 317, in Jiankang (modern day Nanjing). From then until 581 (a period known as the Southern and Northern Dynasties), Nanjing in south Jiangsu was the base of four more ethnic Han Chinese dynasties facing off with northern barbarian (but increasingly sinicized) dynasties. In the meantime, north Jiangsu was a buffer of sorts between

north and south; it initially started as a part of southern dynasties, but as northern dynasties gained more ground, it became part of northern dynasties.

In 581 unity was reestablished again, and under the Tang Dynasty (618 – 907) China once more went through a golden age, though Jiangsu at this point was still rather unremarkable among the different parts of China. It was during the Song Dynasty (960-1279), which saw the development of a wealthy mercantile class and emergent market economy in China, that south Jiangsu emerged as a center of trade. From then onwards, south Jiangsu, especially major cities like Suzhou or Yangzhou, would be synonymous with opulence and luxury in China. Today south Jiangsu remains one of the richest parts of China, and Shanghai, arguably the wealthiest and most cosmopolitan of mainland China cities, is a direct extension of south Jiangsu culture.

The Jurchen Jin Dynasty gained control of North China in 1127, and the river Huai He, which used to cut through north Jiangsu to reach the Yellow Sea, was the border between the north, under the Jin, and the south, under the Southern Song Dynasty. The Mongols took control of China in the 13th century. The Ming Dynasty, which was established in 1368 after driving out the Mongols who had occupied China, initially put its capital in Nanjing. Following a coup by Zhu Di (later Yongle Emperor), however, the capital was moved to Beijing, far to the north. (The naming of the two cities continue to reflect this: "Nanjing" literally means "southern capital", "Beijing" literally means "northern capital.") The entirety of modern day Jiangsu as well as neighbouring Anhui province kept their special status, however, as territory-governed directly by the central government, and were called Nanzhili (南直隸 "Southern directly-governed"). Meanwhile, South Jiangsu continued to be an important center of trade in China; some historians see in the flourishing textiles industry at the time incipient industrialization and capitalism, a trend that was however aborted, several centuries before similar trends took hold in the West.

Dynamic Regions Along The Gold Coast (cont'd)

The Qing Dynasty changed this situation by establishing Nanzhili as Jiangnan province; in 1666 Jiangsu and Anhui were split apart as separate provinces, and Jiangsu was given borders approximately the same as today. With the start of the Western incursion into China in the 1840s, the rich and mercantile south Jiangsu was increasingly exposed to Western influence; Shanghai, originally an unremarkable little town of Jiangsu, quickly developed into a metropolis of trade, banking, and cosmopolitanism, and was split out later as an independent municipality. South Jiangsu also figures strongly in the Taiping Rebellion (1851 – 1864), a massive and deadly rebellion that attempted to set up a Christian theocracy in China; it started far to the south in Guangdong province, swept through much of South China, and by 1853 had established Nanjing as its capital, renamed as Tianjing (天京 "Heavenly Capital").

The Republic of China was established in 1912, and China was soon torn apart by warlords. Jiangsu changed hands several times, but in April 1927 Chiang Kai-Shek established a government at Nanjing; he was soon able to bring most of China under his control. This was however interrupted by the second Sino-Japanese War, which began full-scale in 1937; on December 13, 1937, Nanjing fell, and the combined atrocities of the occupying Japanese for the next 3 months would come to be known as the Nanjing Massacre. Nanjing was the seat of the collaborationist government of East China under Wang Jingwei, and Jiangsu remained under occupation until the end of the war in 1945.

After the war, Nanjing was once again the capital of the Republic of China, though now the Chinese Civil War had broken out between the Kuomintang government and Communist forces, based further north, mostly in Manchuria. The decisive Huaihai Campaign was fought in northern Jiangsu; it resulted in Kuomintang defeat, and the communists were soon able to cross the Yangtze River and take Nanjing. The Kuomintang fled southwards, and eventually ended up in Taipei, from which the Republic of China government continues to administer Taiwan and its neighbouring islands, though

it also continues to claim (technically, at least) Nanjing as its rightful capital.

After communist takeover, Beijing was made capital of China and Nanjing was demoted to be the provincial capital of Jiangsu. The economic reforms of Deng Xiaoping initially focused on the south coast of China, in Guangdong province, which soon left Jiangsu behind; starting from the 1990s they were applied more evenly to the rest of China. Suzhou and Wuxi, two southern cities of Jiangsu in close proximity to neighboring Shanghai Municipality, have since become particularly prosperous, being among the top 10 cities in China in gross domestic product and outstripping the provincial capital of Nanjing. The income disparity between north Jiangsu and south Jiangsu however remains large.

Dynamic Regions Along The Gold Coast (cont'd)

GEOGRAPHY

South Jiangsu is famed for its towns crisscrossed by canals. Jiangsu is very flat and low-lying, with plains covering 68 percent of its total area (water covers another 18 percent), and most of the province not more than 50 m above sea level. Jiangsu is also laced with a well-developed irrigation system, which earned it (especially the southern half) the moniker of 水乡 (shui xiang "land of water"); the southern city of Suzhou is so crisscrossed with canals that it has been dubbed "Venice of the East". The Grand Canal of China cuts through Jiangsu from north to south, traversing all the east-west river systems. Jiangsu also borders the Yellow Sea. The Yangtze River, the longest river of China, cuts through the province in the south and reaches the East China Sea. Mount Yuntai near the city of Lianyungang is the highest point in this province, with an altitude of 625 m. Large lakes in Jiangsu include Lake Taihu (the largest), Lake Hongze, Lake Gaoyou, Lake Luoma, and Lake Yangcheng.

Historically, the river Huai He, a major river in central China and the traditional border between North China and South China, cut through north Jiangsu to reach the Yellow Sea. However, starting from 1194 AD, the Yellow River further to the north changed its course several times, running into the Huai He in north Jiangsu each time instead of its other usual path northwards into Bohai Bay. The silting caused by the Yellow River was so heavy that after its last episode of "hijacking" the Huai He ended in 1855, the Huai He was no longer able to go through its usual path into the sea. Instead it flooded, pooled up (thereby forming and enlarging Lake Hongze and Lake Gaoyou), and flowed southwards through the Grand Canal into the Yangtze. The old path of the Huai He is now marked by a series of irrigation channels, the most significant of which is the North Jiangsu Irrigation Main Channel (苏北灌溉总渠), which channels a small amount of the water of the Huai He along its old path into the sea.

Jiangsu Province spans the warm-temperate/ humid and subtropical/humid climate zones, and has clear-cut seasonal changes, with temperatures at an average of -2 - 4 °C in January and 26 - 30 °C in July. There are frequent rains between spring and summer (meiyu), typhoons with rainstorms in late summer and early autumn. The

annual average rainfall is 800 - 1200 mm, concentrated mostly in summer when the southeast monsoon carries rainwater into the province.

ADMINISTRATIVE DIVISIONS

Jiangsu is divided into 13 prefecture-level divisions, all of them prefecture-level cities:

Provincial Capital: Nanjing (Simplified Chinese: 南京市, Hanyu Pinyin: Nánjīng Shì)
 Suzhou (苏州), Wuxi (无锡), Xuzhou (徐州),
 Lianyungang (连云港), Suqian (宿迁),
 Huai'an (淮安), Yancheng (盐城), Yangzhou (扬州),
 Taizhou (泰州), Nantong (南通),
 Zhenjiang (镇江), Changzhou (常州)

The 13 prefecture-level divisions of Jiangsu are subdivided into 106 county-level divisions (54 districts, 27 county-level cities, and 25 counties). Those are in turn divided into 1488 township-level divisions (1078 towns, 122 townships, 1 ethnic township, and 287 sub-districts).

DEMOGRAPHICS

The majority of Jiangsu residents are ethnic Han Chinese. Other minorities include the Hui (Muslim) and the Manchus.

Demographic indicators in 2003:

Birth rate: **9.04 per 1000**

Death rate: **7.03 per 1000**

Sex ratio: **102.55 males per 100 females**

Average family size: **3.25**

Han Chinese proportion: **99.64%**

Illiteracy rate: **7.88%**

CULTURE

The province of Jiangsu was formed in the 17th century. Before then, the northern and southern parts of Jiangsu had less connection than that later. Traditionally, South Jiangsu is referred to as the three more prosperous southern cities including Suzhou, Wuxi and Changzhou. Their culture is more southern than the rest and is often

Dynamic Regions Along The Gold Coast (cont'd)

referred to as the Wu. All the other parts of the province is dominated by the so-called 'Jianghuai Culture', which means the culture in the area between the Yangtze River (Jiang) and Huaihe River (Huai), though not all of them lie within the district defined by the term. In history, the term North Jiangsu refers to the cities to the north of the Yangtze River. For cities of Nanjing and Zhenjiang, neither the two terms (North Jiangsu and South Jiangsu) refers to them, because though they are to the south of the River, culturally they are still of the Jianghuai Region. Since about 1998, there is a new classification used frequently by the government and defined by economic means. It groups all the cities to the south of the Yangtze River as South Jiangsu, the cities of Yangzhou, Nantong and Taizhou as Middle Jiangsu, and all the rest as North Jiangsu.

Though the terms of classification are very complex, by cultural means only the very north cities of Xuzhou and Lianyungang are culturally north Chinese. All the remaining areas of the province are culturally south, though the three South Jiangsu cities are more purely southern while the culture in other cities is more a transitional mixture dominated by the southern.

The Humble Administrator's Garden, one of the classical gardens of Suzhou two main subdivisions of the Chinese language, Mandarin and Wu, are spoken in different parts of Jiangsu. Dialects of Mandarin are spoken over the traditional North Jiangsu, Nanjing and Zhenjiang, while Dialect of Wu is used in South Jiangsu. Mandarin and Wu are not mutually intelligible and the dividing line is sharp and well-defined. (See also: Nanjing dialect, Xuzhou dialect, Yangzhou dialect, Suzhou dialect, Wuxi dialect, Changzhou dialect.)

Jiangsu is rich in cultural traditions. Kunqu, originating in Kunshan, is one of the most renowned and prestigious forms of Chinese opera. Pingtan, a form of storytelling accompanied by music, is also popular: it can be subdivided into types by origin: Suzhou Pingtan (of Suzhou), Yangzhou Pingtan (of Yangzhou), and Nanjing Pingtan (of Nanjing). Xiju, a form of traditional Chinese opera, is popular in Wuxi, while Huaiju is popular further north, around Yancheng. Jiangsu cuisine is one of the eight great traditions of the cuisine of China.

Suzhou is also famous for its silk, embroidery art, jasmine tea, stone bridges, pagodas, and its classical gardens. Nearby Yixing is famous for its teaware, and Yangzhou is famous for its lacquerware and jade ware. Nanjing's yunjin is a famous form of woven silk, while Wuxi is famous for its peaches.

Since ancient times, south Jiangsu has been famed for its prosperity and opulence, and simply inserting south Jiangsu place names (Suzhou, Yangzhou, etc.) into poetry gave an effect of dreaminess, as was indeed done by many famous poets. In particular, the fame of Suzhou (as well as Hangzhou in neighbouring Zhejiang province) has led to the popular saying: 上有天堂，下有蘇杭 (above there is heaven; below there is Suzhou and Hangzhou), a saying that continues to be a source of pride for the people of these two still prosperous cities.

Dynamic Regions Along The Gold Coast (cont'd)

SUZHOU: A Heritage City, A City of the Future

A very great and noble city... It has 1600 stone bridges under which a galley may pass. "Marco Polo

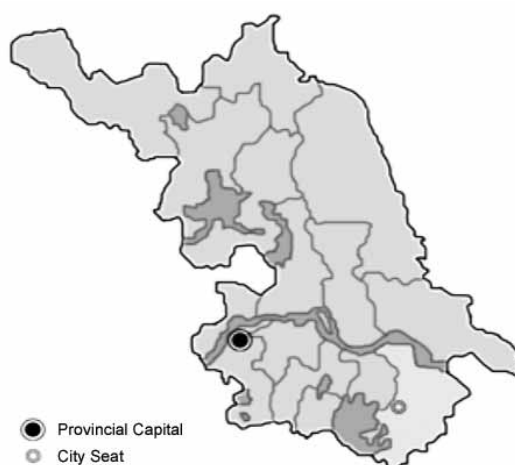
"Capital of Silk", "Land of Abundance", "Gusu city", "Oriental Venice", "Cradle of the Wu Culture", and "World of Gardens" **nicknames of Suzhou**

上有天堂，下有蘇杭 "In heaven, there is paradise. On earth, there are Suzhou and Hangzhou." **Chinese saying**

"Born in Suzhou, live in Hangzhou, eat in Guangzhou, and die in Liuzhou." **Chinese saying**

美不美，太湖水，親不親，故鄉人 "Beautiful or not beautiful, nothing is more beautiful than the waters of Taihu. Related or not related, we are all the people of the same village." **Chinese saying**

Sūzhōu Shì 苏州市 (Suzhou City)



Administration Type	Prefecture-level city
City Seat	Jinchang District (31°39'N 120°37'E)
Area	
- Total	8,488 km ²
- Urban center	1,560 km ²
Population	
- Total	6,062,200 (2004)
- Urban center	2,245,300 (2004)
GDP	
- Total	¥402.65 billion (2004)
- Per Capita	¥66,826 (2004)
Major Nationalities	Han
County-level divisions	12
CPC Committee Secretary	Wang Rong (王荣)
Mayor	Yan Li (阎立)
City Flower	Osmanthus
City Tree	Camphor tree
Regional dialect	Wu: Suzhouhua (苏州话)

Dynamic Regions Along The Gold Coast (cont'd)

Suzhou (Simplified Chinese: 苏州 ; Traditional Chinese: 蘇州 ; pinyin: Suzhou; ancient name: 吳 is a city with a long history on the lower reaches of the Yangtze River and on the shores of Lake Taihu in the province of Jiangsu, China. The city is renowned for its beautiful stone bridges, pagodas, and meticulously designed gardens, which has become a great tourist attraction. Suzhou has also been an important center for China's silk industry since the Song Dynasty (960-1279), and continues to hold that prominent position today. It is part of the Golden Triangle region. The GDP per capita was ¥66,826 (ca. US\$7649) in 2004, ranked no. 5 among 659 Chinese cities.

HISTORY

Suzhou, the cradle of Wu culture, is one of the oldest towns in the Yangtze Basin. 2500 years ago, local tribes who named themselves "Gou Wu" in the late Shang Dynasty lived in the area which would become Suzhou. In 514 BC, during the Spring and Autumn Period, King Helu (阖闾) of Wu established "Great City of Helu", the ancient name for Suzhou, as his capital. In 496 BC, Helu was buried in Huqiu (Tiger Hill 虎丘).

473 BC, Wu was defeated by Yue, another kingdom to the east that was soon annexed by Chu in 306 BC. The golden era of Suzhou was over. Remnants of this culture include the remainders of the 2,500 year old wall and the gate through it at Pan Gate.

By the time of Qin Dynasty, the city was known as Wu County. Xiang Yu (项羽) staged his historical uprising here in 209 BC, which contributed to the overthrow of Qin.

During Sui Dynasty, the city was renamed Suzhou in 589 AD.

When the Grand Canal was completed, Suzhou found itself strategically located on a major trade route. In the course of the history of China, it has been a metropolis of industry and commerce in the south-eastern coast of China.

During Tang Dynasty (825 AD), the great poet Bai Juyi (白居易) constructed the Shantang Canal (called "Shantang Steet" or 山塘街) to connect the city with Huqiu for the tourists. In 1035 AD, the temple of Confucius was founded by the great poet and writer Fan Zhongyan (范仲淹). It became the venue for imperial civil examinations.

In February 1130, the advancing Jin army from the north

sacked and massacred the city. This was followed by the Mongol invasion (1275) and destruction of the royal city (in the centre of the walled city) in the beginning of the Ming Dynasty (1367). Thereafter, the city had a more prosperous time. Many of the famous private gardens were constructed by the gentry of the Ming and Qing dynasties. However, the city was to see another disaster in 1860 when Taiping soldiers advanced on and captured the city. In November 1863 the Ever Victorious Army of Charles Gordon recaptured the city from the Taiping forces.

Close up of Zhuozheng Garden in Suzhou. The next crisis that met the city was the Japanese invasion (1937). Many gardens were devastated by the end of the war. In the early 1950s, restoration was done on Zhuo-Zheng Yuan (Humble Administrator's Garden), Dong Yuan (East Garden), and others, to bring them back to life.

In 1981, this ancient city was listed by the State Council as one of the four cities (the other three being Beijing, Hangzhou and Guilin) where the protection of historical and cultural heritage as well as natural scenery should be treated as a priority project. Since then, with suburban economic projects, Suzhou has developed into one of the most prosperous cities in China. Classical gardens in Suzhou were added to the list of the UNESCO World Heritage Sites in 1997 and 2000.

Dynamic Regions Along The Gold Coast (cont'd)

DISTRICTS AND SATELLITE CITIES

Being one of the most prosperous cities in China, Suzhou's development has a direct correlation with the growth of its satellite cities, most notably Kunshan, Taicang, and Zhangjiagang. Suzhou's jurisdictional areas are home to many high-tech development enterprises.

Suzhou has jurisdiction over (at county level):

Districts:

Canglang (沧浪)
 Jinchang (金阊)
 Pingjiang (平江)
 Suzhou Industrial Park (工业园区)
 Suzhou High & New Technology Development Zone (高新区)
 Xiangcheng (相城)
 Wuzhong (吴中)

County-level cities:

Changshu (常熟)
 Taicang (太仓)
 Kunshan (昆山)
 Wujiang (吴江)
 Zhangjiagang (张家港)

TRANSPORTATION

Suzhou is conveniently located on the Jinghu Railway linking Shanghai and Nanjing, the provincial capital, to both of which there is hourly railway service. Suzhou Railway Station is among the busiest passenger stations in China, having 139 trains stopping daily. T-Trains (“T” refers to “Te Kuai”, means “express” in Chinese) take only 45 minutes to Shanghai and an hour and half to Nanjing. Driving options include the Jiangsu-Shanghai Expressway, the Yangtze Riverine Expressway, the Suzhou-Jiaxin-Hangzhou Expressway. In 2005, the new Suzhou Outer Ring was completed, linking the peripheral county-level cities of Taicang, Kunshan, and Changshu. By water, Suzhou is connected with Zhangjiagang, Luzhi, Liujia and Changshou.

Although Shuofang Airport and Guangfu United Airlines Airport serve as two municipal airports, and the State Council approved of the construction of an airport exclusively serving Suzhou in 2003, air transportation from Suzhou continues to be located at Shanghai's Hongqiao Airport and Pudong International Airport.

Dynamic Regions Along The Gold Coast (cont'd)

THE HUMBLE ADMINISTRATOR'S GARDEN



The Humble Administrator's Garden (拙政园 Zhuozhengyuan in Chinese), is the largest garden in Suzhou and one of the best in China, built during the reign of Emperor Zhende of Ming dynasty. Over half of the 12 acres large garden is made up of magnificent ponds. The pavilions, chambers, kiosks and the rockworks are surrounding the water with their reflections wavering, and their illusion makes the whole garden is floating on water. The central part is also the core and always following the name of Humble Administrator's Garden. In the garden, each step you take, each angle you perceive, will provide you bright new scenery. This is the timeless attraction of Chinese gardens!

HANSHAN TEMPLE (COLD MOUNTAIN TEMPLE)

Hanshan Temple is located in a small town called Fengqiao in the west outskirts of Suzhou. The temple was first built in the Tianjian period of the Liang Dynasty (502-557). A famous monk, Hanshan, was said to live in the temple during the Tang Dynasty (618-907). So the temple was named after him. The temple is a scene of luxuriant green with peaceful atmosphere. A famous poem by Zhang Ji in Tang Dynasty made the temple an unforgettable place. The poet is as "Away from the town of Suzhou stands Hanshan Temple, the chime of its midnight bell reaches as far as my boat."



SILK FACTORY



It is incredible watching the workers make silk threads from cocoons. Each cocoon is threaded on a bobbin that unwinds its silk filaments. Above the bobbins, the filaments from many cocoons are merged to form a single thread.

The threaded cocoons bounce in the water, and when they stop bouncing, the worker removes them and threads on a new one. The threads are so thin, and the girl's hands are so fast, the process is almost invisible.

SUZHOU SILK HAND EMBROIDERY ART

Suzhou silk hand embroidery, also known as Su style embroidery, is one of the four most renowned embroidery styles in China. The other three Chinese embroidery styles are Xiang (湘 -Hunan Province) embroidery, Yue (粤 - Guangdong Province) embroidery and Shu (蜀 -Sichuan Province) embroidery.



A UNESCO World Heritage: Classical Gardens of Suzhou



With a history of more than 2,500 years, the ancient city of Suzhou, has four of China's most famous gardens. The gardens try to create an ideal state of living between man and nature.

The earliest gardens of Suzhou, which belonged to the King of Wu, can be traced far back to the Spring and Autumn period in the 6th century B.C. The Pijiang Garden was recorded as the earliest private garden--house dating from the 4th century Eastern Jin Dynasties. More gardens were built in the centuries that followed. During the prosperous Ming and Qing Dynasties, from the 16th to the 18th century in particular. Suzhou saw a booming economy. Consequently, the number of gardens in the city of Suzhou and its environs increased a great deal, mounting to 200 odd. Dozens of them have survived to the present and are kept in a good state of preservation. With their numerical superiority and artistic perfection, the classical gardens of Suzhou has had a good reputation in this part of China, popularly known as "the earthly paradise".

Laid out within a limited area by the house, a classical garden of Suzhou is a microcosm of the world made of the basic elements of water, stones, plants and different kinds of buildings with literary allusions. Like a freehand brushwork in traditional Chinese painting, it is the creation of "urban scenery" or an amicable environment that brings man into harmony with nature. Built in a period when privately-owned gardens were most flourishing, the Humble Administrator's Garden, the Linger Garden, the Master-of-Nets Garden and the Mountain Villa with Embracing Beauty, noted for their beautiful scenes, elegant buildings and literary

connotations, represent the concentrated essence of wisdom of the Chinese and the finest specimens of all classical gardens of Suzhou. Like shining pearls, they are a brilliant part of Chinese cultural heritage. Their characteristics are as follows: Firstly, they set fine examples of how garden spaces are ingeniously handled.

Interwoven with Taoist metaphysics of Laozi and Zhangzi, the classical gardens of Suzhou were laid out in imitation of natural scenery to meet the intellectual and emotional needs of the Chinese. The terrestrial contours of the site is always made good use of. Methods and techniques are numerous, including borrowed views, barred views, opposite views, framed views, the decorative and functional alteration, and the abstract and concrete alteration. The stress is put on meandering through a labyrinth of complexity and continuous surprises. Within limits the garden spaces are so ingeniously handled that the effect of infinitude is produced. In the Humble Administrator's Garden, the Linger Garden, the Master-of-Nets Garden and the Mountain Villa with Embracing Beauty, there are many instances in illustration of traditional Chinese aesthetics.

Secondly, they are the re-creation of the splendors of natural scenery through the processes of the decoration of land by planting trees, shrubs and flowers, and designing and materializing mountains and watercourses.

The classical gardens of Suzhou were designed and built by great masters of different dynasties, employing extraordinary methods and techniques. As a result, they are unnaturally natural. Noted for their wonderful landscapes and waterscapes, the Humble Administrator's garden, the Linger Garden, the Master-of-Nets Garden and the Mountain Villa with Embracing Beauty are the vivid re presentation of natural scenery easy to be found locally. The miniature mountains made of yellowstones in the Master-of-Nets Garden or from earth with stones sticking out of them in the Humble Administrator's Garden and the Linger Garden look so natural and spontaneous that they seem to be rendered without human aid. A number of fine limestones hauled from Lake Tai to the Linger Garden, some of which are believed to be left behind by the imperial collector from the Song court, have the qualities of being slender, wrinkled, pierced with holes, yet capable of draining by themselves. The best lime stone mountain designed and

A UNESCO World Heritage: Classical Gardens of Suzhou (cont'd)

piled up by the great master Gu Yuliang in the Qing Dynasty is to be found in the Mountain Villa with Embracing Beauty. Great attention is paid to sequential loveliness. An abundant variety of flowers and trees are grown in the gardens. Valued highly for their several hundred years of age are the ginkoes in the Lingering garden, the wistaria in the Humble Administrator's Garden and the Sabina chinensis in the Master-of-Nets garden.

Thirdly, they are an epitome of exquisite and multifarious buildings of old times in the south of the Lower Yangtze.

The classical gardens of Suzhou have many varieties of little pavilions and large constructions with their basic beam-framing systems such as Ting, Tang, Xuan, Guan, Lou, Ge, Xie, Fang, Ting (rising tone), and lang, to satisfy the needs of reading, writing, painting, resting, viewing, meditating, playing chess, performing on a musical instrument, sipping tea, holding banquets and so forth. With traditional Chinese furnishings, these buildings richly ornamented with exquisitely carved door frames, windows, hangings, balustrades and screens inside and many kinds of lattic -- windows, pavements and moon gates outside, have harmonized impeccably with functional, structural and aesthetic considerations.

Fourthly, they are rich in literary connotations, carrying a tremendous amount of information about Chinese culture.

Intertwined with ancient Chinese philosophy, ideology and aesthetics, the classical gardens of Suzhou are noteworthy places with unique architectural forms carrying poetic names in couplets and parallel couplets in excellent calligraphy with literary allusion which help to enhance the beauty of the whole property. Also, there are numerous inscribed stelae of great antiquity celebrated for their delicate workmanship and literary connotations. Indeed the classical gardens of Suzhou are the invaluable reservoir from which we can draw cultural substances.

To sum up, the classical gardens of Suzhou in the course of over two millennia have experienced many ups and downs, and gradually reached a state of artistic perfection. The sublimities of the classical gardens of Suzhou will endure forever and ever.

The Humble Administrator's Garden

Covering 51,950 sq.m, the Humble Administrator's Garden is the largest of all classical gardens in Suzhou. It is centered upon the broad expanse of a lake, making up about one fifth of the total area. With well spaced buildings, the garden landscape and water scape are simple, extensive and natural, possessing the traditional appearances of the Ming Dynasty. It is divided into three parts; the eastern, middle the western parts. The house lies in the south of the garden.

The middle part is the cream of the garden with marvellous mountains, clear water, exquisite buildings and exuberant trees and flower reminiscent of the scenery in the south of the Lower Yangtze. Lying here and there to the south of the lake are garden buildings and courts in cluster. On an east-west axis there's the Hall of Drifting Fragrance in the middle, flanked by the Loquat Garden Court, the Malus Micromalus Makina court, the Poeny Pavilion, the Listening to the Sound of Rain Pavilion, the small canglang, "A Pure Mind Thinks Deep", and the Magnolia Hall. Rising from the lake are the east and west hills made from a mixture of earth and rocks, and covered with trees. the Prunus Mume Pavilion and the Orange Pavilion stand atop of the hills. By the side of the lake there are forsythias gently stroking the surface of water, and bringing about delightful effects of nature. Much of the surprise comes from the disposition of the Fragrant Isle, the pavilion in lotus breezes and the Mountain-in-View Tower to the west of the lake. from the secluded pavilion of Firmiana Simplex and Bamboo one is able to catch sight of the pagoda of paying debts of gratitude in distance. The picturesque scene of the



A UNESCO World Heritage: Classical Gardens of Suzhou (cont'd)

pagoda mirrored in water is an example of the garden technique called "borrowed view from afar".

The buildings in the western part of the garden are properly arranged by the lake. To the south of the lake is a big mandarin duck's hall with two halves. The northern half is named "the Hall of 36 pairs of mandarin ducks" and the southern half "the hall of 18 camellias " built to the west of the lake are the Inducalamus Pavilion, the "With Whom Shall I Sit"? pavilion, the Floating Green Tower, the Stay-and-Listen Pavilion, the Pagoda Reflection pavilion. Going up and down and in a zigzag, a unique veranda over the water is a structure built along the wall to the east of the lake. The Good-For-Both-Families Pavilion on the top of the hill overlooks the middle and western parts, another example of the garden technique called "borrowed view from near".

Decorated with the Cymbidium Virens Hall, the lotus pavilion, the Celestial Spring Pavilion, the Far Away Looking Pavilion and the All blue Pavilion, the eastern part of the garden has verdant hills with pine and bamboo, distant islands encircled by winding streams, and an extensive area of grass, flowers and trees.

Glowing out of the mud, lotus blooms still keep themselves pure and clean. The farther their smell drifts the purer it becomes. A good number of buildings in the garden are named after lotus blooms, often known as "a true person of the virtue" among flowers, such as the Hall of Drifting Fragrance, the Lotus Pavilion, the pavilion in the Lotus Breeze, and the Stay-and-Listen Pavilion, expressing the theme of the whole garden – to be pure as lotus blooms.

Lying to the south of the garden is the house, which is the typical residence in Suzhou. On a north-south axis there are four successive buildings, namely the Sedan-Chair Hall, the Reception Hall and two two-storeyed buildings. To the east of the axis are the Mandarin Ducks' Hall with flower-basket decoration, the Flower Hall and the Four-Sided Viewing Hall.

The Humble administrator's Garden boasts altogether 48 different buildings, 101 parallel couplets and door plateaux, 40 stelae, 21 precious old trees, namely Wistaria, Sabina chinensis, Pterocarya stenoptera, etc. falling into 13 different catalogues, and over 700 bonsai (potted landscape) kept in the Bonsai Garden in the western part of the garden, representing the Suzhou style bonsai, one of the four leading bonsai styles in China.

www.szgarden.sz.js.cn/en/garden/right.htm

Suzhou (Pei) Museum

I.M. PEI'S LAST WORK TO OPEN IN SUZHOU - SUZHOU MUSEUM, SUZHOU, CHINA

INFORMATION

- 150,000 m² museum
- Major components include 5,000 m² of exhibition space, 200-seat auditorium, administrative and curatorial areas, study library, and extensive art collection storage facilities

Partnering with I. M. Pei Architect, Pei Partnership Architects is currently designing the 15,000-square-meter Suzhou Museum in Suzhou, China. The museum is house the rich treasures of the 2,500-year-old city, and is complement both the artifacts and Suzhou itself with its traditionally inspired yet contemporary architecture. The museum is equipped with 7,000 square meters of exhibition galleries, a 200-seat auditorium, a museum shop, administrative and curatorial offices, a research library & study center and extensive art storage facilities and several Chinese gardens.

Chinese-American architect Ieoh Ming Pei, better known



The Suzhou Museum's main exhibits are bronzes and jades from between 2,500 years B.C. to 500 B.C. excavated from around Suzhou.

as I.M. Pei, has brought his love of geometric design back to his family's hometown in China with the opening this week of the new Suzhou Museum.

The angular white and gray building is the latest -- and some say the last -- major design by Pei, 89. New York-based Pei Partnership Architects, helmed by Pei's sons Chien Chung and Li Chung, helped design the 15,000-square-meter museum, which includes a 5,000-square-meter exhibition space, a 200-seat auditorium, research library and several Chinese gardens.

"He used the geometrical form as his basic element and repeated the theme throughout," said Jia Beisi, associate professor of architecture at the University of Hong Kong. "The design looks like a big building cut into smaller pieces."

Pei was born in 1917 to a Suzhou family. His father, Zu Yi, became head of Bank of China's branch in Hong Kong, the city where Pei spent his boyhood years before heading to the U.S. to study architecture at the University of Pennsylvania and Harvard.

The architect, who won the Pritzker Prize in 1983, is best known for the glass Pyramid at the Louvre in Paris. Between 1982 and 1990, he designed the Bank of China Tower in Hong Kong, known locally as the "Kitchen Knife" for its tapered top and blade-like body.

For the Suzhou Museum, Pei softened his rigid geometrical motif to blend with the city's delicate gardens, low-rise brick residences and teahouses along slender canals. Suzhou, known as the "Venice of the East," was known for its poetry, opera and calligraphy, which flourished during the Ming Dynasty (1368-1644).

Suzhou (Pei) Museum (cont'd)

The museum's main exhibits are bronzes and jades from between 2,500 years B.C. to 500 B.C. excavated from around Suzhou. It will also display works by Suzhou's best painters from the Ming Dynasty, and other exhibits on loan from the Shanghai Museum, according to a press release from Pei Partnership.

"With the white walls and grey tiles, very local building traits, he's integrated the local vernacular with his own geometrical style," said Jia.

The Suzhou Museum, in the northeast of the old section of the city, adjoins the Zhong Wang Fu, a 19th-century residence, and the Garden of the Humble Administrator, a 16th-century garden listed by the United Nations as a World Heritage site.

The new museum began construction on 2003 and has open on October 6, 2006, Mid-Autumn Festival in China. I.M. Pei said due to his age -- he is now 89 -- he is too old to design excellent architecture. The museum will be his last production.

"When this commission came, it was very special. I was born in Suzhou, a city not very far from Shanghai. It's a



A file photo of the new Suzhou Museum shows its outer construction. Workers have decorated the inner part of the museum. The new museum will open next month.



A file photo of I.M. Pei, whose 89th birthday party was hosted at a hotel by the Suzhou government. In April of the same year, he returned to Suzhou to review the construction of the new museum.

very interesting town—there is a long artist's tradition there, especially during the Ming and Ching dynasties, which produced many, many scholars and painters and so forth. That's where my family lived for 600, 700 years. When the mayor first came to me about designing a museum, I said no, it's too far away. They invited me to go back six or seven years ago, and I always tried to say no. But finally, a couple of years ago I accepted it. The location could not be more exciting. It's a very special site, surrounded by a wonderful garden. I thought the project would touch on my relationship with my past, my ancestors, my old home." – I. M. Pei

About Chinese Cuisines



Chinese cuisine is widely seen as representing one of the richest and most diverse culinary cuisines and heritages in the world.

China has one of the world's most developed culinary art. **Chinese cuisine** is widely seen as representing one of the richest and most diverse culinary cuisines and heritages in the world. The Chinese diet is diversified, uses many types of foods and brings them all to get wonderfully good tasting dishes.

A meal in Chinese culture is typically seen as consisting of two general components: (1) a carbohydrate source or starch, known as 主食 in the Chinese language, (*zhǔ shí* ^{Pinyin}, *lit.* "main food", staple) — typically rice (with rice vinegar for consistency), noodles, or 饅頭 mantou (steamed buns), and (2) accompanying dishes of vegetables, fish, meat, or other items, known as 菜 (*cài* ^{Pinyin}, *lit.* "vegetable") in the Chinese language. (This cultural conceptualization is in some ways in contrast to Western meals where meat or animal protein is often considered the *main dish*.)

As is well known throughout the world, rice is a critical part of much of Chinese cuisine. However, in many parts

of China, particularly northern China, wheat-based products including noodles and steamed buns predominate, in contrast to southern China where rice is dominant. Despite the importance of rice in Chinese cuisine, at extremely formal occasions, it is sometimes the case that no rice at all will be served. In such a case, rice would only be provided when no other dishes remained, or as a token dish at the end of the meal. Soup is usually served at the end of a meal to satiate one's appetite. Owing to western influences, serving soup in the beginning of a meal is also quite normal in modern times.

Chopsticks are the primary eating utensil in Chinese culture for solid foods, while soups and other liquids are enjoyed ^[1] with a wide, flat-bottomed spoon (traditionally made of ceramic). It is reported that wooden chopsticks are losing their dominance due to recent logging shortfalls in China and East Asia; many Chinese eating establishments are considering a switch to a more environmentally sustainable eating utensil, such as plastic or bamboo chopsticks. More expensive materials used in

About Chinese Cuisines (cont'd)



the past included ivory and silver. On the other hand, disposable chopsticks made of wood/bamboo have all but replaced reusable ones in small restaurants.

In most dishes in Chinese cuisine, food is prepared in bite-sized pieces (e.g. vegetable, meat, tofu), ready for direct picking up and eating. Traditionally, Chinese culture considered using knives and forks at the table "barbaric" due to fact that these implements are regarded as weapons. It was also considered ungracious to have guests work at cutting their own food. Fish are usually cooked and served whole, with diners directly pulling pieces from the fish with chopsticks to eat, unlike in some other cuisines where they are first filleted. This is because it is desired for fish to be served as fresh as possible. A common Chinese saying "including head and tail" refers to the wholeness and completion of a certain task or, in this case, the display of food.

In a Chinese meal, each individual diner is given their own bowl of rice while the accompanying dishes are served in communal plates (or bowls) which are shared by everyone sitting at the table, a communal service known as "family style" in Western nations. In the Chinese meal, each diner picks food out of the communal plates on a bite-by-bite basis with their chopsticks. This is in contrast to western meals where it is customary to dole out

individual servings of the dishes at the beginning of the meal. Many non-Chinese are uncomfortable with allowing a person's individual utensils (which might have traces of saliva) to touch the communal plates; for this hygienic reason, additional serving spoons or chopsticks (公筷, *lit.* common/public/shared chopsticks) may be made available. The food selected is often eaten together with some rice either in one bite or in alternation.

Vegetarianism is not uncommon or unusual in China, though, as is the case in the West, is still only practiced by a relatively small proportion of the population. The Chinese vegetarian does not eat a lot of tofu, unlike the stereotypical impression in the West. Most Chinese vegetarians are Buddhists. Non-Chinese eating Chinese cuisine will note that a large number of popular vegetable dishes may actually contain meat, as meat chunks or bits have been traditionally used to flavor dishes. Chinese Buddhist cuisine has many true vegetarian dishes that contain no meat at all.

For much of China's history, human manure has been used as fertilizer due to the large human population and the relative scarcity of farm animals in China. For this reason, raw food (especially raw vegetables such as salad) has not been part of the traditional Chinese diet.

Desserts as such are less typical in Chinese culture than in the West. Chinese meals do not typically end with a dessert or dessert course as is common in Western cuisine. Instead, sweet foods are often introduced during the course of the meal with no firm distinction made. For instance, the basi fruit dishes (sizzling sugar syrup coated

About Chinese Cuisines (cont'd)



Desserts as such are less typical in Chinese culture than in the West.

fruits such as banana or apple) are eaten alongside other savory dishes that would be considered main course items in the West. However, many sweet foods and dessert snacks do exist in Chinese cuisine. Many are fried, and several incorporate red bean paste (*dousha*). The *matuan* and the *doushabao* is filled with *dousha*; it is often eaten for breakfast. Some steamed bun items are filled with *dousha*; some of these are in the shape of peaches, an important Chinese cultural symbol. Another dessert is *Ba Bao Fan* 八寶飯 or "Eight Treasure Rice".

If dessert is served at the end of the meal, by far the most typical choice is fresh fruit, such as sliced oranges. The second most popular choice is a type of sweet soup, typically made with red beans and sugar. This soup is served warm.

In Chinese culture, cold beverages are believed to be harmful to digestion of hot food, so items like ice-cold water or soft drinks are traditionally not served at meal-time. Beside soup, if any other beverages are served, they would most likely be hot tea or hot water. Tea is believed to help in the digestion of greasy foods.

Chinese Wine, Chinese liquor, Chinese alcohol and Chinese Culture



Jiu - Chinese wine or alcohol

In Chinese the word for alcohol "jiu" is used to mean all types of alcoholic beverages, from 'pijiu' (beer) to liquors (just called 'jiu') to grape wine ('putao jiu'). The same character is used in Japanese and Korean, for that matter. This lumping together of all intoxicating beverages gives us great insight into the traditional use for alcohol, intoxication. Even in modern China alcoholic beverages are generally classed by the general population by how much intoxication it delivers for the money. From this point of view table wine is at the bottom rung of the consumer preference list, with brandy being much higher.

History of Chinese wine

In China, wine could also be called the "Water of History" because stories about wine can be found in almost every period of China's long story. The origins of the alcoholic beverage from fermented grain in China cannot be traced definitively. It is believed to have 4,000 years history. A legend said that Yidi, the wife of the first dynasty's king Yu (about 2100 BC) invented the method. At that time millet was the main grain, the so-called "yellow wine", then rice became more popular. It was not until the 19th century that distilled drinks become more popular. Traditionally, Chinese distilled liquors are consumed together with food rather than drunk on their own. Although China has a 6,000 year history in grape growing, and a 4,000 year history in wine making, it was not until this century that Chinese wine was recognized in the West.

Wine and Chinese people

Without a doubt, wine occupies an important place in the culture and life of the Chinese people. Wine was intimately connected with most Chinese men of letters. It was also an inseparable part of the life of ordinary Chinese people. The banquets of ancient emperors and kings could not take place without it. Every sort of wine vessel thus became an important kind of sacrificial object. Inscriptions on bones and tortoise shells as well as bronze inscriptions preserve many records of Shang-era people worshipping their ancestors with wine. There were many famous Chinese poet or artist who crafted their masterpieces after getting "drunk". The famous poet Li Bai of the Tang Dynasty (AD 618-907) is known as the "Immortal of Wine" because of his love of alcohol. Guo Moruo, a modern scholar, compiled statistics about Li's poems and found 17 per cent of them were about drinking. Early writers liked drinking and thought it an elegant way to pass the time. Apart from the taste of the drink, they also concentrated on the process of drinking. They created many games to go with drinking sessions involving a knowledge of history, literature, music and poetry. In ancient times, before a battle, a general would feast his soldiers with alcohol and meat. If they won the battle, they would be rewarded with good wine. If a warrior fell in battle, his fellows would scatter wine on the ground as part of a memorial ceremony.

Wine culture in China today

Ordinary Chinese people today have always just used alcohol to help them celebrate the happiness in their lives. In China, a banquet known as "Jiu Xi" means an alcohol banquet and the life of every person, from birth to death, should have pauses for drinking banquets

Chinese Wine, Chinese liquor, Chinese alcohol and Chinese Culture (cont'd)

starting a month or 100 days after a baby's birth when the parents invite people in for a drink. When someone builds a new house, marries, starts a business, makes a fortune or lives a long life, he should invite people in for a drinking session. In modern times it is a pity that the games that go with drinking are not the elegant ones of the past that involved poetry or music. Today, drinkers just play simple finger-guessing games along with a lot of heavy drinking. It also seems today that friendship depends only on the volume of drink being consumed. "If we are good friends, then bottoms up; if not, then just take a sip" is a common phrase exchanged during gatherings.

Chinese wine general classification

Chinese wines can be generally classified into two types, namely yellow liquors (huangjiu) or clear (white) liquors (baijiu). Chinese yellow liquors, are fermented wines that are brewed directly from grains such as rice or wheat. Such liquors contain less than 20% alcohol, due to the inhibition of fermentation by ethanol at this concentration. These wine are traditionally pasteurized, aged, and filtered before their final bottling for sale to consumers. Yellow liquors can also be distilled to produce white liquors, or baijiu (see below). White liquors (baijiu) are also commonly called shaojiu, which means "hot liquor" or "burned liquor", either because of the burning sensation in the mouth during consumption, the fact that they are usually warmed before being consumed, or because of the heating required for distillation. Liquors of this type typically contain more than 30% alcohol in volume since they have undergone distillation. There are a great many varieties of distilled liquors, both unflavored and flavored.

List famous Chinese liquors, wines

Fen jiu - this wine was dated back to Northern and Southern Dynasties (550 A.D.). It is the original Chinese white wine made from sorghum. Alcohol content by volume: 63-65%.

Zhu Ye Qing jiu - this wine is Fen jiu brewed with a dozen or more of selected Chinese herbal medicine. One of the ingredients is bamboo leaves which gives the wine a greenish color and its name. Alcohol content by volume: 46%.



Mao Tai jiu - this wine has a production history of over 200 years. It is named after its origin at Mao Tai town in Guizhou Province. It is made from wheat and sorghum with a unique distilling process that involves seven iterations of the brewing cycle. This wine is made famous to the western world when the Chinese government served this in state banquets entertaining the US presidents. Alcohol content by volume: 54-55%.

Gao Liang jiu - Gao Liang is the Chinese name for sorghum. Besides sorghum, the brewing process also uses barley, wheat etc. The wine was originated from DaZhiGu since the Ming Dynasty. Nowadays, Taiwan is a large producer of gao liang jiu. Alcohol content by volume: 61-63%. Mei Gui Lu jiu (rose essence wine) - a variety of gao liang jiu with distilled from a special species of rose and crystal sugar. Alcohol content by volume: 54-55%.

Wu Jia Pi jiu - a variety of gao liang jiu with a unique selection of Chinese herbal medicine added to the brew. Alcohol content by volume: 54-55%.

Da Gu jiu - Originate from Sichuan with 300 year of history. This wine is made of sorghum and wheat by fermenting in a unique process for a long period in the cellar. Alcohol content by volume: 52%.

Yuk Bing Shiu jiu - a rice wine with over 100 year history. It is made of steamed rice. It is stored a long period after distillation. Alcohol content by volume: 30%.

Sheung Jing (double distill) and San Jing (triple

Chinese Wine, Chinese liquor, Chinese alcohol and Chinese Culture (cont'd)

distill) Jiu - two varieties of rice wine by distilling twice and three times respectively. Alcohol content by volume: 32% and 38-39% respectively.

San Hua (three flowers) jiu - a rice wine made in Guilin with allegedly over a thousand year history. It is famous for the fragrant herbal addition and the use of spring water from Mount Elephant in the region. Alcohol content by volume: 55-57%.

Fujian Glutinous Rice wine - made by adding a long list of expensive Chinese herbal medicine to glutinous rice and a low alcohol rice wine distill. The unique brewing technique use another wine as raw material, not starting with water. The wine has an orange red color. Alcohol content by volume: 18%.

Hua Diao jiu - a variety of yellow wine originates from Shaoxing, Zhejiang. It is made of glutinous rice and wheat. Alcohol content by volume: 16%.

Maotai - The Spirit of China

Maotai, a strong liquor distilled from fermented sorghum, is called the national drink of China. Factory director Qiao Hong tells us about the colorful and legend-filled history of the liquor in the town that bears the same name.

"Maotai has a very long history. Its production began about one hundred years before our time. At first a type of fruity liquor was produced, which was called Ju Jiang. It was sweet and tasty. One government official took a sample of this drink to the emperor Han Wu Di, who called it 'honey-like nectar.' It became the first recorded case of alcohol being produced in Maotai," Qiao says.

"During the Ming dynasty, the drink was named after the town where it originated - Maotai in the Guizhou Province. At that time the name in its entirety read 'Maotai Shao Chun.' In those days, the village of Maotai boasted a number of small breweries where the spirits were produced."

Fifty years ago, three families dominated the production and sales of Maotai. Later on the government bought the companies and today the drink is produced by the state-owned Kweichow Moutai Company.

"In 1915, the Chinese government asked the famous Maotai families to prepare a batch of the drink for the Panama-Pacific Exposition. Unfortunately preparations for the event did not go as well as planned. The bottles were black without clear and distinctive labels. Visitors at the expo walked past the exhibition without noticing the product and even the judges were reluctant to take a taste from the suspicious looking bottles," Qiao recounts.

"One of the Maotai representatives got so frustrated with the poorly organized trip the the exposition that he smashed one of the unattractive bottles on the floor. The bottle shattered into small pieces and the extraordinary odor of the drink spread into the exposition area. People gathered around, attracted by the smell, and ultimately the drink received several mentions. In those days, China was a poor and undeveloped country. International recognition served to lift the spirit of the Chinese and Maotai was accorded the title of national drink in 1915."

The one and only home of Maotai

"Once the drink attained the status of an internationally recognized brew, Maotai gained popularity all over China -- it was even served at the Republic's independence day celebrations. From 1949 until 1989, Maotai was an inherent part of the official independence day celebrations of the Communist Party. After 1989, alcoholic beverages in general were no longer served at official get togethers, but Maotai is still served today when foreign top-level officials are received by the Chinese government. One could even say, that from 1949 on, the drink has played a part in international relations. It has been there to greet the leaders and representatives of foreign governments," Qiao Hong says.

"Maotai is brewed using a local plant by the name of (sorghum) luo kaoliang. Our company gathers the plants from the valley, where they are grown without any fertilizers. During the production process, a small amount of wheat is added to the mixture, but luo kaoliang is the main ingredient."

Maotai is allowed to age for up to four years

"The fermentation process is a long and complicated one. All in all it takes about a year. Fermentation is carried out alternatingly in closed and open containers. The resulting

Chinese Wine, Chinese liquor, Chinese alcohol and Chinese Culture (cont'd)

brew has to age for a long time, about four years. Our company has more storage buildings than production facilities because the drink needs to age for such a long time," Qiao says.

"One of the factors that contributes to the flavor of Maotai, is the valley that is its home. Its unique climate and vegetation play a large part in the exotic taste of the drink. For this reason, Maotai can only be produced in Maotai. Any other place would be out of the question," Qiao says.

Qiao says that despite growing demand, the production of Maotai is unlikely to increase. A bottle sealed today can only be sold after five years and this keeps the price of the drink high. The construction of high volume production facilities in the valley of Maotai is also out of the question, so it is not possible to produce large quantities of the drink.

Favorite drink of President Nixon and Charles Chaplin

Many legends are linked to Maotai. Qiao Hong recounts a couple that have made Maotai famous in the Americas.

"One of the most popular legends is called 'Fire in the White House.' When China had established diplomatic relations with the U.S., Prime Minister Zhou Enlai enjoyed a dinner with President Nixon. During their meal, Zhou showed Nixon how liquor could be set aflame. Nixon was fascinated with the trick and took two bottles of Maotai home with him. At home in the White House, Nixon attempted to astound his wife and daughter with the same trick. Unfortunately the bowl that contained the spirit heated up and cracked, setting the tablecloth ablaze. The heat set off the fire alarms in the building and the incident gave root to the story that is still remembered today. Even Secretary of State Henry Kissinger has admitted that the story is a true one."

"For Premier Zhou, Maotai played a large part in helping to build political relations. In 1956, the Chinese were reaching out to countries all over the world, establishing political ties. Maotai was served at diplomatic parties and the famous actor Zhu Yingtai often performed for the distinguished guests. Premier Zhou is quoted as having

said that there are two 'tais' at the root of all successful relations -- Maotai and Yingtai," Qiao says.

"Premier Zhou did have a strong liking to the drink and considered it to almost have magical qualities. He gave a bottle of the spirit to important people, and I have heard that the daughter of a certain Japanese prime minister keeps an old bottle of the brew locked away as securely as a family heirloom would be," Qiao reveals.

"Another well-known legend recalls the meeting between Charlie Chaplin and Premier Zhou. Both men were known to withstand large amounts of alcohol. Chaplin took a liking to the Chinese brew and called it the drink of 'real men' in front of the press."

"Maotai is the drink of real men." - Charles Chaplin

As these stories attest, Maotai has played a large part in the building of China's political and diplomatic past. Qiao Hong remarks, that Maotai is also claimed to have some quite extraordinary effects on those who drink it.

"Maotai has been a presence in the lives of China's rulers from the time of the dynasties. Empress Cixi was known for her profound liking for Maotai. Every summer when the lotuses bloomed, she asked her maids to add nectar from the freshly bloomed flowers into the drink. This drink helped her maintain her youthful and beautiful looks. The widowed empress surely had other beauty secrets too, but I am convinced that Maotai was one of the factors that helped her retain her stunning looks."

Maotai - good for the soul and the body

"The women who live in Maotai do have exceptionally beautiful skin. And men who drink Maotai retain their youthful allure. No one has been able to correctly guess my age. People can't believe that I am already over 50 years old. Scientists have conducted studies on the secrets of Maotai. Although alcohol is not good for your health, I dare to say that Maotai liquor is healthy. The ingredients in Maotai combine to create a rare chemical reaction, which, among other things, actually helps to protect the liver. American and Chinese scientists are currently trying to unravel the mystery. Who knows if a cure for alcoholism could be found here," says Qiao.

Chinese Wine, Chinese liquor, Chinese alcohol and Chinese Culture (cont'd)

Qiao says that some people are so dependent on Maotai, that they have to drink it everyday.

"A large part of the Maotai produced goes to the government or the army. A certain captain over the age of 80 in the air force, has drunk Maotai all his life. Whenever he leaves his home to pay a visit to someone, his wife must make sure that he has enough Maotai with him to last through the visit," Qiao says.

"I have also heard of one highly respected military officer, who was continuously sick. When he started drinking Maotai, his health ailments vanished. Now he refuses to go anywhere without his favorite travel drink. Once he traveled to Africa he was allowed to bring only two bottles of Maotai through the customs. The following week his friend had to bring two more bottles to him. This friend of Maotai suffers whenever he has to travel to a country that does not have Maotai. He asked me to make sure that all embassies always have a couple of bottles of Maotai in stock."

Qiao Hong himself is an avid fan of the drink he so lavishly praises.

"I drink Maotai everyday. I always taste a sample of the drink with visitors at the factory. This is only possible because the product is so healthy and does not cause ill-effects even though it does contain alcohol. I simply love Maotai. Every now and then I can go for a beer or two too," Qiao confesses.

Everything in moderation

Qiao speaks highly of his country's national drink, that the Chinese should, in his opinion, be even more proud of. According to him, Maotai is as symbolic of China as whiskey is of Scotland.

"Finnish vodka is also good, but alcohol production in the West is viewed in a different way than here. Vodka is very a very clean product, but in our opinion, Maotai is produced in a more natural way. It is also not consumed with the purpose of getting drunk as often as vodka is."

"If a Chinese offers you a drink, it means that he respects you. People drink together and bond. It is a part of our

culture. The host offers a drink and the guest responds to the gesture. In the Chinese business world is it important to master one's drinking habits. After a few drinks the mood is warmer and less tense, and this of course helps when one is trying to establish new business relations," Qiao explains.

"In the Chinese business world is it important to master one's drinking habits." - Qiao Hong

At the end of the interview, Yuan Renguo, chairman of the board at the Maotai factory, also wants to express his views on drinking alcoholic beverages.

"According to the traditional drinking ritual, a part of the drink must first be offered to the earth and the heavens before you can enjoy it yourself. These traditions are, however, changing along with the times. People have different attitudes towards drinking. I always try to use common sense when drinking. Even good things have their limits. But whether you are Chinese or foreign, the most important thing is to enjoy your drink. The best enjoyment is attained when one can discern when he has drunk enough. If you need to make rational decisions, it is best to drink less. We Chinese at least always want to give the impression that we know when we need to stop drinking, but all in all a moderate amount of alcohol can help in many situations - as we all know, in vino veritas," Yuan reminds.

(Interview Resource from: <http://www.radio86.co.uk/explore-learn/lifestyle-in-china/734/maotai-the-spirit-of-china> 27th September 2006, 10:19 GMT)

CLOSE-UP ON THE NEW CHINA PROGRAM

DAY 2

AN OVERVIEW OF THE REFORM AND OPENING THAT GAVE RISE TO THE NEW CHINA (1978-2008), EXPERIENCE HOW THE NEW CHANGES AND OLD TRADITIONS INTERACT WITH EACH OTHER. JOINT SESSION WITH CHINESE MBA ON REALIZING STRATEGY.

NOV • 7 • 2009

Learning Objectives

Learning Objectives

- 1| Observe the new infrastructure for the modernization of higher education in China.
- 2| Get an overview of the changes of the last 30 years (1979 - 2008)
 - Explore various scenarios on China's future
 - Understand the trends and economic impacts of change and growth in China and its path towards sustainability
- 3| Get a visual sense of a second tier city (Wuxi and Suzhou) in New China
- 4| Learn about entrepreneurship and how some Chinese leaders have exploited the opportunity of the times (SunTech).
- 5| Learn and interact with aspiring Chinese executives.

Outcomes

As a result, participants will begin to: -

1. Continue to formulate opinions on
 - the emerging private economy
 - Chinese culture at the individual, collective, and regional levels
2. Networking with Chinese executives
3. Understand how private business and entrepreneurship works in China.
4. Understand the ambition of a budding company that has gone global on the world's capital market.

DESCRIPTION OF THE DAILY ROUTE

Will hand out to participants the route on English Map during the briefing section:
Suzhou Downtown-Wuxi-Suzhou Downtown

QUESTIONS TO ASK

1. How could China's growth be sustainable?
2. What is China's energy strategy?

UNIQUENESS OF THE MEAL FOR THE DAY

Dumplings & Noodles, and how important they are to the Chinese Diet.

CULTURAL ENCOUNTER

Get a sense of local Chinese life.

The next 20 years: The rise of the Middle and Western China China's Second tier cities



About SunTech



Suntech is a worldwide leader in the design and manufacture of innovative solar energy solutions for a wide variety of customers and applications. Their R&D team in Wuxi, China continues to pioneer technology advances in solar power generation products. They are expanding their capacity by building more factories and installing cost effective equipment to make solar energy a practical solution for more customers around the globe. They have sales offices and installation partners in North America, Europe, Asia, and Australia.

Installations

Suntech has supplied or installed solar modules for numerous solar power plants and systems around the world. Notable installations include:

- Alamosa Power Plant (Colorado, USA) - 8 MW
- Arizona State University (Arizona, USA) - 1.6 MW
- Beijing National Stadium (Beijing, China)
- Elecnor Power Plant (Trujillo, Spain) - 35 MW

The Company's Suntech Energy Solutions division completed Google's 1.6 megawatt solar installation in June 2007.

The Company joined with Israeli company Solarit Doral to build Israel's largest solar power station, a 50KW rooftop project in the northern town of Katzrin, which was connected to the electric grid in December 2008.

Founder

Dr Shi Zhengrong is the founder, chairman and chief executive officer of Suntech Power. He is a graduate of the University of NSW's School of Photovoltaic and Renewable Energy Engineering.

Every day, demand for energy is accelerating and becoming a central environmental issue with implications for the entire world. At Suntech, they see solar energy as a clean, reusable and affordable solution that is increasingly being recognized as the leading alternative energy source for the 21st century.

Their product line has energy solutions that not only keep pace with global needs, but anticipate them as they'll. Their commitment to design excellence has produced high-performance poly and mono crystalline modules that offer an exceptional array of features including stability, capacity and power-generating endurance over multiple applications. Customized building-integrated photovoltaic options (BIPV) are gradually becoming an elegant and affordable choice for those looking to fuse style and energy-efficient design.

Across the globe, demand for energy is accelerating on a daily basis. While traditional fossil fuels continue to play a major role, the demand for alternative energy sources is outpacing the global market. Clean, reusable and affordable solar power is increasingly being recognized worldwide as the leading alternative energy source for the 21st century. Suntech is one of the largest solar module manufacturers in the world and is listed on the New York Stock Exchange (NYSE: STP). With 5 Production Sites at Wuxi, Luoyang, Qinghai Nagano, Japan, and Shanghai (under construction), they have 8,000 global employees.

Vision

As one of the largest solar energy companies in the world, Suntech is passionately committed to delivering alternative energy choices through lasting partnerships in order to build a brighter, sustainable future.

Mission

At the forefront of addressing tomorrow's energy needs today, Suntech combines pioneering solar technology with nature's most abundant resource to deliver the cleanest, most affordable and energy efficient solutions for a green future.

About Solar power in China please refer to http://en.wikipedia.org/wiki/Solar_power_in_China

China's New King of Solar

Suntech's Shi Zhengrong built one of the world's biggest solar-power companies. Now, with economies slowing, he faces the challenge of a lifetime.

By Bill Powell, senior writer

FEBRUARY 11, 2009: 2:33 PM ET

(Fortune Magazine) -- On a chilly Saturday afternoon in mid-January, Shi Zhengrong, casually dressed and smiling as if he didn't have a care in the world, walked into the stunning new building that is now the headquarters of Suntech Power Holdings, the company he founded and built from scratch just eight years ago.

Back then, in 2001, he had received \$6 million in startup money from the government of Wuxi in China's Jiangsu province - the site of the multimillion-dollar headquarters. The local Communist Party officials who backed Shi have learned yet another lesson in the benefits of capitalism. By bankrolling this son of Jiangsu, the government quickly got its money back, with plenty of interest, when Suntech (STP) went public in late 2005, raising \$400 million on the New York Stock Exchange. But beyond that, it created what could be the new epicenter of an industry about to catch fire.

Few could have known it at the time, but luring Shi back from Australia, where he had gone as a graduate student in 1988, was an event that changed the course of an industry's history - and not just any industry, but one that may be among the most critical of the 21st century: solar energy.

Not only did Shi create one of the world's fastest-growing companies - surging from nothing to more than \$1.3 billion in revenue, profits of \$171 million, and 4,300 employees in the blink of an eye - but by basing all of Suntech's manufacturing in China, he also started to shift the balance of power in the solar industry. It has never been the same since.

Like so many businessmen of his generation, Shi sprinted through the economic open-door policy begun by the late Deng Xiaoping in December 1978. By the time he was 32, he had already lived a life that his parents could not imagine. He had been among the first wave of bright young students to take advantage of the opening of China.

After becoming proficient in English, Shi - born in the smallest county in China, a small island in the Yangtze River, and the son of dirt-poor peasant farmers - was selected to pursue graduate studies abroad. He thought he was bound for the U.S. and tried to learn all he could about the country: "The culture, the geography - I even tried to learn an American accent," he says now.

But at the last minute, in May 1988, his academic advisor at the Shanghai Institute of Optics surprised him. All the slots for the U.S. had been filled; Shi would go to Australia instead, to the University of New South Wales in Sydney, and pursue a Ph.D. in electrical engineering. Says Shi: "I didn't even know where Australia was."



Shi at Suntech's new headquarters in Wuxi, China.



Solar-powered glass walls help provide power for Suntech's headquarters.

China's New King of Solar (cont'd)

That unanticipated twist changed everything for Shi. "Who knows what might have happened if I had gone to the U.S.? I might still be walking the street," he jokes. At the university he met Martin Green, a preeminent scientist in the field of solar energy. Green was impressed with Shi's candlepower and work ethic. He had completed his Ph.D. in just 2 1/2 years - the fastest in his field in the history of the university - and proved himself to be "one of the brighter graduate students I've had, without question," Green says.

The professor had developed the world's highest-efficiency silicon solar cells, and in 1995 he and a colleague formed a company, Pacific Solar. Green invited Shi to join the venture, and once he arrived, the team developed the technology that dramatically reduced the cost to produce solar energy by significantly reducing the amount of silicon needed in solar cells.

Opportunity in China

Curious and restless - the Australian startup was up and running after five years and "I needed a new goal" - Shi met some officials from Wuxi, a city 70 miles west of Shanghai. The Chinese government would give him \$6 million if he would return and start a solar energy company. "The Wuxi investment committee said to me, 'We want sons like you to come back and be bosses here.'" Shi accepted. Like a handful of other Chinese entrepreneurs (such as Peng Xiaofeng of LDK Solar (LDK)), he understood that China offered the opportunity to drive down production costs of solar panels and modules. A decade ago the industry was dominated by Sharp, Siemens, and BP Solar - huge companies with relatively high-cost production bases. In those days, he recalls, people asked him skeptically, How can you possibly compete with BP Solar (BP) or Siemens (SI)? "I wouldn't say anything [in response]," he says, "but I was always thinking to myself, 'Well, why couldn't I?'"

No reason, it turned out. He believed he could sell solar panels at a cost of \$3 per watt, well below the standard industry price then of \$4.50 per watt or higher. It wasn't just China's cheap labor that had attracted him, but the relatively inexpensive land and material costs available as well. In 2003, just a year after Suntech started production at a factory Shi himself had designed, he sold panels at \$2.80 per watt. "And we still had 20% profit margins," Shi says.

The rise wasn't always smooth, and Shi was required to have more than technical skills to make Suntech succeed. Sharp elbows helped too. When the company showed it could be profitable early on, board members appointed by the government suddenly became very interested. Shi and the government-appointed chairman clashed in late 2003 over how rapidly to expand the business and on the amount Shi was spending on the equipment needed to do so. "For some reason he didn't seem to trust me," says Shi.

Shi went to the other board members and persuaded them in 2004 to ease the chairman out. "That's when I realized that [having a] controlling position in the company was critical. I didn't want this kind of complexity again." So he "borrowed a lot of money," got a capital injection from Goldman Sachs, and bought out the rest of the state-sponsored shareholders in 2005 for \$100 million. "From that point onward I felt free," he says.

Climate change by then had become a global cause célèbre, and governments around the world began boosting subsidies for renewable energy. Suntech's stock hit an all-time high of \$85 in late 2007. Its biggest markets for the solar panels and modules it makes are in Europe; Germany is the largest.

Shi believes the U.S. market for solar under President Obama will take off starting in 2010, when subsidies for solar energy are likely to increase as part of a stimulus plan to revive the overall economy. But the year until then, Shi himself acknowledges, will be unlike anything Suntech has confronted to date.

The deepening global economic crisis has changed the dynamics of Shi's industry abruptly. Rapid growth is now yesterday's story; significant overcapacity is today's. The global financial crisis has hurt the ability of solar customers in Europe and elsewhere to get project financing - the critical component in building more solar capacity. Only recently, Shi says, has there been a sign of thawing in the financial markets that might let some planned projects go forward in Europe.

The global slump has also crushed the prices of natural gas and coal, which compete with solar to generate electricity. As a result, Suntech's stock - like all those in the sector - has also been crushed. It closed on Jan. 21 at just \$9.31 per share, wiping out some \$4 billion of Shi's net worth.

China's New King of Solar (cont'd)

Dealing with overcapacity

The rapid success of Chinese solar companies such as Suntech has spawned lots of imitators. And that's why the market is now plagued by overcapacity. A new report from research company iSuppli says 11.1 gigawatts of panels will be produced in 2009, up 62% from 7.7 gigawatts in 2008. However, iSuppli says just 4.2 gigawatts are expected to be installed in 2009, up from 3.8 gigawatts in 2008.

Shi has responded by significantly scaling back planned capacity increases in 2009. Suntech had originally hoped to raise production from its current one gigawatt to 1.4 gigawatts by the end of 2009, and two gigawatts by the end of next year. Now, Shi says, expansion plans are on hold until the financial crisis passes and the market improves.

That's part of the reason that Suntech fired 800 employees at the end of 2008 - the first layoffs in the company's short lifetime. Shi believes that the scale Suntech has already achieved will enable the company to withstand what will be an industrywide shakeout - with smaller producers of cells and panels falling by the wayside.

This is, obviously, the greatest turbulence Shi has felt in what has been a charmed career as a CEO. Yet, he says, the most important thing the company can do is focus on what it did before the crisis began wreaking havoc on the global economy. And that is to relentlessly pursue what is the Holy Grail for the solar industry, what insiders call "grid parity."

What is grid parity? It means getting the cost of producing solar energy down to the point where there is no difference between it and competing fossil fuels like natural gas or coal. For Suntech that means about 14 cents per kilowatt-hour. Currently, Suntech's cost is about 35 cents, yet Shi says that by 2012 his production line will reach his target.

How, exactly? For one thing, the scale that the solar industry has reached gives it new pricing power over suppliers. Explains Shi: "We were a parasitic industry relative to the semiconductor industry, which was the main user of silicon." Now that's no longer true: The solar industry uses more silicon than the chipmakers. Also, the world economic slump has driven silicon prices down sharply.

But far more important, analysts say, is increasing conversion efficiency - the amount of electricity derived from the silicon used. The rule of thumb is that every 1% increase in efficiency results in a 6% cost reduction. And in the past year, Suntech has cut costs by about 20%. In time, he says confidently, "solar will be cheaper than coal or gas."

Not all industry analysts are as sanguine. "Obviously the efficiency gains get harder the more efficient you get," says Pavel Molchanov, an alternative-energy analyst at Raymond James & Co. "Shi has made impressive gains so far, but grid parity by 2012 is pretty ambitious - though plausible."

Shi is undeterred. Despite the current slump, he sees both politics and economics going his way. He believes that by 2010 there will be demand from "utility-sized projects in the U.S. - gigawatt-sized projects" - which will again drive scale-induced production cost savings for Suntech. This is, in part, because he believes President Obama's desire to stimulate demand for clean energy is very real. If anything, he says, the economic crisis may eventually drive more spending on alternative-energy projects than there otherwise might have been in the U.S. and in Europe.

Shi acknowledges that for now his industry is not propelled by economics alone. Climate change is a scientific consensus, he says, and governments the world over recognize the need to move to what Shi calls the "post-carbon future." But even if they didn't, he insists that the day beckons when his industry will grow, thanks to hardheaded private-sector economic decisions, not government subsidies. By the end of 2012, he predicts, the need for subsidies will begin to evaporate. "I've always been a goal-driven person," he says, "and by then - by around 2012 - we'll have achieved grid parity. That's what this company will achieve."

Coming from someone else, that prediction might sound overly optimistic, to put it mildly. Coming from a guy who went from zero to more than \$1 billion in revenue in just over half a decade, however, it sounds pretty close to rational. Remember, people said that Shi Zhengrong couldn't compete against giants like Sharp and BP Solar. Is it wise to doubt him now?

CLOSE-UP ON THE NEW CHINA PROGRAM

DAY 3

**CHINESE CULTURE AND HERITAGE,
BUDDHISM AND COMMUNITY SUPPORT,
THE ROLE OF THE GOVERNMENT AND THE
IMPACT OF GOVERNMENT IN BUSINESS IN
CHINA'S ECONOMIC TRANSFORMATION
AND WAY FORWARD**

NOV • 8 • 2009

Learning Objectives

Learning Objectives

- 1| Learn about Chinese Culture and how it is changing
 - a. Learn some common Mandarin words and phrases as well as learn and use non-verbal techniques for communicating in China.
 - b. Encounter daily life
 - Uniqueness of China's 5000 years old culture
 - Common behaviors experienced when encountering Chinese people
 Begin to develop a personal framework for assessing political and economic impacts, both internally and externally.
 - c. Acquire a richer appreciation of the longevity and heritage of China, its people, the relationship between humans and nature, and some of its cultural attributes.
- 2| Learning about Buddhism in China, how entrepreneurial leadership in religion is modernizing the temple's operation
 - Religious sense in China
 - Leadership style of its top management
- 3| The workings of the Communist Party
- 4| Understand the cultural shift of the reform and China's transformation to a market economy
 - How can social harmony and balance be achieved in the context of fast growth?

Outcomes:

As a result, participants will begin to: -

1. Better understand the reality of
 - Life in China
 - China's political environment
 - Challenges of being a foreigner
 - Value of a foreign assignment to your career
2. Understand the bottleneck of financial resources allocation
3. Understand how cars are changing China's consumer lifestyle

DESCRIPTION OF THE DAILY ROUTE

Suzhou, Old town heritage site; The Hanshan Temple, Dushu Lake Higher Education Park.

Han Shan Temple is located in a highly urbanized area. Not only is this a religious sanctuary but also a religious sanctuary but also a support center for the distressed and poor in the community. A class in calligraphy writing follows a talk on its business practices.

Professor Jin Wei will give a lecture on Chinese Culture. Professor Jin is a noted scholar in China, currently the director of International Relations at China's leading University, the Shanghai Jiaotong University.

QUESTIONS TO ASK

1. How many people still believe in Buddhism in modern China?
2. What's the average age group of those who you meet in the temple?

CULTURAL ENCOUNTER

Experience one of China's most ancient art forms - Calligraphy

Profile of Speakers & Lectures



PROFESSOR JIN WEI

Graduated from the English Department, East China Normal University in 1976, Associate Professor Jin Wei had academic upgrade opportunities in University of Pittsburgh, USA (Semester At Sea, 1982), University of Birmingham, UK (Teaching of English as a Foreign Language, 1984-85), and University of British Columbia, Canada (Marketing, 1995-96). His present teaching and research areas include: English, Tourism, Complex System Evolution. Jin Wei has authored and co-authored 6 books and over 30 papers. Before being appointed as Shanghai Jiao Tong University's Director of International Cooperation & Exchange in 2005, Jin Wei had served as its Deputy Director (2004-2005), and Associate Dean (International Relations) of Shanghai Jiao Tong University's Antai School of Management (1997-2004).

Cultural Encounter

Han Shan Temple

This 1500 year old heritage temple, located just to the south of Maple Bridge over the old grand canal at the outskirts of Suzhou old town, is a popular destination for both devotees and visitors from China and abroad. The name HanShan, means "Cold Mountain" and is named after abbot Hanshan "Cold Mountain" who managed the temple in the Tang Dynasty. The temple was originally founded during the rule of Emperor Tiangjin of the Liang dynasty (502-5570) but none of the buildings survive from that era. The sights here include a hall of 500 arhats, the main Hall of Great Treasure, and a five-story pagoda that is a recent addition to the rest of the temple complex.

The arrival of poet Zhang Ji in the Tang Dynasty thrust the temple to national fame overnight. Zhang Ji was an imperial scholar who has passed the exam but was not given any official position during the chaotic turmoil of that time. With other refugees who were running away from trouble, he was traveling to the south of the river, Jiangnan, along the Grand Canal and has arrived outside of Suzhou. It was a dark and cold night in autumn, the boat was parked by the Maple bridge outside Suzhou town for the night. Watching the lights from the fishing boats, and hearing the bell toll from the temple, it invoked a deep sense of sadness in him, feeling lonely and could not sleep, he expressed his feelings in an outstanding poetic composition that received widespread echo from all over China. It is interesting to note that how one poem could have evoked so much feelings among people and hold such fascination for its fans. Many people are drawn to the temple because of the poem.

The Han Shan Temple belongs to the category of "literary" monasteries in China, as contrast with the Wu shu (Shaolin) monasteries, where the monks practice and

pursue literary pursuits and have less emphasis on martial arts. In addition to the main temple, it also has a Buddhist Academy which provides full program on the study of Buddhism for young people. The young Buddhist scholars have left home and devote their life to monkhood and the study of Buddhism. The Han Shan Temple is a great literary place, successive abbots are great calligraphy experts. Today the temple is also famous for the annual "tolling of the bells" which happens on New Year's Eve, this event attracts thousands of worshippers, from as far as Japan and Korea. During that ceremony 108 bells are rung to pray for luck and happiness in the coming year. The temple is also active in providing support to the distressed and underprivileged in the community. It operates a chain of charity supermarkets which gives food away to the poor. The current very entrepreneurial abbot of the temple is leading a project to collect ancient bells from around China and the world, with the collection, they will open a museum of ancient bells. The temple has also commissioned a large new bell, which many believe will go into the Guinness Book of Record as the largest bell in the world.



Profile of Speakers & Lectures



**DOC. WANG XIN,
ASSOCIATE PROFESSOR.**

Have served as deputy dean and deputy secretary in Politics & Public Management College of Soochow University, vice director of Party Committee Office and Military Industry Secrecy Office in Soochow University.

Have published more than 20 papers on academic magazines, including Globalization and National Interests of PRC (edition of 2003 published by the People's Press), Chinese Interests on Culture and the Approach to Gain them on a Worldwide Vision (Jianghai Academic Journal, Volume 4, 2005), Literary Consciousness in Wei and Jin Dynasty and the Evolution of Literary Field (Academic Journal of Soochow University, Volume 2, 2009), Language System Build on Chinese Traditional Literature and Power Expansion on the Culture Level among Scholars (Guizhou Social Science, Volume 2, 2009) and Theories and Practices on Political Recognition Education to College Students (Suzhou Science and Technology College, Volume 1, 2008), Research on the Connection between College Students' Theoretical Interests Arousing and their Political Recognition (Suzhou Science and Technology College, Volume 2, 2009).

Have taken some ten tasks of researches assigned by the Education Department of Jiangsu Province, such as Research on the Connection between College Students' Theoretical Interests Arousing and their Political Recognition.

Mainly working on Chinese Political Culture, Chinese Traditional Literature and Culture.

Communist Party of China



Chairman	Hu Jintao
Founded	July 1, 1921 (official) July 23, 1921 (de facto)
Headquarters	Zhongnanhai, Beijing
Political ideology	Marxism-Leninism, Maoism, Socialism with Chinese characteristics, Three Represents
No. of members	around 70 million

The Communist Party of China (CPC) (official name, though almost universally known in English as the Chinese Communist Party (CCP) is the ruling political party of the People's Republic of China, a position guaranteed by the country's constitution. The party was founded in 1921, and fought the Kuomintang (KMT) during the Chinese Civil War, which ended with the party's victory in the Chinese Revolution. With more than 70 million members, the CPC is the largest political party in the world, although the party prides itself on its exclusivity, with this number being but 5% of the total population of China.

From the sixties until the death of its principal leader, Mao Zedong, the CPC was the main inspiration for the worldwide communist social movement. During the 1960s and 1970s its ideas and policies, which came to be known as "Mao Zedong Thought", represented a powerful branch of communism that existed in opposition to the Soviet Union's "revisionism". Following the death of Mao in 1976, however, the CPC moved towards Socialism with Chinese characteristics and instituted Chinese economic reform. Today, largely due to these changes in policy, the CPC is generally considered to have lost the influence it had a generation ago. Its current policies are fiercely rejected as capitalist by most communists, especially anti-revisionists, and by adherents of Chinese Neo-Leftism from within the PRC. Today, college-educated people within the People's Republic of China are said to be more likely to join because of economic benefits of membership.[1]

The CPC both practices and supports a single-party state form of government. In periods of relative political liberalization, the influence of people and organizations outside the formal party structure has tended to increase, but such opportunities have vacillated repeatedly over time. Since the 1980s, as its commitment to Marxist ideology has appeared to wane, the party has begun to increasingly invoke Chinese nationalism as a legitimizing principle as opposed to the socialist construction for which the party was originally created. The change from socialism to nationalism has also had the interesting side effect of having pleased the CPC's former enemy, the Kuomintang, which has warmed its relations with the CPC since 2003.^[1]

Communist Party of China (cont'd)

BRIEF HISTORY



Flag of the Communist Party of China

The Communist Party of China was initially founded by Chen Duxiu and Li Dazhao in Shanghai in 1921 as a study society and an informal network. There were informal groups in China in 1920, and also overseas, but the official beginning was the 1st Congress attended by 13 men in July 1921, when the formal and unified name Communist Party of China was adopted and all other names of communist groups were dropped. Mao Zedong was present as one of two delegates from a Hunan Communist group, which had maybe 10 members out of 53 for all China. Other 12 members attended included Zhang Guotao, Wang Jinwei, Dong Biwu, Li Hanjun, Li Da, Chen Tanqiu, Liu Renjing, Zhou Fohai, He Shuheng, Deng Enming, Chen Gongbo, Bao Huiseng (represented by Chen Duxiu sheltering in Canton at that time) and a representative from the Comintern.

Flag of the Chinese Soviet Republic, or Jiangxi Soviet, which existed from 1931 to 1934 in Jiangxi Province.

Under the guidance of the Soviet Union, the party was reorganized along Leninist lines in 1923, while party members were encouraged to join the Kuomintang as individual members in preparation for the Northern Expedition.

The party was small at first, but grew intermittently through the first Chinese Revolution of 1925-27, which failed. Even during that revolution, which was far before the rapid growth of the 1940s and 1950s, the party was the largest Communist Party in the world, larger even than the CPSU. With the collapse of the revolution in 1927 the party was massacred at the hands of the Kuomintang with more than 4 in 5 members being killed. The only major section of the party which survived was the section built around Mao Zedong, which through its loyalty to the Comintern line and short-lived strategic "alliances" with the Kuomintang, was able to survive the slaughter. Mao Zedong achieved success using Mobile Warfare, which was at first rejected by the leadership and then resumed on the famous Long March. The outside world first got a clear view of the Communist Party of China through Edgar Snow's *Red Star Over China*.

After 1945, the civil war resumed and despite initial gains by the Kuomintang, it was defeated and forced to flee to off-shore islands, the biggest among which is Taiwan. The Kuomintang's defeat marked the onset of the Chinese Revolution whence Mao proclaimed the People's Republic of China in Beijing on October 1, 1949.

Communist Party of China (cont'd)

ROLE WITHIN THE PEOPLE'S REPUBLIC OF CHINA



Jiang Zemin with Hu Jintao, the current chairman of the party.

The CPC is one of the three centers of power within the People's Republic of China, the other two being the state apparatus and the People's Liberation Army. It is the main center of power in the PRC.

The relationship between party and state is somewhat different from that of the Communist Party of the Soviet Union under Stalin's successors, in which the party controlled the state. In the current PRC structure, power derives from the state position, but key state positions are invariably held by members of the party and the party through its organization department makes crucial decisions on who occupies what position. However, in contrast to the Soviet situation where the party had extra-legal authority, since the early 1990s, it has been

established that the party is subject to rule of law and is therefore subject to the authority of the state and the Constitution of the People's Republic of China.

Within the central government, the Party and state structures are fused with the leader of a ministry or commission also being the leader of the party body associated with that ministry. At the provincial or lower levels, the party and state heads are invariably separate, although the party head has a high state position and the state head has a high party position.

ORGANIZATION

The party's organizational structure was destroyed during the Cultural Revolution and rebuilt afterwards by Deng Xiaoping, who subsequently initiated "Socialism with Chinese characteristics" and brought all state apparatuses back under the control of the CPC.

Theoretically, the party's highest body is the National Congress of the Communist Party of China, which meets at least once every 5 years. The primary organs of power in the Communist Party which are listed in the party constitution include:

- The Politburo Standing Committee, which currently consists of nine members; see Politburo Standing Committee - Current members for a complete list.
- The Politburo, consisting of 24 full members (including the members of the Politburo Standing Committee) and one alternate; see Politburo - Current members for a complete list.
- The Secretariat, the principal administrative mechanism of the CPC, headed by the General Secretary of the Communist Party of China;
- The Central Military Commission (a parallel organization of the government institution of the same name);
- The Discipline Inspection Commission, which is charged with rooting out corruption and malfeasance among party cadres.

Other central organizations include

Communist Party of China (cont'd)



People's Liberation Army in dress uniform.

- General Office;
- Organization Department;
- Propaganda (Publicity) Department;
- International Liaison Department; and
- United Front Department

In addition, there are numerous commissions and leading

groups, the most important of which are

- Commission for Politics and Law
- Work Committee for Organs under the Central Committee
- Work Committee for Central Government Organs
- Central Financial and Economic Leading Group
- Central Leading Group for Rural Work
- Central Leading Group for Party Building
- Central Foreign Affairs Leading Group
- Central Taiwan Affairs Leading Group
- Commission for Protection of Party Secrets
- Leading Group for State Security
- Party History Research Centre
- Party Research Center
- Central Party School

Every five years, the Communist Party of China holds a National Congress. Formally, the Congress serves two functions: to approve changes to the Party constitution and to elect a Central Committee, about 300 strong. The Central Committee in turn elects the Politburo. In practice, positions within the Central Committee and Politburo are determined before a Party Congress, and the main purpose of the Congress is to announce the party policies and vision for the direction of China in the following few years.

The party's central focus of power is the Politburo Standing Committee. The process for selecting Standing Committee members, as well as Politburo members, occurs behind the scenes in a process parallel to the National Congress. The new power structure is announced obliquely through the positioning of portraits in the People's Daily, the official newspaper of the Party. The number of Standing Committee members varies and has tended to increase over time. The Committee was expanded to nine at the 16th Party National Congress in 2002.

There are two other key organs of political power in the People's Republic of China: the formal government and the

Communist Party of China (cont'd)

People's Liberation Army.

There are, in addition to decision-making roles, advisory committees, including the People's Political Consultative Conference. During the 1980s and 1990s there was a Central Advisory Commission established by Deng Xiaoping which consisted of senior retired leaders, but with their passing this has been abolished.

CRITICISM AND SUPPORT

There are a variety of opinions about the Communist Party of China, and opinions about the CPC often create unexpected political alliances and divisions. For example, many chief executive officers of Western companies tend to have favorable impressions of the CPC, [citation needed] while many revolutionary Maoists and other Marxists have strongly negative opinions. Trotskyists argue that the party lost its Marxist credentials in the 1920s and adhered to a Stalinist political doctrine, with many calling for political revolution. Opinions about the CPC also create very strong divisions among groups normally ideologically united such as conservatives in the United States.

Many of the unexpected opinions about the CPC result from its rare combination of attributes as a party formally based on Marxism which has overseen a dynamic market economy, yet maintains an authoritarian political system.

Supporters of the International Tibet Independence Movement, the Republic of China on Taiwan, and Taiwan independence, neoconservatives in the United States and Japan, along with many left-wing forces in those same countries, are among the groups which have opposed the CPC government because it is a single-party state regime.

In addition, American neoconservatives sometimes argue that the Communist Party of China is a grave threat to peace because of its authoritarian nature, its adherence to a military build up, and threats made to Taiwan.

Some of the opponents of the Party within the Chinese democracy movement have tended not to argue that a strong Chinese state is inherently bad, but rather that the Communist leadership is corrupt. Chinese Neo-Leftism, meanwhile, is a current within China that seeks to "revert China to the socialist road" -- i.e., to return China to the days after Mao Zedong but before the reforms of Deng Xiaoping and his successors.

Another school of thought argues that the worst of the abuses took place decades ago, and that the current leadership is not only unconnected with them, but were actually victims of that era. They have also argued that while the modern Communist Party may be flawed, it is comparatively better than previous regimes, with respect to improving the general standard of living, than any other government that has governed China in the past century and can be put in more favorable light against most governments of the developing nations. However, farmers and other rural people have been marginalized, and their standard of living and national influence have been greatly reduced.

Finally, some supporters have argued that despite its flaws, the Communist Party is better than its alternatives, and that a sudden transition to democracy would result in the economic and political upheaval that occurred in the Soviet Union in the 1990s, and that by focusing on economic growth, China is setting the stage for a more gradual but more sustainable transition to a more liberal system. This group sees Mainland China as being similar to Spain in the 1960s, and South Korea and Taiwan during the 1970s.

Communist Party of China (cont'd)

As with the first group, this school of thought brings together some unlikely political allies. Not only do most intellectuals within the Chinese government follow this school of thinking, but it is also the common belief held amongst pro-free trade liberals in the West.

CURRENT LEADERSHIP

The Members of the Politburo Standing Committee of the Communist Party of China are:

- Hu Jintao - President of the People's Republic of China, General Secretary of the Communist Party of China and Chairman of the Central Military Commission
- Wu Bangguo - Chairman of the Standing Committee of the National People's Congress
- Wen Jiabao - Premier of the State Council of the People's Republic of China
- Jia Qinglin - Chairman of the National Committee of the Chinese People's Political Consultative Conference
- Zeng Qinghong - Vice President of the People's Republic of China, member of the CPC CC Secretariat
- Huang Ju - Vice Premier, State Council
- Wu Guanzheng - Secretary of the CPC Discipline Inspection Commission
- Li Changchun - Head of the CPC CC Central Leading Group for Propaganda [Publicity] and Ideological Work
- Luo Gan - Secretary of the National People's Congress Commission for Politics and Law. Educated in Hong Kong and admired Mao.

Members of the Politburo of the CPC Central committee:

Wang Lequan, Wang Zhaoguo, Hui Liangyu, Liu Qi, Liu Yunshan, Li Changchun, Wu Yi, Wu Bangguo, Wu Guanzheng, Zhang Lichang, Zhang Dejiang, Chen Liangyu (dismissed in September 2006), Luo Gan, Zhou Yongkang, Hu Jintao, Yu Zhengsheng, He Guoqiang, Jia Qinglin, Guo Boxiong, Huang Ju, Cao Gangchuan, Zeng Qinghong, Zeng Peiyan, Wen Jiabao.

Alternate member of the Politburo of the CPC Central Committee:

Wang Gang

Members of Secretariat of the CPC Central Committee:

Zeng Qinghong, Liu Yunshan, Zhou Yongkang, He Guoqiang, Wang Gang, Xu Caihou, He Yong.

LIST OF LEADERS OF THE COMMUNIST PARTY OF CHINA

Between 1921 and 1943 the leader of the Communist Party of China was the General Secretary.

- Chen Duxiu (1921-1922; 1925-1927)
- Qu Qiubai (1927-1928)
- Xiang Zhongfa (1928-1931)
- Li Lisan, acting (1929-1930)
- Wang Ming, acting (1931)
- Bo Gu, aka Qin Bangxian, acting (1932-1935)
- Zhang Wentian, aka Luo Fu, acting (1935-1943)

In 1943 the position of Chairman of the Communist Party of China was created. The post of General Secretary was

Communist Party of China (cont'd)

retained, but focused on organization, rather than policy.

- Mao Zedong (1943-1976)
- Hua Guofeng (1976-1981)
- Hu Yaobang (1981-1982)

In 1982, the post of Chairman was abolished, and the General Secretary once again became the nominal leader of the Party.

- Hu Yaobang (1982-1987)
- Zhao Ziyang (1987-1989)
- Jiang Zemin (1989-2002)
- Hu Jintao (since 2002)

Prior to the abolition of the post of Chairman in 1982, the General Secretary served more of a bureaucratic role subordinate to the Chairman.

CLOSE-UP ON THE NEW CHINA PROGRAM

DAY 4

**STATE OWNED ENTERPRISE,
INDUSTRIAL PARK AND FOREIGN
DIRECT INVESTMENT, DOING
BUSINESS IN CHINA, SHANGHAI**

NOV • 9 • 2009

Learning Objectives

Learning Objectives

- A:**
- 1 | Learn about the Suzhou industrial park (SIP) development model.
 - 2 | Learn about current government thinking on approaches to ensure the health and wellbeing of the work force (i.e., HR and benefits)
 - 3 | Observe and discuss the role that foreign direct investment (FDI) plays in China's industrialization.
 - 4 | Increase knowledge of government regulation on import / export and the logistics surrounding these activities.
- B:**
- 1 | Learn about the development of private business, its management style, and the cultural orientation of the company.
 - 2 | Acquire information on the true costs of doing business in more rural areas of China.
 - 3 | Learn about the challenges that a Chinese manufacturer trying to build its own brand, and how they develop a design team for new products.
 - 4 | Observe the operation of a state-owned business and learn about its management style and operating strategy.

A: Outcomes: As a result, participants will begin to: –

1. Understand, in part, how government leadership is driving industrialization and the creation of jobs in China
2. Be better informed of the complexities of doing business in China
3. Begin to formulate opinions on approaches to ensure the well being of the work force
4. Gain new information and insights to support / refute their opinions on government controls in a communist society
5. Understand Expansion of a small business to domestic powerhouse and OEM supplier.

B: Outcomes: As a result, participants will begin to: –

1. Develop a better understanding of the challenges that a private company faces when doing business in China and developing a brand.
2. Gain a better understanding of methods of operation in more rural areas, including obligations for the laborers and work place.

DESCRIPTION OF THE DAILY ROUTE

A: Travel through the SIP in western Suzhou and return to downtown area.

B: Travel to Changsu and Shanghai.

Suzhou Industrial Park is one of the thousands of industrial parks that have been used a model for foreign direct investment into China. Participants will have opportunity to visit the command center, the exhibition hall that documented its 12 years of progress, and successful supporting facilities such as the Logistics Bonded Complex and Science Park. Visits to multinational companies operating in SIP are included to understand their China experience. Meeting with a Government Official provides an opportunity to observe close-up the role that government plays in the successful operation and control of state-owned and private companies as well as the relationship between the government and its people.

Visit the Bosideng operation in Changsu, witness an assembly plant operation with thousands of young women working on the factory floor, witness how a brand emerged with the rising tides lifted by the economy.

Learning Objectives

QUESTIONS TO ASK

- A:
1. How does the SIP government coordinate with Beijing
 2. How does one set up an enterprise in SIP?
 3. What are the advantages of locating within SIP for Chinese and foreign business?
 4. What are the fallouts or consequence of transforming farmland into industrial use and -
 - What happens to the displaced population and their livelihood?
 - What does the government do to settle them?
 5. Why does MNC set up in SIP? How does the MNC use China to strengthen its global position?
 6. What is the value of meeting with a government official in terms of -
 - Your opinion of the communist form of government
 - Its role with foreign entrepreneurs, small companies and multinational corporations

- B:
1. What makes Bosideng different and successful?
 2. How does Bosideng develop and execute a “fashion” and “style brand in China?

CULTURAL ENCOUNTER

- A: Get a sense of organizational culture for an indigenous Chinese business and a company in transition.
- B: Get a sense of the professionalism and impression of members of the civil service in China

Profile of China-Singapore Suzhou Industrial Park (SIP)



CHINA-SINGAPORE SUZHOU INDUSTRIAL PARK (SIP)

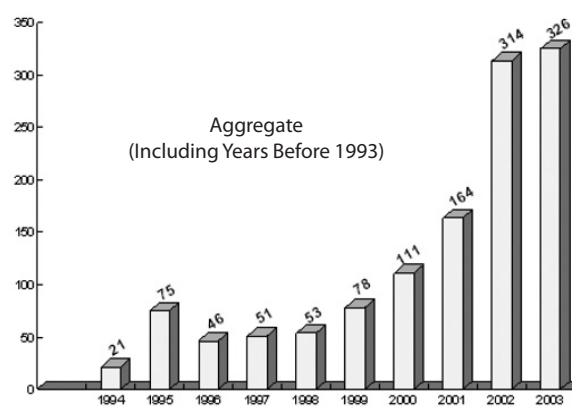
As China's modernization drive gained momentum in the late 1980s, many Chinese delegations visited Singapore, a southeast Asian nation that achieved economic miracle within 30 years of independence. The Chinese visitors were eager to learn modern management methods, while Singapore was also planning Economic Regionalization, which focused on overseas investment.

In 1992, the idea of developing a modern industrial township with Singapore experience was broached. During his tour of southern China that year, China's late paramount leader Deng Xiaoping said: "Singapore enjoys good social order and is well managed. We should tap on their experience, and learn how to manage better than them."

After rounds of discussions and site surveys, both governments decided to join hands in developing a modern industrial park in the east of Suzhou. The China-Singapore Suzhou Industrial Park (CS-SIP) was thus born on Feb. 26, 1994 when Chinese Vice Premier Li Lanqing and Singapore Senior Minister Lee Kuan Yew signed the Agreement on the Joint Development of Suzhou Industrial Park in Beijing.



Newly Approved Enterprises with Foreign Investment in SIP



For more SIP key statistics, please check on Suzhou Industrial Park website: www.sipac.gov.cn/english

Suzhou International Science Park



Briefing Introduction

Suzhou International Science Park is approved by the Ministry of Science and Technology Torch Center as a National Hi-tech Innovation Service Center, nurturing mainly high-tech enterprises of software, IC design, etc. It covers a building area of 310,000 sqm with more than 770 registered enterprises.

Originally built in April 2000, Suzhou International Science Park is the important vehicle and scientific platform to pursue technological innovation as well as knowledge innovation. Meanwhile, it is the incubator of national scientific enterprises and the base for national software park\national animation industry and China-Occident software export project. It is also served as the Chinese innovation center and the Chinese youth scientific and technological innovation demonstration base.

6 Major Systems

Through 8 years of development, SIS Park has gradually become a combination of 6 service systems aiming at scientific and technological enterprises. The systems are as follows: before business-attracted service system, including market research\visit service etc; business-start register service system, including business tax management\ human resources consultation etc; political information service system, including political promotion\government assistance\approval\consultation

etc; technical support service system, including internet access and maintenance service\communication value-added service and technical platform etc; achievements transformation service system, including serving information of governmental invitation for bids \exhibition platform\software export etc; investment and financing service system, including introducing and applying to varied venture fund\ seed fund\ governmental loans etc.

Core Competence of SIS Park

SIS Park has 3 major advantages compared to other excellent science park:

1. SIS Park relies on the improved venture investment and financing system strongly supported by the government so as to promote the development of scientific business and innovation course.
2. SIS Park adjoins the Dushu Lake Higher Education Town that bearing first rate higher education schools and research institutions, which in return sustain the development of the park by providing human resources and scientific achievements.
3. SIS Park provides international industrial environment characterized by SIP advanced electronic manufacturing, information technology and sophisticated mechanical process, with convenient and superior scientific achievement transformation system.

Profile of Bosideng



BOSIDENG

BOSIDENG is Asia's largest producer of down-apparels, China's leading own-brand manufacturer, integrating the most advanced R&D, design, production and sales in its operations. This 30 years old operation boasts the following achievements:

1. Production bases in Changsu, Jiangsu, Shantong and Yangzhou, over 100 subsidiary companies involved in sales, and design houses in Shanghai, Beijing and Changsu. It has over 20,000 employees, sold 20million out of the 50million down apparels in China in 2005; it can be said that one out of every two down apparels worn by the Chinese, one comes from Bosideng. Annual sales for 2005 are 6.513 billion Reminbi; it has received numerous awards for outstanding brand and excellent product achievement among Chinese products.
2. The company started out in 1976 to perform contract manufacturing for a Shanghai brand called "Houston," in 1992 it decided to launch its own brand 'Bosideng.' Owner Kao De Kang learnt tailoring from his father and worked with him as very popular village tailors before he organized some 10 other tailors and 8 sewing machines to perform contract manufacturing for the Shanghai brand "Houston." Their effort made "Houston" a famous Shanghai brand.
3. Between 1992 and 1995, the company invested some 20m reminbi to build a new factory and registered its own brand Bosideng (Bosideng is the Chinese equivalent of Boston, the company believed that since they were able to make Houston into a famous Shanghai brand, they should be able to make their own brand Bosideng into a famous Chinese brand, a famous world brand. From 1994, they began sales nationwide, but faced a number of setbacks, among them an 8m RMB loan almost bankrupted the company.
4. From 1995 onwards, the company worked hard to develop its brand; it was careful in the selection of materials and carefully studied the preferences of consumers. It imported advanced machineries including state of the art CAD design system, CAM automatic cutting machines, down processing machineries and special sewing equipments. The company invested 60m reminbi to build a 13,600 sq me production facilities and equipped it with the latest facilities from the US, Germany and Italy. The company also collaborated with the Chinese Academy of Sciences to apply nanotechnology to develop down materials, making its down material dirt-resistant, promotes air circulation, and develops self-cleaning properties. These new functions overcame the complaints that down apparels are difficult to wash and stuffy to wear. At the end of that year, the company launched a production facility in Suzhou Industrial Park capable of producing 10m square metre of down material, 5 million pieces of down apparels.
5. In 2006, the company is expected to produce some 30million pieces of down apparels, majority of which are for China's domestic market; and a small percentage of production volume is for contract manufacturing (OEM) for other brands. The company's export business amounts to some RMB100m in 2005, mainly exports to the US and European markets. Its international partners include Boss, Tommy, Gap, Polo, Nike, Columbia and Elle. In 2001,

Profile of Bosideng

one of its products commanded USD300 per piece in Russia, and in 2005 it launched a limited edition “Golden Bosideng” super light, super thin down apparel sold at RMB2400 per piece in the domestic market and met with great success. The company’s creative director Zhu Lin was listed as China’s top ten designers, one of her creation sold over 500,000 pieces, making her the leading designer among winter clothing design in China. She is also one of the strongest wealth-creation designers in China.

6. Bosideng Corporation itself has over 10 own brands, where 4 of them are listed among the top 10 brands in China, occupying the position of No 1, 2nd, 6th and 10th.
7. Bosideng Corporation still remain a private company, owned and managed by its founder Gao De Kang, a farmer-tailor who started the business with 11 other farmer-tailor in the same village with one bicycle and one sewing machine. Today the company’s asset is worth some 5 billion Reminbi, and 2006 sales are expected to touch 30 million pieces. In its effort to align with world standards, the company has also shifted its accounting standards from China-based to Hong Kong-based, it has gone from an A share status to H share status, and is planning to own two public shares by 2010.
8. The company operates on the guiding principle that “a famous brand belongs to all; we keep millions of people warm.” Founder Kao De Kang believes that a famous brand must not be high priced, and low price doesn’t mean low quality, they strive to make a brand that is affordable by an average person. The way to build a good brand is to have zero defects and give customers what they want.
9. Marketing-wise the company works hard to take up positions nationwide with its own retail stores; aggressive marketing made it the focal brand; sales went up steadily; the made “Guinness book of record’ on Dec 17 2005 where the company made an amazing sales revenue record of RMB100 million in a single day.
10. In its production facilities, workers gets an average salary of RMB2000 as basic with hostel and lunch provided by the company, and receive incentives based on production volume, attendance at work and the quality of the products. Designers are also receiving incentives tied to sales of their creations.

Source: Company Briefing, interview and Translations from China Textile Journal, 10th Edition, Sept 15 2006. More information: www.bosideng.com. Bosideng Industrial Zone, Changsu City, Jiangsu Province.

Shanghai: The Dragon Head

SHANGHAI: LOCATION IN CHINA



BASIC INFORMATION

Origin of name:	上 <i>shàng</i> - on/above 海 <i>hǎi</i> - sea 市 <i>shì</i> - city = "City on the Sea"
Abbreviation:	沪 <i>Hù</i> and 申 <i>Shen</i>
Area:	6,340.5 km ² (31st)
Population (2006):	18,670,000 (25th) Municipality • 9,838,000 Urban Area, 2001 est.
Density (2005):	2804/km ² (1st) Municipality
GDP (2005): - per capita	CNY 915.4 billion (7th) CNY 51,485 (1st)
HDI (2005)	0.909 (1st) — high
Major nationalities (2000):	Han - 99% Hui - 0.4%
City flower:	Yulan magnolia (<i>Magnolia denudata</i>)
Elevation:	0 - 103.4 m
Coordinates:	31°10'N 121°28'E

GOVERNMENT

Administration Type	Municipality
CPC Shanghai Committee Secretary	Han Zheng (acting)
Mayor:	Han Zheng
County-level divisions:	18 Districts and 1 County
Township-level divisions:	220 Towns and Villages

Shanghai: The Dragon Head (cont'd)

Shanghai, “ 沪” for short, is situated on the estuary of Yangtze River of China. It is the largest industrial city in China. Covering an area of 5,800 square kilometers (2,239 square miles), Shanghai has a population of 18.7 million, including 2 million floating population.

Originally, Shanghai was a seaside fishing village and in time its gradual development led to it being granted County status on August 19th, 1291 during the Yuan Dynasty (1271-1368). Hence this day became the anniversary of the founding of Shanghai. Today's Shanghai is a multi-cultural metropolis with both modern and traditional Chinese features. Bubbling Shanghai shows off every aspect of her unique glamour.

Serving as the largest base of Chinese industrial technology, the important seaport and China's largest commercial and financial center, Shanghai draws the attention of the whole world.

ECONOMY AND DEMOGRAPHICS

Shanghai is often regarded as the center of finance and trade in mainland China. Modern development began with economic reforms in 1992, a decade later than many of the Southern Chinese provinces. Prior to then, much of the city's tax revenue went directly to the capital, Beijing, with little return. Even with a decreased tax burden after 1992, Shanghai's tax contribution to the central government is around 20-25% of the national total (Shanghai's annual tax burden pre-1990s was on average 70% of the national total). Shanghai today is still the most populous and well developed city in mainland China.

Shanghai is one of the world's busiest ports. In 2005, Shanghai ranked first of the world's busiest ports in terms of cargo throughput, handling a total of 443 million tons of cargo. In terms of container traffic, it is the third busiest port in the world, following Singapore and Hong Kong.

The 2000 census put the population of Shanghai Municipality to 16.738 million, including the floating population, which made up 3.871 million. Since the 1990 census the total population has increased by 3.396 million, or 25.5%. Males accounted for 51.4%, females for 48.6% of the population. 12.2% were in the age group of 0-14, 76.3% between 15 and 64 and 11.5% were older than 65. 5.4% of the inhabitants were illiterate. As of 2003, the official registered population is 13.42 million; however, more than 5 million more people work and live in Shanghai undocumented, and of the 5 million, some 4 million belong to the floating population of temporary migrant workers, a large proportion of who are from Anhui Province as well as Jiangsu and Zhejiang Provinces. The average life expectancy in 2003 was 79.80 years, 77.78 for men and 81.81 for women.

Shanghai and Hong Kong have had a recent rivalry over which city is to be the economic center of China. The city had a GDP per capita of ¥46,586 (ca. US\$ 5,620) in 2003, ranked no. 13 among all 659 Chinese cities. Hong Kong on the other hand, possessed an unparalleled GDP of ¥310,021 (ca. US\$ 37,400). Hong Kong has the advantage of a stronger legal system, international market integration, superior economic freedom, greater banking and service expertise. Shanghai has stronger links to both the Chinese interior and the central government, in addition to a stronger base in manufacturing and technology. Shanghai has increased its role in finance, banking, and as a major destination for corporate headquarters, fueling demand for a highly educated and modernized workforce. Shanghai has recorded a double-digit growth for 14 consecutive years since 1992. In 2005, Shanghai's nominal GDP posted an 11.3% growth to 915.4 billion Yuan (US\$117 billion).

As in many other areas in China, Shanghai is undergoing a building boom. In Shanghai the modern architecture is notable for its unique style, especially in the highest floors, with several top floor restaurants which resemble flying saucers. The bulk of Shanghai buildings being constructed today are high-rise apartments of various height, color and design. There is now a strong focus by city planners to develop more "green areas" (public parks) among the apartment

Shanghai: The Dragon Head (cont'd)

complexes in order to increase the quality of life for Shanghai's residents, quite in accordance to the "Better City - Better Life" theme of Shanghai's Expo 2010.



Shanghai
hypermarket



Shanghai hypermarket. Historically very western in lifestyle, Shanghai is increasingly a critical center of communication with the western world. Examples include the opening of the Pac-Med Medical Exchange in June of 2004, a clearinghouse of medical data and a link between the Chinese and westernized medical infrastructures. In medicine and other humanitarian fields, China is actively seeking input of first world nations to improve living conditions and trade status. Arguments for and against modern Chinese leadership question the genuine influence the influx of western culture and technology will have on vast Chinese interior, outside of the densely populated, often visited urban centers. The Pudong district of Shanghai contains contemporary architecture and "modern"-feeling districts, in close proximity to major international trade and hospitality zones. Visitors to Shanghai find free public parks manicured to startling perfection; in distinct contrast to the massive industrial installations which reveal China's emerging environmental concerns. Shanghai's international diversity is perhaps the world's foremost window into the rich, historic and complex society of today's China.

Modern Shanghai has three key areas of interest to the visitor. These comprise Sightseeing, Business and Shopping centered upon People's Square and along the Huangpu River. The city's Cultural Center with its public activities and community facilities and finally the main Entertainment and Holiday Tourism area is located at Mt. Sheshan, Chongming Island, Dingshan Lake and Shenshuigang Area.

Known as "the Oriental Paris", Shanghai is a shopper's paradise. One of the musts for tourists is Nanjing Road. Huaihai Road intrigues those with modern and fashionable tastes, while Sichuan North Road meets the demands of ordinary folk. In addition, Xujiahui Shopping Center, Yuyuan Shopping City, Jiali Sleepless City are thriving and popular destinations for those who are seeking to buy something special as a memento of their visit.

A wide variety of cuisines can be found in the City and today Shanghai offers a plethora of culinary delights focusing on the traditions of Beijing, Yangzhou, Sichuan, Guangzhou as well as its own local dishes. Shanghai's restaurants are among the finest to be found in China and they welcome diners from anywhere at any time.

Shanghai continues to grow and prosper meeting the aspirations of the 21st century while retaining its proud traditions of service and hospitality. The Oriental Pearl TV Tower, Jinmao Mansion and Pudong International Airport are the modern symbols of an international metropolis while the Shanghai Museum, Shanghai Grand Theatre and Shanghai City Planning Exhibition Center are evidence of the extensive and deep passion of a great city that extends a warm welcome to friends from all over the world.

CLOSE-UP ON THE NEW CHINA PROGRAM

DAY 5

**DOING BUSINESS IN CHINA. CHINA'S
ECONOMIC TRANSFORMATION AND WAY
FORWARD UNDERSTAND HOW A FOREIGN
ENTERPRISE OPERATES IN CHINA, VIEW
SHANGHAI 2010 EXPO SITE FROM THE
OBSERVATION OF THE WORLD'S LONGEST
ARCH BRIDGE.**

NOV • 10 • 2009

Learning Objectives

Learning Objectives

Team Missions:

- 1| Students are left on their own to go about the city without guide.
- 2| They have to work with the company selected in the real setting.
- 3| Networking session with expatriate executives in Shanghai.

Companies Selected:

- a. Good Year b. Inventec c. The GEM Group Ltd

Outcomes: As a result, participants will begin to: –

1. Get a chance to appreciate the renaissance of China's ceramics industry and a unique Chinese art form the acrobatic show.
2. Understand the value that foreigners played in the development of Shanghai
3. Relate trends information to personal observations
4. Relate operations in a Chinese retail establishment to those in an American store
5. Appreciate how business is done in a local context
6. Get a chance to know the 2010 Expo Plan

DESCRIPTION OF THE DAILY ROUTE

View Shanghai 2010 Expo site from the world's longest arch bridge, Lupu Bridge

QUESTIONS TO ASK

1. What makes people successful when operating in China?
2. Understand the issues associated with the revaluation of the RMB?
4. Understand the significance of maintaining a specific range for GDP?
5. Understand China's approach to growth and financial stability?
6. Be better able to assess economic opportunities in China?

UNIQUENESS OF THE MEAL FOR THE DAY

Free choice from thousands of world-standard restaurants in Shanghai.

CULTURAL ENCOUNTER

Get a sense of the service standard of the New China.

Profile of Speakers & Lectures



S K KO
EXECUTIVE DIRECTOR
(BUSINESS OPERATIONS),
THE GEM GROUP

S K Ko, a science graduate from the Universiti Sains Penang, Malaysia, had an illustrious career at the senior management level of multi-nationals, having served Motorola for much of her work-life. In the early days, she managed Motorola's Penang factory, producing telecommunications components and equipment. As a manager of a multi-ethnic and labor-intensive plant in Asia, Ko faced a number of challenges. Her success in the Penang Motorola factory was entered as a case study with Harvard Business School. During her tenure, she pioneered her own style of management that suited the cultural context of the factory and is a firm believer in staff training and development.

Well-known in the corporate world for her gentle but firm compassionate management style, S K Ko last served as Corporate Vice-President and General Manager, Motorola's Commercial, Government and Industrial Solutions Sector, Asia Pacific before retiring in 2003.

She is an honorary resident of the city of Nanning, an honor bestowed to her for bringing in the 911 system to the city, the first city in China to have installed a sophisticated emergency system. S K is also a recipient of many other awards, including the ones given out to outstanding women business leaders in the Asia Pacific; she is one of the few female corporate vice presidents in the Motorola Group.

Since her retirement, S K has been enlisted to provide mentorship and coaching services to CEOs and senior managers of multi national companies. In addition to being an active contributor of community charity in Malaysia and Singapore, S K and P Y support 30 children in China's Hope Project.

About Good Year



Goodyear Tire and Rubber Company

The Goodyear Tire & Rubber Company was founded in 1898 by Frank Seiberling. Today it is the third largest tire company in the world after Bridgestone and Michelin. Goodyear manufactures tires for automobiles, commercial trucks, light trucks, SUVs, race cars, airplanes, and heavy earth-mover machinery.

Although the company was not connected with him, it was named in honor of Charles Goodyear. Goodyear invented vulcanized rubber in 1839. The first Goodyear Tires became popular because they were easily detachable and low maintenance.

Company locations

Principal operating facilities

North American Tire Manufacturing Facilities. North American Tire owns (or leases with the right to purchase at a nominal price) and operates 23 manufacturing facilities in the United States and Canada.

10 tire plants (8 in the United States and 2 in Canada),
1 steel tire wire cord plant, 4 chemical plants,
1 tire mold plant, 3 tire retread plants, 2 aviation retread plants, and 2 mix plants (1 in the United States and 1 in Canada). at least one known hose plant (located in the United States).

These facilities have floor space aggregating approximately 24,900,000 square feet (2,310,000 m²).

European Union Tire Manufacturing Facilities. European Union Tire owns and operates 15 manufacturing facilities in 5 countries, including:

14 tire plants, 1 steel tire wire cord plant, 1 tire mold and tire manufacturing machines facility, 1 aviation retread plant, and 1 mix plant.

These facilities have floor space aggregating approximately 13,400,000 square feet (1,240,000 m²).

Eastern Europe, Middle East and Africa Tire Manufacturing Facilities. Eastern Europe Tire owns and operates 5 tire plants in 4 countries. These facilities have floor space aggregating approximately 7,300,000 square feet (678,000 m²).

Latin American Tire Manufacturing Facilities. Latin American Tire owns and operates 9 manufacturing facilities in 5 countries, including 6 tire plants, 1 textile mill, 1 tire retread plant, and 1 aviation retread plant. These facilities have floor space aggregating approximately 5,600,000 square feet (520,000 m²).

Asia Pacific Tire Manufacturing Facilities. Asia Pacific Tire owns and operates 10 tire plants and 2 aviation retread plants in 9 countries. These facilities have floor space aggregating approximately 6,200,000 square feet (576,000 m²).

Plant Utilization. Worldwide tire capacity utilization rate was approximately 86% during 2007 compared to approximately 82% in 2006 and 87% in 2005. 2007 utilization increased due to the recovery from the 2006 USW strike.

Other Facilities. Goodyear owns and operates three research and development facilities and technical centers:

Goodyear Technical Center in Akron, Ohio
Goodyear Innovation Colmar-Berg, Luxembourg
Technical Center in Kobe, Japan (a joint venture with Sumitomo Rubber Industries) Goodyear also owns six tire proving grounds, in the following areas:

About Good Year (cont'd)

San Angelo, Texas
 Mireval, France
 Colmar-Berg, Luxembourg
 Akron, Ohio
 Americana, Brazil
 JARI Ibaraki, Japan

The company also operates more than 1,800 retail outlets for the sale of tires to consumers, approximately 60 tire retreading facilities and approximately 160 warehouse distribution facilities. Substantially all of these facilities are leased

Recent history

On July 10, 2008, the Goodyear Tire & Rubber Company was recognized as one of America's most respected companies by the Reputation Institute (RI) and Forbes magazine. Goodyear ranked 16th on the magazine's third annual listing of companies with the best reputations in the United States.

The list is based on the results RI's Global Pulse consumer opinion survey, which measures the overall respect, trust, esteem, admiration and good feelings consumers hold toward the world's largest companies.

Scores are based on RI's seven dimensions of reputation: products/services, innovation, workplace, citizenship, governance, leadership and performance. RI said the 2008 survey indicates that consumers are most influenced by a company's high-quality products and services as well as its governance and citizenship.

Goodyear's score of 76.0, represented a 7.54 point increase over 2007 and was the largest year-over-year improvement of any company on the list. Goodyear is the only tire company on the top-75 list.

The recognition from RI and Forbes is the fifth significant honor for Goodyear in 2008. The company was named the world's most admired company in the motor vehicle parts industry by Fortune magazine. Audit Integrity Inc. and Forbes magazine ranked Goodyear

sixth on their list of America's most trustworthy companies. The Wall Street Journal recognized Goodyear for leading shareholder return for the past five years in the automotive category. Goodyear was also ranked among the Top 100 Corporate Citizens selected by CRO magazine.

The company announced in summer 2009 that it will close its tire plant in the Philippines as part of a strategy to address uncompetitive manufacturing capacity globally by the end of the third quarter.

Subsidiaries

Dunlop Tyres
 The Kelly Springfield Tire Company
 Fierce
 Lee
 Sava Tires (Slovenia)
 Fulda (Germany)
 Debica (Poland)
 Wingfoot commercial tire systems, LLC.
 Bluestreak(Indonesia)
 Regetta (Australia) Distributed by KMART
 LS2000 (Japan) Disributed by Goodyear Autocare

Goodyear is famous throughout the world because of the Goodyear blimp. The first Goodyear blimp flew in 1925. Today it is one of the most recognizable advertising icons in America. Goodyear is a former component of the Dow Jones Industrial Average.

Profile of The GEM Group



Global EduTech Management Group (GEM) is an educational investment holding and management group dedicated to developing education ventures in China and Southeast Asia. The investors of the group comprise high net worth professionals and owners of public companies from China and Southeast Asia. GEM is committed to building a network of third generation institutions of higher learning.

As expressed by the four-color stripes on GEM's logo, the operating principles comprise the following:

- Academic and professional excellence
- Efficient and effective management
- International and global outlook
- Industry Linkage and service to society

History

This is a story of three individuals and their friends who endeavoured to create meaning of their energy and connections to build a Generation III institution of higher learning in China. It all started during a farewell holiday trip between two good friends, former Chairman of Motorola China P Y Lai and Director of International Division of the Ministry of Electronics, Yang Shi Liang. After close to three decades of a rewarding career with two of the world's outstanding information technology company, Intel and Motorola, P Y was ready to retire from active business. Yang Shi Liang headed the international cooperation department of China's Electronics Department under the Ministry of Electronics, in-charge of forging Sino-foreign joint ventures. During Yang's tenure, he was instrumental in bringing big multinationals to China and headed the 909 High Technology Project, helping foreign multinationals to access China's market.

Dato P Y Lai and Director Yang Shi Liang, were both concerned with the acute shortage of the right kind of talent for China's growing economy. Both of them deliberated at great length on making effective contribution to China's higher education and were committed to do something meaningful after their retirement. P Y discussed this with Foong Wai Fong, the founding director of Megatrends Asia (a partnership with US Trend watcher and Futurist John Naisbitt), who has already shifted her base from Kuala Lumpur to Shanghai in 2000, to study up close trends of a rising China. Wai

Fong has also been heavily involved in the sustainable development activities in China by volunteering in many programs that involves the environment and education.

The trio concluded that higher education is a critical area that is needed to sustain China's growth, and went about persuading other like minded friends to join the group. The GEM Group was founded in 2002 with the purpose of setting up a private, for-profit Generation III higher education. Soon after incorporation, the group began looking around for a possible location to site the flag-ship operation.

The Suzhou Industrial Park (SIP), a joint venture between the Singapore and Suzhou government, dedicated to becoming a new industrial park for multinationals wishing to set up base in China had been successful in attracting foreign investors. After more than a decade of growth, the leadership at the park was thinking about the challenges of migrating up the value chain. Vice Mayor Wang, an acquaintance of P Y and Yang, learnt of The GEM Group's plans, immediately offer them to set up this new education base in Suzhou. There were no shortage of places in China that have offered land and concession to the group, but Suzhou was finally picked because of its strategic position in the Yangtze River Delta. Suzhou has the necessary conditions that the Group feels are conducive for private education.

Hence on February 27, 2003, a collaboration agreement was signed between SIP and The GEM Group.

Profile of The GEM Group (cont'd)

Today, The GEM Group, through its subsidiaries, GEM Suzhou in China (The HKU SPACE Global College, GEM-Microsoft Software Technology Center, Global Hanyu & Culture College, First Light Institute, GEM English Academy) and GEM M Sdn Bhd (The Disted Stamford College in Penang and The Confucius Institute Language Resource Center in Kuala Lumpur) established itself as a leading provider of higher education programs for undergraduates and postgraduate students who wish to have an internationalized experience while pursuing their degree studies. The GEM Group also aims to provide a contemporary experience on China for international students.

Milestones of The GEM Group

Events	Date
Incorporation of GEM (M) Sdn Bhd	14 November 2002
Incorporation of GEM BVI Ltd (Investment holding for the GEM Group)	24 February 2003
Incorporation of GEM (Suzhou) Ltd	17 July 2003
Incorporation of GEM (HKG) Ltd (For investment holding in Beida Software College)	Nov 2003
Incorporation of SGEM Ltd (For investment holding of HKU SPACE Global College)	9 March 2004

Agreements signed	Date
Collaboration and Concession with Suzhou Industrial Park	27 February 2003
Partnership with HKU SPACE to form HKU SPACE Global College	15 March 2004
Collaboration agreement with WMG, Warwick University	31 January 2004
Collaboration agreement with ENZI	18 July 2003
Collaboration agreement with Rochester Institute of Technology	14 March 2005
Collaboration agreement with Shanghai Jiao Tong University & Approval by Hanban on Confucius Institute	8 October 2005
Collaborating agreement with Microsoft Corporation	20 December 2005
Commissioning of the GEM-HSGC New Campus	19 January 2006

ANCHOR COLLEGES AND PARTNERS:

In the business plan, three anchor colleges/divisions are being developed:

The Business and Management School

The GEM Group's partnership with the University of Hong Kong, being executed via the School of Professional and Continuing Education (HKU SPACE) will work towards developing the business and management school for the group. This is now actualized through HKU SPACE Global College (HSGC), a fully licensed higher diploma (Dazhuan) college, the first Sino Foreign joint venture college approved by Jiangsu Province. HSGC started its first intake of students in September 2005.

The School of Technology and Software Engineering

The GEM Group's partnership with the Rochester Institute of Technology (RIT) and Microsoft Corporation will work towards developing the Technology and Software Engineering School for the group. Phase I of this is being actualized through program collaboration with RIT and the setting up of the GEM Software Engineering Training Center, Suzhou, in partnership with Microsoft. First intake of students took place in early 2006.

Profile of The GEM Group (cont'd)

Languages and Culture, China Knowledge International Programs

This is a special division within the Group that will work to bring English language training to China, and bring Hanyu training to foreigners within China and outside of China. Hanyu training is operated under the Chinese-government sponsored Confucius Institute, the GEM Group owns the franchise for Malaysia. The Group through the Global Hanyu and Culture College is developing a body of knowledge on the new China and is cooperating with Business Schools from around the world to offer this program, as an embedded program in the MBA's Doing Business in China and an international residential program for foreign students in China. A Pioneer University partner in the Close up on the New China program is the Notre Dame Business School in the US.

UNIQUE FEATURES OF THE GEM GROUP'S PROGRAM OFFERINGS:

To distinguish ourselves and to fulfill our corporate mission, all programs are designed with the following guiding principles:

1. Medium of instruction: English.
2. International curriculum: This is achieved through program collaboration with leading university /knowledge providers or through owned design.
3. International faculty: The anchor faculty member/academic director will come from abroad, and the colleges will maintain an appropriate ratio of foreign/local teaching staff.
4. International student body: Students from the mainland will form the bulk of the student body; overseas students will eventually make up at least 30-40% of our student population.
5. Co-op and Industry Linkage: This is a distinct feature of our program; GEM aims to become a pioneer and an outstanding provider of co-op education in China.
6. China Knowledge: It is important that the world understand the implications of a rising China. The GEM Group is integrating its academic and intellectual resources together to form a strong body of New China knowledge. This China knowledge will be embedded in most of our programs.

The Unique Features of GEM's Education Product:

- International Curriculum
- China Experience/ Knowledge
- International Faculty
- Industrial/Co-op Experience International Qualification
- Global Skills; languages and culture

About Inventec



Founded in 1975, Inventec has enjoyed a leading reputation in Taiwan's electronics and technology industries. Starting out as a manufacturer of electronic calculators, Inventec has moved forward into the design and manufacturing of high-tech products such as notebooks, enterprise servers, storage products, wireless communications, network applications, consumer mobile devices, consumer electronic devices, and wireless solutions. Currently, the annual production capacity of notebooks exceeds 30 million units, over 3 million servers and 5 million smartphones. Being the biggest server ODM and one of the top 4 Notebook makers worldwide, Inventec 08' revenue has reached 10 billion dollars with growth rate over 33%.

Inventec has 3 primary groups for overall business and administrative operation. The individual business units provide full-function R&D, customer QA, engineering and customer service to meet customer requirements in personal computing, consumer electronic and commercial products.

Since its establishment, the Inventec Group has adhered to a corporate philosophy of "Innovation, Quality, and Execution". Starting as the manufacturer for calculators and telephone sets, Inventec later built a solid foundation and global reputation in the ODM business for notebooks. Stepping into the 21st Century, Inventec has further expanded the business into mobile computing, wireless communication, consumer electronics and software development. The company has focused on fostering talent, improving profitability, and investing in the future; and has maintained a leading edge in professionalism and competitiveness. Inventec is a cutting edge technology company which designs, develops and manufactures the best e-products for commercial, individual and home customers.

Shanghai from the Lupu Bridge



Crosses:	Huangpu River
Locale:	Shanghai, People's Republic of China
Design:	Arch Bridge
Total length:	3,900 m (12,795 ft)
Width:	28.7 m (94 ft)
Longest span:	550 m (1,804 ft)
Clearance below:	46 m (151 ft)
Opening date:	June 28, 2003

The Lupu Bridge, in Shanghai, China, is currently the world's longest arch bridge. It was officially opened on June 28, 2003. With a main span of 550 metres over the Huangpu River, the 2.5 billion yuan (US\$302 million), 3,900-metre Lupu Bridge beats the previous record holder, the New River Gorge Bridge in the American state of West Virginia. The name of the bridge, Lupu, is an abbreviation of the two districts of Shanghai which it links - Luwan District on the north bank, and Pudong New District on the south bank. This follows the naming convention of the three earlier bridges on the Huangpu River - Nanpu (Nanshi-Pudong), Yangpu (Yangpu-Pudong), and Xupu (Xuhui-Pudong).

Controversy - The Lupu Bridge is heavily criticized by the Chinese public and scholars alike for being wasteful, not over whether the bridge was needed or not, but rather what types of bridge is needed. Although the project was relatively free of corruption during its bidding and the construction process, the public sentiment against it was nonetheless extremely strong, because it was viewed as the a showpiece project for the Shanghai municipal government.

During the hearings and evaluations of the construction of the bridge, scholars / experts agreed with the local government in that a bridge was indeed needed for further development, but that was where the similarity ended. The experts have continuously advocated the local government on alternative designs that cost much less and produce the same result, but the local government, under the reign of disgraced mayor Chen Liangyu, decided against the advice to select the current arch bridge design, and the reason was simply because for the cheaper alternative bridge designs, there were already in existence in Shanghai, and the arch bridge design not only provided a first for the city of this design, but also enabled the city to claim a world record for being the longest. Critics point out that such showpiece project is the proof of the city officials' superficiality, and ignored the real need of the city, causing the city and its residents to pay much more and much longer in the long run to recover the investment cost.

Trivia- Yao Ming, the Chinese-born NBA basketball player, ran among the first group to cross the bridge during the opening ceremony. The top of the west tower is open for visitors, with access from ground level by elevator then along and up the north east arch to the viewing platform at the top. Most of the time a guide will accompany you. (And maybe a security guard as well.) From the top you can see the development underway for the expo site on both sides of the river.

Like the Sydney Harbour Bridge, the Lupu Bridge offers a sightseeing experience of climbing the arch of the bridge. At the top of the arch, an observation platform is available to view the site of the 2010 Shanghai World Expo. For information on climbing the bridge, checkout this website - Shanghai Climb.com

The Bund



The Bund (Wai Tan) is one of the symbols of Shanghai.

Located along the Huangpu River, the Bund shows off Shanghai's outstanding foreign buildings, most of which were erected before 1937. To the Europeans, the Bund was Shanghai's answer to Wall Street. In the 1930s, the string of buildings hosted the city's financial and commercial centers, and the world's greatest banks and trading empires established a base here.

"The Bund" was derived from the Anglo-Indian term that literally means "a muddy embankment." At the beginning of the 19th century, the area was a mere shallow waterfront covered with reeds.

At the northwestern end of the Bund was Huangpu Park (once called British Public Gardens). More of a pedestrian walkway than a conventional park, this area was also under the control of the Brits. It was forbidden territory to Chinese people for years, unless they were accompanying employers. Today, the park is free and open to everyone; it is a well-maintained walkway providing excellent views over the river to Pudong and down the river to the old Customs House and other colonial relics.

On the west side of the Bund are various towering buildings of different architectural styles, including Gothic, Baroque and Romanesque. The combination of these structures creates a unique boulevard that resembles the Liverpool Docks and 1920s New York City.

Today, the Bund is in the process of another transformation. The building, identified by a crowing dome, is the old Hong Kong & Shanghai Bank, which was completed in 1921. For many years it has housed the Shanghai People's Municipal Government. The statues that once lined the Bund no longer exist. The pair of bronze lions that once stood outside the Hong Kong & Shanghai Bank are now housed at the Bund History Museum.

Shanghai Xintiandi



Shanghai Xintiandi, the first development in the Taipingqiao Redevelopment Project, is an urban tourist attraction imbued with the city's historical and cultural legacies. Located at the City Centre of Shanghai, and only one block south of the prestigious Huai Hai Zhong Road and its Metro station, the project has a site area of 30,000 square meters and a gross floor area of 60,000 square metres. Shanghai Xintiandi features a multitude of specialist F&B, retail, entertainment, cultural, recreational, commercial and residential facilities in restored "Shikumen" houses - a special old form of building architecture only found in Shanghai - as well as state-of-the-art new buildings, catering for both residents and visitors. With this unique architectural design, Xintiandi has won the national "Innovation China 2001 - Architecture Award", "AIA Hong Kong Citation 2002" and 2003 Award for Excellence from US-based Urban Land Institute.



Xintiandi is divided into the North and South Blocks. In the North Block, antique buildings with their modern interior design, decorations and equipment play host to a dazzling array of restaurants specialising in French, American, German, British, Brazilian, Italian, Japanese, Taiwanese and Hong Kong cuisine, putting on display the full international dimension of Shanghai Xintiandi. The dividing line between the two blocks, Xingye Road, is the site of the First Congress Hall of the Chinese Communist Party. In the South Block, modern architecture is the motif while Shikumen is an accompaniment. A shopping, entertainment and leisure complex of 25,000 square metres in the South Block opened in mid 2002. Aside from a series of international restaurants representing the flavors of the world, there are classy boutiques, accessory shops, a food court, a movie cinema, a great one-stop fitness centre as well as 88 Xintiandi Executive Residence, which offers luxurious serviced apartments. There is also an underground carpark with 220 parking spaces.

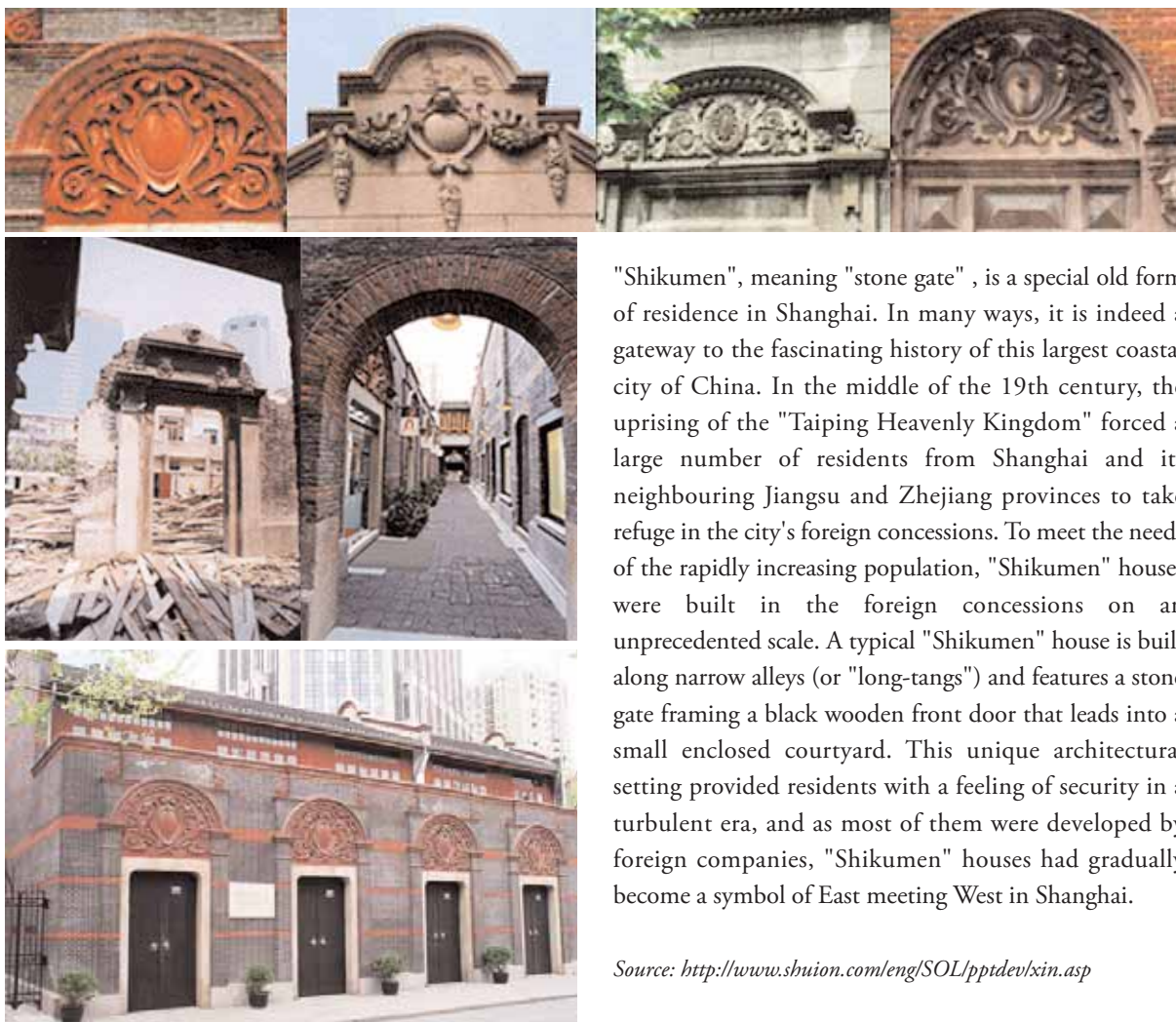
Shikumen houses are a relic of Shanghai's fascinating history, but over the years had sadly deteriorated because of the lack of maintenance. In order to restore the original appearance of the Shikumen "long tangs" (alleys), Shui On reconstructed selected buildings based on old design drawings. The original bricks and tiles were preserved before construction commenced.

Shanghai Xintiandi (cont'd)

A lot of time and effort were spent on the design and construction stages to preserve the old architecture. Yet the beautifully restored old buildings also boast the latest modern facilities, such as modern M&E systems, escalators and concealed fibre-optics.

Today, Xintiandi has developed into a commercial and entertainment hub in Shanghai that fully accomplishes Shui On's goal: "Yesterday meets tomorrow in Shanghai today".

Shanghai Xintiandi is designed by Wood and Zapata Inc., a Boston-based architectural firm specialised in adaptive re-use of old buildings, and the Singapore office of Nikken Sekkei International Ltd. The Shanghai Tongji University Urban Planning, Design and Research Institute serves as the architectural consultant.



"Shikumen", meaning "stone gate", is a special old form of residence in Shanghai. In many ways, it is indeed a gateway to the fascinating history of this largest coastal city of China. In the middle of the 19th century, the uprising of the "Taiping Heavenly Kingdom" forced a large number of residents from Shanghai and its neighbouring Jiangsu and Zhejiang provinces to take refuge in the city's foreign concessions. To meet the needs of the rapidly increasing population, "Shikumen" houses were built in the foreign concessions on an unprecedented scale. A typical "Shikumen" house is built along narrow alleys (or "long-tangs") and features a stone gate framing a black wooden front door that leads into a small enclosed courtyard. This unique architectural setting provided residents with a feeling of security in a turbulent era, and as most of them were developed by foreign companies, "Shikumen" houses had gradually become a symbol of East meeting West in Shanghai.

Source: <http://www.shuion.com/eng/SOL/pptdev/xin.asp>

CLOSE-UP ON THE NEW CHINA PROGRAM

DAY 6

VISIT LEADING RETAIL OUTFIT IN SHANGHAI ,UNDERSTAND HOW A FOREIGN ENTERPRISE OPERATES IN CHINA AND THE EXPERIENCE OF RETAIL MARKET IN CHINA. VISIT TO THE TALLEST BUILDING IN MAINLAND CHINA, THE WORLD FINANCIAL CENTER IN PUDONG.

NOV • 11 • 2009

Learning Objectives

Learning Objectives

- 1| Examine how foreign enterprises operate in China, how they deploy local talent and build their local team; how the Chinese team work with the home team
- 2| Experience the ambition and grandeur of the tallest building in Shanghai and examine its impact on the psyche of the locals.
- 3| Experience the Consumer behavior and Foreign Retail Management in China.
- 4| Develop an understanding of what common products are successful in this region and how consumer preferences influence design, taste, and product offerings.
- 5| Experience China's exciting acrobatic show.

Outcomes: As a result, participants will begin to: –

1. Understand the value that foreigners played in the development of Shanghai.
2. Understand how foreigners interact with the Chinese and what are the success strategies in cultural integration.
3. Appreciate the excitement of living in a city of 20 million people.

DESCRIPTION OF THE DAILY ROUTE

A day from Puxi to Pudong.

QUESTIONS TO ASK

1. After joining the WTO, how many foreign products in China are actually imported from other WTO members in the local retail sector?
2. How much do I have to spend for food and daily use if I live in Shanghai for a week as a resident?

UNIQUENESS OF THE MEAL FOR THE DAY

Free Choice. Recommended Little Steam Dumpling.

Let China's Retail Wars Begin

JANUARY 17, 2005 Business Week

Newly unfettered foreign chains could grab more of China's market

On a cold and windy Friday afternoon, Li Fang is rushing to get some shopping done before the weekend begins. And the 30-year-old human resources manager knows exactly where she wants to go: the Carrefour hypermarket, a 10-minute bus ride from her apartment in north Beijing. It's not the cheapest option, but the French-owned store has all the meat, vegetables, and fruit she needs. "Carrefour offers high quality and a better variety of products compared to other supermarkets," she says.

Many more Chinese will soon get a chance to sample the quality and variety at Carrefour and other foreign-owned stores. In keeping with the conditions for China's membership in the World Trade Organization, Beijing on Dec. 11 lifted most restrictions on foreign retailers. Gone are limits on the number of stores, rules confining them to large cities, and regulations capping the foreigners' stake in local ventures at 65%.

China erected those hurdles to give its own companies a chance to copy the West's big-store model – and they have done so with great success. The top four retailers in the country are all run by the government or local entrepreneurs, led by a rapidly expanding chain called Shanghai Bailian. But the foreign companies are nipping at the locals' heels, and they have big plans for expansion now that the barriers have been torn down. Paris-based Carrefour has some 240 stores in China, and plans to open as many as 150 more this year. Its 2003 sales of \$1.8 billion make it China's fifth-biggest retailer. China "is very important for our future," says Jean-Luc Chéreau, executive manager of Carrefour China.

PREMIUM ON CONVENIENCE

Carrefour was quick to get into China and often pushed the regulatory envelope, bypassing Beijing and cutting deals with local governments. Although that strategy got Carrefour into hot water at the time, the company has emerged as the undisputed leader. It has even bested its Bentonville (Ark.) rival, Wal-Mart Stores Inc., (WMT)

which has 43 stores in 20 Chinese cities, and another 10 in the works this year. Germany's Metro is the No. 3 foreign player, with 24 stores and another 40 within five years. All told, dozens of foreign companies have opened in the mainland.

Why the rush? Over the past 20 years, retail sales in China have jumped nearly 15% annually, to some \$628 billion in 2004 -- making it the third-largest market on earth. And consumer expectations have shot up even faster. Just a few years ago most Chinese were content to line up in state-owned stores to buy whatever meager products were available, then shuffle off to unsanitary outdoor markets for meat, eggs, and vegetables. Now both local chains and the multinationals are pushing out the stodgy old state retailers and mom-and-pop shops by building big, convenient stores in choice central locations in Beijing, Shanghai, and Guangzhou. With the end of geographic restrictions, the battle for dominance will shift to smaller cities.

The customers are a middle class that today totals at least 100 million. These shoppers like to buy clothes, TVs, and groceries at clean, modern outlets with a full range of products on hand. Surveys show that the top factors Chinese consider in deciding where to shop these days are convenience, followed by the spaciousness and comfort of stores and the selection they offer. Price ranks only sixth, according to researcher ACNielsen. Shopper Li would concur. One of the best features of the two-story Carrefour: It's easy to find what she's looking for. "The layout is perfect," she says.

With the foreigners attacking their home turf, Chinese retailers are fighting back. Take China Resources Enterprise Ltd., which operates more than 1,700 supermarkets and hypermarkets, including China Resources Vanguard stores. The retailer has trimmed its staff to boost profitability, and has sought to improve management by raiding the foreign chains. Today nearly half of the middle and senior managers in CRE's retail

Let China's Retail Wars Begin (cont'd)

unit have worked at foreign-owned stores. Those foreign-trained managers have brought in marketing expertise. For instance, to build brand loyalty CRE rewards frequent shoppers with discounts, and the company has rolled out more than 60 private-label products, including bottled water, shampoo, and body lotion. And CRE is moving upscale. The company this year expects to open four "lifestyle" stores offering higher-quality products. Plans call for an additional 20 such stores within three years. "We are targeting middle-class people with money," says Jonathan Wang, chief operating officer of China Resources Vanguard.

There's consolidation sweeping the sector, too. Shanghai Bailian, which boasts nearly 5,000 stores and 2003 sales of \$5.86 billion, has won permission to take over four rivals. And CRE in December boosted its stake in China's 10th-largest retailer, Suguo Supermarket, to 85%. Beijing's ultimate goal is to create a dozen or so big local players that will be strong enough to compete with the multinationals at home and expand overseas. "China's market should be mainly dominated by Chinese retailers," says Huang Guoxiong, a professor of economics at People's University in Beijing. "It is not possible to allow foreign retailers to take the dominant position."

NERVOUS OFFICIALS

There's little doubt that Chinese retailers and government officials are getting nervous about the growing foreign competition. Vice-Premier Wu Yi -- Beijing's tough trade negotiator -- last year met with the heads of top retail companies to discuss strategy. Under Wu's guidance, the Commerce Ministry is considering guidelines that would require cities to provide detailed blueprints for all retail expansion plans. Some fear that measure could be used to brake the foreigners' advance.

Ultimately, the clash between locals and foreigners may be tempered by realities on the ground. While the locals need managerial talent, financing, and greater scale, the foreigners need help navigating China's vast retail market -- and even more so as they move beyond the large coastal

cities. That means that in spite of the newly relaxed rules on ownership, Wal-Mart, for one, will continue to work through joint ventures. "Our partners are knowledgeable about the business in China, and we learn from them," says Wal-Mart spokesman Bill Wertz. And foreign retailers that decide to go it alone may soon find themselves facing many of the same problems the locals have -- fickle customers with little brand loyalty and challenges hiring decent staff. Shopper Li's sole complaint about Carrefour: "I can never find employees when I need them." The stores, local or foreign, that get such issues right are the ones that will win the battle for the wallets of China's consumers.

By Dexter Roberts in Beijing, with Wendy Zellner in Dallas and Carol Matlack in Paris

Commerce minister: China to top Asian consumer markets in 2009 (Xinhua)

Updated: 2008-09-08 20:31

XIAMEN - By 2009 China will become the largest consumer market in Asia, said Chinese Minister of Commerce Chen Deming.

Speaking at the 12th Xiamen International Trade and Investment Fair on Monday in the east Fujian Province, Chen predicted entertainment, housing and tourism will expand their shares in the domestic market.

"As one of the world's fastest growing consumer markets, China is a world leader in mobile phone sales, domestic tourism, and broadband network penetration," said Chen.

He also noted China is the second largest seller and buyer of gold and automobiles in the world. The country ranks third in consumption of luxury items and health care supplies.

The average per capita GDP reached US\$2,456 last year, said Chen. He added that consumption had bigger shares than investment for the first time in the nation's economic growth.

For the past five years, China's annual consumption growth rate had been 13.1 percent. If the growth rate continues at just 10 percent, China's consumer market scale will exceed 30 trillion yuan (US\$4.38 trillion) by 2020.

Chen predicted China will top the global luxury market by 2014, with a market share of 23 percent. He also said by 2015, the country could become the world's fourth largest provider of outbound tourists.

Currently, China is the second largest consumer market in Asia next to Japan. That is predicted to change by 2015. According to a report by the Boston Consulting Group, done in 2007, China is likely to become the

world's second largest consumer market next only to the United States.

http://www.chinadaily.com.cn/china/2008-09/08/content_7008871.htm

Selling to consumer via Internet:

The Charoen Pokphand Group (CP Group), Thailand's biggest agribusiness conglomerate, plans to expand its business in China through internet. Somkit Tantadvanichkul, president of MallAsia, a CP Group subsidiary to operate websites, was quoted as saying that the group will use several internet portals to attract Chinese consumers, particularly those in Shanghai.

The e-commerce plan, he said, will complement the CP Group's conventional businesses and distribution centers in China, which has an estimated 30 million internet users, of whom six million are in Shanghai,

The group opened its 335-million-U.S.dollar Super Brand Mall, a huge shopping center in Shanghai, a website named MallAsia.com was launched as a marketing wing for the shopping center.

The website, which provide information in both English and Chinese, plans to invite Thai furniture, leather goods and clothing manufacturers to offer their products through the website to Chinese customers. Another website targeting China, namely Sand and ThaiFoodMart.com is part of the e-commerce plan.

Profile of Kodak




*If only half the people there (China) shot a single 36-exposure roll of film a year -- a fraction of usage rates in other countries -- that would swell the number of worldwide 'clicks' by 25%. Each second, 500 more photos will be taken. That is the equivalent of adding another U.S. or Japan to the world photographic market." - **George Fisher, Chairman and CEO, Eastman Kodak, in 1998***

Kodak, founded in 1884 and headquartered in Rochester, New York, had revenues of \$13.3 billion in 2003, an increase of 3.8% over that of the previous year. Net income came down by 65.5% from \$770 million in 2002 to \$265 million in 2003.

The company manufactured and marketed consumer, professional, and health imaging products and services. In 2003, Kodak was the market leader in 32 product categories within its five business areas.³ By 2003, Kodak had almost 28,000 U.S. patents, of which 5,000 were earned between 1995 and 2000. The 2003 Tech Brand Scorecard by Forrester Research⁴ mentioned Kodak as the second most trusted manufacturing brand.⁵ Since the inception of the Academy Awards in 1929, every Oscar for Best Picture has been awarded to a movie shot on Kodak film. Kodak established its first representative office in China in Shanghai⁶ in 1927. In 1984, when China wanted to strengthen its own photo industry, Kodak helped Xiamen Fuda Photomaterials Co.,⁷ (Xiamen) in building a color film plant.

In 1993, Kodak operated from the three locations of Beijing, Shanghai, and Guangzhou⁹ and had an employee strength of 30. It was only after George Fisher (Fisher) became the Chairman and CEO of Kodak in December 1993 that the company went into an expansion mode in China.

Making Inroads Into China

Throughout the 1980s and till the mid-1990s, Kodak was a poor rival to Fuji Film (Fuji)¹⁰ and Lucky Films (Lucky)¹¹ in China's photographic products market. Kodak's 500-odd branded outlets in China in the mid-1990s were less than half of Fuji's. Succeeding in China was important for Kodak, as according to Fisher, "To be the leader in the world, you have to be the leader in China."¹² The first Kodak Express¹³ shop in China was set up in 1994. In 1995, China was Kodak's 17th largest market. In 1997, Kodak had sales of \$250 million in China. In 1997, the company moved the office of the assistant chief operating officer¹⁴ of Kodak to Hong Kong from the Kodak Headquarters at Rochester.

In 2003, Eastman Kodak's (Kodak) China operations recorded sales of over US \$1 billion, a 12% growth over that of the previous year. This was in contrast to its global sales growth of only three percent during the same period. Earlier, in 1997, Kodak estimated that the Chinese market for film and related products would grow at a rate of 15-30% per year.

Profile of Kodak (cont'd)

In the late 1990s, there was a saturation of demand for Kodak products in the US and European markets, which saw stiff competition in the sales of traditional film. During Q4 1998, sales fell by 13 percent as compared to Q4 1997 and there was a loss of \$744 million in Q4 1998 as compared to the profits of \$164 million in Q4 1997. With declining sales in the developed markets, Kodak began to look to emerging markets like China and India for growth opportunities. To be the leader in the Chinese market, there was a need for Kodak to keep the price of its products at the minimum and also ensure that its products were available to consumers in both the rural and urban markets.

Growth Strategies

Till 1998, Kodak products were being imported to the mainland through Hong Kong. The company realized that to gain economies of scale, it had to start its manufacturing operations in China itself.

In 1998, Kodak took over three ailing Chinese companies to form Kodak (China) Company Limited (Kodak China) and Kodak (Wuxi) Company Limited (Kodak Wuxi). Manufacturing in China, coupled with local tie-ups and marketing moves like increasing the number of retail outlets, ensured that Kodak's business improved in China.

The Far Eastern Economic Review in 2001 reported Kodak's photo sales in 2001 to be around \$500 million, 10 % of its total non-US sales. ² In 2002, China became Kodak's largest market after the US. By 2003-04, Kodak had a market share of almost 50% in the Chinese film market.

According to estimated figures, Kodak's sales of film products in China were worth around \$500 million in 2000. This was more than 10% of Kodak's reported \$4.7 billion overseas sales in 2000. Kodak's sales in China

grew by 10% in 2000, after a 30% rise in 1999. Kodak became profitable on an operating basis in China in 2001, three years ahead of schedule. By 2001, China had become Kodak's No. 2 global market. In April 2001, figures released by China Central Television showed that Kodak had a market share of 63% in China's roll-film market while Fuji had 26% and Lucky had 8%. In 2001, Kodak was opening three shops a day on an average and the total number of retail outlets increased to 6,000.

(Resource from: www.icmr.icfai.org)

Kodak's China Strategy Not Black-and-White

The world's largest imaging producer, the US-based Eastman Kodak continues to commit itself to both traditional and digital businesses in China, although its global strategy has shifted to digital products in line with international consumption trends.

Daniel Carp, chief executive officer (CEO) of Kodak, believes China is a "diversified market," with different types of consumers, and therefore a local strategy should be adopted.

"The strategy in China is part of our global strategy, as developing the customers of traditional cameras is cultivating our future customers of digital products," Carp said during a recent trip to Changsha, capital of Central China's Hunan Province.

The company has donated a total of 5,000 traditional cameras in Lanzhou, capital of North China's Gansu Province, and Changsha, hoping the "camera seeding" project will stimulate traditional camera consumption in the region. Currently only 20 percent of Chinese families have cameras, while the percentage for rural areas is far behind the national level, the company's survey indicates. In China, the per capita consumption of film was less than one roll (0.2) last year, compared with the three to four rolls per person annually in developed countries.

Profile of Kodak (cont'd)

In more developed regions, such as Beijing, Shanghai, Guangzhou and other eastern coastal cities, the popularity of digital cameras is similar to that in Japan.

In September of 2001, Kodak divided China into two sales regions: The first region, which includes developed cities, will focus on promoting digital products; and the second region, consisting of the secondary cities, towns and vast rural areas in the country's central and west provinces, will develop the traditional business.

The second sales region has more than 1 billion people. With the rapid economic growth in China, Kodak believes the business in the region will boom, Carp said.

The company sold 2 million traditional cameras in the region last year, and the figure for the first quarter of this year is 1 million. Whole-year sales volume is expected to hit 4 million this year, according to Meng Xianguang, manager of Kodak's Chengdu branch.

Earlier this year, Kodak announced that the company would stop selling traditional cameras in the United States, Canada and some European countries. The decision indicates the imaging giant has shifted its focus from traditional cameras to its digital business in developed countries.

"It is a fact that everything in the world can become digital in the future, and Kodak is taking advantage of the transfer," Carp said.

Kodak recently announced its financial results for the first quarter of the year: Company revenues hit US\$2.92 billion worldwide, up 11 percent year-on-year. Revenues for the digital business grew by 44 percent, while the traditional business saw revenue decrease by 2 percent.

"Such an achievement indicates that Kodak's strategy of 'going digital' is correct," Carp said.

But in China the situation is more complicated, therefore the strategy is more comprehensive, the CEO said.

"There are three backbones for our future growth in the country: the consumers' business (cameras and imaging), the healthcare (medical imaging) area and the commercial (film/movie) use. All of which consist of both digital and traditional products," Carp said.

Since establishing its first representative office in Shanghai in 1927, Kodak has invested more than US\$1.2 billion in China, manufacturing films, traditional cameras, digital cameras and photo developing equipment.

More than 90 percent of Kodak's digital cameras are made in China. In March, the company established a disposable camera plant in Xiamen, in East China's Fujian Province, which transformed the coastal city into the world's largest disposable camera production base.

The factory is capable of producing 100 million disposable cameras annually, and more than 90 percent will be exported to the United States, Japan and Europe. *(Resource from: China Daily May 10, 2004)*

Future Outlook

China's GDP growth rate for 2003 was 9.1%. Goldman Sachs projected that China's economy with a GDP of \$1.41 trillion in 2003 would overtake Japan's by 2015 and America's by 2039.

In 2003, the consumption of film rolls was 3.6 per person per annum in the US and Japan, while it was one in China. The kind of growth predicted for the Chinese economy combined with the potential for Kodak's growth made Carp state, "In my career, it will be the biggest picture market in the world." In 2004, Kodak stopped selling traditional film cameras in the United States, Canada, and Western Europe but continued to sell film-based cameras and supplies in emerging markets like China.

(Resource from: www.icmr.icfai.org)

About LOTUS



HISTORY OF CP GROUP

CP Group, who ranking in the fortune 500 conglomerate, is the headquarter of Lotus. Since its foundation as the Chia Tai seed shop 80 years ago, the Charoen Pokphand Group has demonstrated the acumen and entrepreneurial spirit that characterizes all of the world great business and industrial empires. Seizing opportunities where they found them, developing the necessary management and technological skills, and always planning for a better future, CP has "grown with Asia." Today, this Thai anchored business group with 250 companies in 20 countries, employing more than 100,000 people, is one of the largest single foreign investors in China, and stands at the forefront, as Asia's leading globally committed conglomerate.

LOTUS SUPERCENTER PROFILE

CP Group, ranking in the fortune 500 conglomerate, took the lead in setting up its hypermarket--- Lotus in China. Within past 10 years after the opening of its first store in Pudong area of Shanghai on June 23, 1997, Lotus is now opening over 75 shopping centers in China. With the most advanced modern shopping concept, Lotus has been regarded as creditable store by providing new shopping experience and comfortable environment as well as high quality merchandise at everyday low price.

Continuing its stable development situation, Lotus keeps its sales growth around 20% to 30% every year and population over 50 million. Meanwhile, Lotus will welcome a speed development period in next 3 years and plan to set up 100 stores in major cities all around China by 2005. Depending on our scale management and purchasing, Lotus can further extend and consummate its chain networks in China, and will extend our every day low price principle.

Lotus's aim is to become the favorite and "one stop shopping" place for all the family members. We offer a large assortment of quality merchandise at low price, from fresh vegetable to snacks, from electronic to transportation, from apparel to furniture, from health and beauty aids to toys and many more.

Lotus's objectives are to offer warm and friendly service to all customers. We hope to provide a resource of employment and to improve the quality of life and standard of living for the Chinese people.

Profile of Speakers & Lectures



**PROFESSOR
GOUXIANG HUANG**

Professor Guoxiang Huang graduated from University of International Business and Economics in Beijing. He worked for a short period at the Ministry of International Trade and Economics in the Peoples Republic of China. From 1985-1987, he studied Masters courses at Shanghai Jiao Tong University. From 1993-1994, Professor Huang was invited to be a senior visiting professor at the University of British Columbia, Faculty of Commerce in Vancouver, Canada.

He has also visited the United States, Europe and participated in many international business conferences and economic exchanges. He has been published in numerous leading magazines such as: International Trade Journal, International Business Research, and Shanghai Management and Science. His main research areas are international enterprises, cross culture management, multi-national strategy development research, and international technology transfer etc.

For the past 8 years, Professor Huang has been the director of the UBC IMBA program in Shanghai. He also does consulting work for companies who are seeking to enter the Chinese market.

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Chinese Acrobatic



Chinese Acrobatics is one of the oldest performing arts, dating back of between 475-221BC. Chinese acrobatics can be called a national art. It is one of the art forms most popular among the Chinese people. In the past twenty some years, some acrobats in China have taken this folk art to a new height. The children, aged 6 to 15, have started their career here and will entertain the whole nation and the world over when they are mature in skills.

Despite the popularity of Chinese acrobatics in old days, it was never performed in theatres because it was looked down upon by the feudal class. However, in 1949 the people's government began developing national arts, and acrobatics gained a new life. All regions of China now have their own acrobatic troupes, and the veteran performers are now able to display their skills. Chinese acrobatics makes use of costumes, props and lighting too, which represent the optimism, resourcefulness, and courage of the Chinese people.

History of Chinese Acrobatic Art

The acrobatic art has been existent in China for more than two thousand years. In the long course of development, the Chinese acrobatic art has formed its own style. The ancient acrobatics stemmed from the people's life and had a close link with their life and productive labor. Instruments of labor like tridents, wicker rings and articles of daily use such as tables, chairs, jars, plates and bowls were used in their performances.

As early as the **Warring States Period** (475-221 BC), there

Chinese acrobatics makes use of costumes, props and lighting too, which represent the optimism, resourcefulness, and courage of the Chinese people.

appeared rudiments of acrobatics. By the time of the Han Dynasty (221 BC-220 AD), the acrobatic art or "Hundred Plays" further developed both in contents and varieties. There were superb performances with music accompaniment on the acrobatic stage about two thousand years ago.

In the **Tang** Dynasty, the number of acrobats greatly increased and their performing skills much improved. Progress in Chinese acrobatics was very great during the Tang Dynasty, between the 7th and 10th centuries, when performances were often held at the imperial court, a tang mural in the Dunhuang Grottoes, An outing by the lady of Song, shows acrobatics, dancing, singing, and horsemanship.

At **present**, there are over 120 acrobatic troupes above the county level. More than 12,000 people are involved in performing. Chinese acrobatics has won acclaim and praise from audiences both at home and abroad, and Chinese acrobats won many gold medals in World Acrobatics Festivals in recent years. Cycling With Bowl Piling, Lion Dance and Vocal imitation are the most famous programs.

In addition, many new acrobatics items have been added to the repertoire, either brand new creations or adaptations from other activities. These include seesaw stunts, roller skating, balancing gymnastics, bow balancing from a unicycle (where the performer, seated on a unicycle on a raised platform, uses his foot to flip bowls on to his head) and springboard stunts. Many new acts have been added to the high-altitude stunts, such as tuck dives, flying leaps, and throwing-and-catching.

CLOSE-UP ON THE NEW CHINA PROGRAM

DAY 7

**VISIT A STATE-OWNED
ENTERPRISE BAO STEEL.
GET AN UPDATE ON THE
STOCK MARKET OF CHINA**

NOV • 12 • 2009

Learning Objectives

Learning Objectives

- 1| Understand how the Chinese stock market works.
- 2| Get an overview of the reform in stock market in China.
- 3| Understand China's approach to growth and financial stability.
- 4| Learn about operating the state-owned enterprise in China.
- 5| Get an overview of hot issues of the market (especially financial market) in China.

DESCRIPTION OF THE DAILY ROUTE

Visit to the ranked third comprehensive competitiveness among steel companies in the world.
Lecture (Stock market of China) at Bank of China Tower, the fourth-tallest building in Pudong.

To Bao Steel and return to downtown the Bank of China Building

QUESTIONS TO ASK

1. What makes the modernization of the state enterprise successful in changing times?
2. Understand the issues associated with a giant enterprise trying to compete locally and globally?
3. What is the real story on the Chinese stock market? How much bubble, how much real wealth creation?
4. How can an average Chinese person benefit from this huge wealth creation process?
5. How big is the change of concepts for the government and society on development of state owned enterprise?
6. How does the adjustment of Macroeconomic affect the stock market in China?
7. How much does the real-estate market affect the stock market in China?
8. What does the government react to the financial market turbulence for the stock market in China?

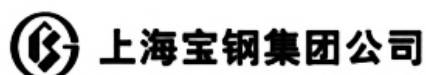
UNIQUENESS OF THE MEAL FOR THE DAY

Experience Typical Northeastern dumpling feast. Opportunity to dine with locals in the shopping mall.

CULTURAL ENCOUNTER

Big difference of the group character between the southern people and Northern people.

About Baosteel



Shanghai Baosteel Group Corporation (referred to below as Baosteel) is a large iron and steel conglomerate set up on Nov. 17, 1998, with the former Baoshan Iron and Steel (Group) Corporation as the core, and absorbing the former Shanghai Metallurgical Holding Group Corporation and the former Shanghai Meishan Group Co., Ltd.

Baosteel has a registered capital of 45.8 billion Yuan. It possesses 22 wholly owned subsidiaries (including 9 overseas subsidiaries) and 14 holding companies (including 2 overseas subsidiaries) and 24 equity-sharing companies. Among the wholly owned subsidiaries and share holding companies, 11 are iron and steel companies, 2 financial companies, and 8 trading companies.

Baosteel is one of the most profitable steel enterprises in the world enjoying international competence, and its annual production capacity is about 20 million tons. Baosteel produces high demand products in the domestic and international market. On Dec. 6, 2004, Standard & Poor has raised the credit rating of Shanghai Baosteel Group Corporation from BBB to BBB+ with a "stable" outlook. Baosteel was ranked No. 296 on the list of 2005 Global 500 by "Fortune" magazine on July 2006, and became the first of its kind in the competitive industry and the manufacturing sector in China to enter the world's top 500 enterprises.

Industry: Metals			
Rank	Company	500 rank	Revenues (\$ millions)
1	Arcelor	137	40,521
2	Nippon Steel	168	34,502
3	Mittal Steel	208	28,132
4	JFE Holdings	218	27,366
5	Norsk Hydro	222	27,033
6	Alcoa	225	26,601
7	POSCO	236	25,678
8	Baosteel Group	296	21,501
9	Alcan	313	20,659
10	Corus Group	352	18,429
11	Kobe Steel (Japan)	461	14,726
12	United States Steel	490	14,039

From July 24, 2006 issue by Fortune Magazine

About Bank of China



BANK OF CHINA TOWER, Shanghai

Bank of China Tower, Third-tallest building in Pudong (the area on the east side of the Huang Pu River). It was topped out in September 1998 and opened on the 28th of August 2000. Bank of China Tower is a 53-storey (height: 226m, 741ft) tower in the Pudong District of Shanghai. It was built for the Bank of China by the Japanese architectural firm Nekken Sekkei Limited. It was one of the three buildings part of the filming of Mission: Impossible III starring Tom Cruise. It is the building where Tom Cruise did a bungee jump.

(Resource from: <http://www.emporis.com>)

BANKER'S CLUB

Located in the crystal coronet featured Bank of China Tower, and at the heart of the finance district of Shanghai, the Bankers Club offers a full range of facilities which includes meeting rooms, business center, restaurant, entertainment, guest suites as well as a fully equipped health center. With its glamorous decoration, all side services and excellent facilities, the Bankers Club is a unique meeting area tailor

(Resource from: <http://www.aisatravel.com>)

BANK OF CHINA (BOC)

Currently The second-largest bank in China (top 30 in world), with a substantial presence in Hong Kong.

History of BOC

In 1912

After the establishment of the Provisional Government of the Republic of China, Dr. Sun Yatsen, the Provisional President, sanctioned the change of the Da Qing Bank into the Bank of China, with functions as central bank. On 5 February, the Bank of China (BOC) started operations at Number 3, Hankou Road, Shanghai, the



premises of the former Da Qing Bank. Afterwards, the Bank of China issued bank notes.

In 1916

The Government of the Northern Warlords wired to BOC the Order to Suspend Redemption of Bank Notes for Silver. To maintain the Bank's creditworthiness, BOC Shanghai Branch rejected the Order and continued the redemption as usual, which not only halted a run on the Bank, but also enormously enhanced the reputation and prestige of BOC.

In 1928

BOC was changed into a government chartered international exchange bank.

In 1929

BOC London Agency was established, also the first overseas branch of the Chinese banks. From then on, BOC built up its global network with 34 overseas branches opening within the two decades.

About Bank of China (cont'd)

In 1949

On 5 June, BOC resumed normal business operations. The Bank became the specialised foreign exchange bank, which actively supported foreign trade and contributed greatly to the recovery and development of the national economy.

In 1950

On 9 April, the first meeting of the first board of directors of BOC since the founding of New China was held in Beijing. Mr. Nan Hanchen was appointed Board Chairman and Madam He Xiangning Chief Supervisor.

In 1984

On 6 November, BOC successfully issued in Japan, 20 billion yen of Samurai bonds, which was the first overseas bond issue by modern China. By the end of 2001, BOC had issued bonds in the international capital market 27 times, raising funds in excess of US\$5 billion. BOC is now an established issuer.

In 1993

China initiated a process of foreign exchange system reform and hence captured the world's interest. BOC played a critical role in the unification of exchange rates, foreign exchange purchases and sales, the incorporation of foreignfunded enterprises into the foreign exchange sales system etc. In 1994, BOC embarked on a transformation from a specialised bank to a wider based state-owned commercial bank.

In 1994

On 1 May, BOC became the third note issuing bank in Hong Kong by issuing its first BOC Hong Kong Dollar notes. In October 1995, BOC similarly issued Macau Pataca notes. The issuing of both Hong Kong Dollar and Macau Pataca notes helped stabilise the financial markets of Hong Kong and Macau; it also reflected BOC's substantial financial strength.

In 1998

BOC International Holdings Ltd., the whollyowned subsidiary of BOC specialising in investment banking, was located and incorporated in Hong Kong. This is the most internationalized investment bank established overseas by the Chinese banking industry, and correspondingly has the strongest professional team, the largest international distribution and retail network, and the most assets under management.

In 2001

On 1 October, Bank of China (Hong Kong) Ltd. was incorporated as a result of the merging of 10 member banks of the former BOC Group, which not only marked a new level of BOC's operations in Hong Kong, but also a critical move forward for the restructuring of BOC.

In 2002

On 4 February, BOC celebrated solemnly its 90th oncoming anniversary.

In July 2002, BOC Hong Kong (Holdings) was successfully listed on the Hong Kong Stock Exchange. The USD2.8 billion offering was oversubscribed by 7.5 times. The deal was a landmark in the development of the Bank of China and a significant move in the reform of China's banking industry.

BOC in Present

BOC is one of China's four state-owned commercial banks. Its businesses cover commercial banking, investment banking and insurance. Members of the group include BOC Hong Kong, BOC International, BOCG Insurance and other financial institutions. The Bank provides a comprehensive range of high-quality financial services to individual and corporate customers as well as financial institutions worldwide. In terms of tier one capital, it ranked 18th among the world's top 1,000 banks by The Banker magazine in 2005.

About Bank of China (cont'd)

The Bank is mainly engaged in commercial banking, including corporate and retail banking, treasury business and financial institutions banking. Corporate banking is built upon credit products, to provide customers with personalized and innovative financial services as well as financing and financial solutions. Retail banking serves the financial needs of the Bank's individual customers, focusing on providing them with such services as savings deposit, consumer credit bankcard and wealth management business.

Treasury business includes domestic and foreign currency trading and investment, fund management, wealth management, value-secured debt business, domestic and overseas financing and other fund operation and management services. Financial institution banking refers to services offered to banks, securities brokerages, fund companies and insurance companies worldwide ranging from clearing, inter-bank lending to agent and custodian services. As a Chinese financial institution with a history of almost a hundred years, the Bank is well known for its continuous business innovations, introducing many brand new products and services in the domestic banking industry, while paying regard to the need for prudence in its operations. It is widely recognized and commended by its peers and customers in international settlement, foreign exchange, trade finance, etc.

Over the past century, Bank of China played an important role in China's financial history. It was established in 1912 pursuant to the approval of Mr. Sun Yatsen. In the following 37 years until the founding of the People's Republic of China in 1949, the Bank served as the central bank, international exchange bank and specialized foreign trade bank successively. As the pillar of the country's financial industry, Bank of China was committed to serving the public and developing the domestic financial sector. During these volatile years, the Bank strived to expand its presence in the market by prudent operation and aggressive reform, leading the

market in many areas of its operations for a long period. Having branched out into overseas market, the Bank opened a brilliant chapter in China's modern and contemporary banking history.

In 1949, Bank of China became the state-designated specialized foreign exchange bank and substantially contributed to development of foreign trade and the national economy. In 1994 and following the entrenchment of the reform of the financial sector, Bank of China was converted into a wholly state-owned commercial bank.

Together with the other three wholly state-owned commercial banks, it constituted pillars of the country's financial industry. In 2003, it was named by the State Council as one of the pilot banks for joint-stock reform of wholly state-owned commercial banks. In order to develop itself into an internationally competitive modern joint-stock commercial bank with abundant capital, strict internal control, secure operations, and sound service and performance, Bank of China further improved corporate governance mechanism, strengthened risk management and internal control, integrated management processes and business processes, promoted human resource management reform, accelerated product and service innovation, and steadily pushed ahead joint-stock reform. On August 26, 2004, Bank of China Limited was formally incorporated in Beijing as a state-controlled joint stock commercial bank, turning a new chapter in its history and signaling a huge step forward in becoming a modern joint stock commercial bank with good corporate governance practices.

Bank of China is the most internationalized commercial bank in China. BOC London Branch, the first overseas branch of the Chinese banks, was established in 1929. From then on, the Bank successively opened branches in global financial centers, and has built up its network in 27 countries and regions. Currently, it had over 10000

About Bank of China (cont'd)

domestic operations and over 600 overseas operations. In 1994 and 1995, Bank of China became the note issuing bank in Hong Kong and Macao respectively. It was the first among Chinese banks to recruit international experts and to introduce modern business management concepts into its operations with a view to become a premiere international bank.

On July 14, 2004, Bank of China became the sole banking partner of Beijing 2008 Olympic Games. The Bank will offer efficient and quality financial services to domestic and foreign customers. It will promote the Olympic spirits and contribute to the success of this magnificent sports event, thereby improving its corporate image and its value to the community.

Bank of China has received wide recognition from its peers, customers and authoritative media for the credit and performance it achieved in past years. It has been awarded “Best Bank in China” and “Best Domestic Bank in China” by Euromoney for eight times; it has been included in the Fortune Global 500 for 16 consecutive years; in addition, it was awarded “Best Domestic Bank in China” by The Asset, awarded “Best Trade Finance Bank in China” and “Best Foreign Exchange Bank in China” by Global Finance, and awarded “the Top 10 Product Service Enterprises in China” by Far Eastern Economic Review; since BOC Hong Kong was restructured and listed in the Hong Kong stock market, it has been the winner of many significant awards, including “Best IPO Investor Relation Award” issued by the Investor Relations Magazine and “Best Transactions” and “Best Privatization Award” issued by Asian Finance.

In the past century, Bank of China was deeply relied on by customers thanks to its sound operation, strong capacity, advanced products and rich experience. It has built up a splendid brand and established a long-term stable cooperative relationship with its customers. Being customer-centered and market-oriented, Bank of China

will improve corporate governance in pursuit of sound benefits, and develop into a leading international bank. Depending on strong capacity, worldwide network, advanced products and rich experience, it is dedicated to offering customers with a full range of high-quality banking services.

(Resource from: www.bank-of-china.com)

Profile of Speakers & Lectures



QIAN QI MIN
REGISTERED FINANCIAL ANALYST
China's Securities Commission

Qian Qi Min, a registered financial analyst with China's Securities Commission. Dr Qian is the deputy director of the Market Research Institute of China's biggest stock broking firm Shanghai Shenyin Wanguo Research and Consultancy Co Ltd and a senior analyst. A regular guest commentator on CCTV's column "China Stock Market" Financial Journal on Phoenix TV, Hong Kong Online, Shanghai TV, Dow Jones, Reuters etc. He contributes regularly to China's Securities Journal, Shin Min Evening News, Finance and Investment Journal.

Chinese Financial System

China's Financial System is highly regulated and relatively underdeveloped, but has recently begun to expand rapidly as monetary policy becomes integral to its overall economic policy. As a result, banks are becoming more important to China's economy by providing increasingly more finance to enterprises for investment, seeking deposits from the public to mop up excess liquidity, and lending money to the government.

Financial Reform

For the past few decades, the People's Bank of China has exercised the functions and powers of a central bank, as well as handling industrial and commercial credits and savings business; it was neither the central bank in the true sense, nor a commercial entity conforming to the law of the market economy. But since reform and opening-up began in 1979, China has carried out a series of significant reforms in its banking system, and strengthened its opening to the outside world. Consequently, the finance industry has made steady development. At the end of 2004, the balance of domestic and foreign currency savings deposits stood at 25,318.8 billion yuan and the balance of home and foreign currency loans came to 18,856.6 billion yuan. Now China has basically formed a financial system under the regulation, control and supervision of the central bank, with its state banks as the mainstay, featuring the separation of policy-related finance and commercial finance, the cooperation of various financial institutions with mutually complementary functions.

In 1984, the People's Bank of China stopped handling credit and savings business, and began formally to exercise central bank functions and powers by conducting macro-control and supervision over the nation's banking system. In 1994, the Industrial and Commercial Bank of China, the Bank of China, the Agricultural Bank of China and the China Construction Bank were transformed into state-owned commercial banks; and three policy-related banks were founded, namely, the

Agricultural Development Bank of China, the National Development Bank and the China Import and Export Bank. In 1995, the Commercial Bank Law was promulgated, creating the conditions for forming the commercial bank system and organizational structure, and providing a legal basis for changing the specialized state banks to state-owned commercial banks.

Since 1996, the financial organizational system has gradually been improved; the wholly state-owned commercial banks have been transformed into modern financial enterprises handling currencies; over 120 shareholding medium and small-sized commercial banks have been set up or reorganized; and securities and insurance financial institutions have been further standardized and developed. April 2003 saw the formal establishment of the China Banking Regulatory Commission (CBRC). Since then, a financial regulatory system has been formed in which CBRC, China Securities Regulatory Commission (CSRC) and China Insurance Regulatory Commission (CIRC) work in coordination, each body having its own clearly defined responsibilities.

In January 2004, the State Council decided that the Bank of China and the China Construction Bank would start the experiment of transforming the shareholding system. The main tasks are to establish a standardized corporate governance and an internal system of rights and responsibilities in accordance with the requirements for modern commercial banks; to restructure the financial system, speed up the disposal of non-performing assets and to reinforce minimum capital requirement to build up first-class modern financial enterprises. Now, six shareholding commercial banks and urban commercial banks in China have begun to accept overseas investors as shareholders.

Stock exchanges

There are stock exchanges in Beijing, Shanghai (the third

Chinese Financial System (cont'd)

largest in the world), and Shenzhen and futures exchanges in Shanghai, Dalian, and Zhengzhou. They are regulated by the China Securities Regulatory Commission.

China Securities Regulatory Commission

China Securities Regulatory Commission (CSRC) is an institution of the State Council of the People's Republic of China (PRC). It is the main securities regulator of the PRC.

Its functions are similar to that of the U.S. Securities and Exchange Commission in the United States.

Among its responsibilities include:

- Formulating policies, laws and regulations concerning markets in securities and futures contracts.
- Overseeing issuing, trading, custody and settlement of equity shares, bonds, investment funds.
- Supervising listing, trading and settlement of futures contracts; futures exchanges; securities and futures firms.

The headquarters for the China Securities Regulatory Commission is in Beijing. Focus Place 19, Jin Rong Street, West District Beijing 100032.

Stock market

In 1990 and 1991, China set up stock exchanges in Shanghai and Shenzhen. In the past decade, the Chinese stock market has completed a journey that took many countries over a century to cover; China's stock market today has capital approaching 3,705.6 billion yuan, 1,377 listed companies and 72.16 million investors.

The Chinese stock market has promoted the reform of government-owned corporations and the change of their systems, and enabled a stable transition between the two systems. On the strength of the stock market in the past decade, many large state-owned enterprises have realized system change.

The change also has stimulated medium and small-sized state-owned enterprises to adopt the shareholding system, thus solving the most important issue - the system problem - during the transition from planned to a market economy. As for ordinary citizens, bank deposit is not the only way to put their money, the stock market has become one of the most important channels for investment.

Methods of stock trading are constantly being improved. Today, a network system for securities exchange and account settlement has been formed, with the Shanghai and Shenzhen exchanges as the powerhouse, radiating to all parts of the country. In 2004, China issued 123 kinds of A share, and 23 rights issues, collecting a total of 83.6 billion yuan; and 28 kinds of B and H shares, collecting a total of 67.5 billion yuan.

Resource From Wikipedia, the free encyclopedia

China's Stock Market Mania

FRIDAY, JUL. 06, 2007 BY BILL POWELL



An investor looks at stock price gains at a securities company in Shanghai, China.

In China's two mainland capitals of capitalism, it's raining money. The relentless increase in stock prices in both Shanghai and Shenzhen — the former has tripled in value in just the last 18 months — has triggered a stampede of companies in China to offer their shares to a public that has a ravenous appetite for them. Astonishingly, according to a forecast just out from Price Waterhouse Coopers, a global consulting firm, the two main equity markets in China will raise \$52 billion in capital this year in initial public offerings (IPOS), more than double the amount forecast at the start of the year. That makes it likely that China will raise more money in IPOs in 2007 than every other major market in the world did in 2006. This year, says Richard Sun, a partner at PwC, only London is on pace to outstrip the Chinese markets in terms of IPO money raised.

More than anything, the startling number testifies to the buoyancy of equity markets in China — which many analysts believe are classic, overvalued bubbles, destined at some point to crash. Indeed, the Shanghai market tumbled more than five per cent on July 5, before recovering on Friday. But \$52 billion, whatever the environment, is serious money — without question a milestone in China's extraordinary economic transformation. Consider that the most money ever raised for IPOS in the United States in a single year was

\$63.1 billion. That was in 1999 — at the peak of the technology bubble.

That fact may be ominous — the infamous tech bubble burst the next year — and China's shares, now priced at about 45 times earnings, are definitely expensive. But there are enormous differences between Shenzhen and Shanghai now, and the NASDAQ back then. The companies offering their shares to the public in China are not small, technology oriented start ups. They are, for the most part, big state owned companies — oil and gas, mining, banks — most of which have already gone public in Hong Kong, seeking to tap the broader international capital markets. China's two main equity markets — for so called "A-shares" — remain sequestered from the outside world, available only to Chinese investors paying in Renminbi (RMB).

And those investors have been starving for places to put their money. China, economists estimate, has nearly 30 to 40 trillion in RMB savings. "People have been accumulating wealth and are desperate for good investment opportunities," says Sun. But China's banks offer paltry interest rates on deposits, so for much of the past decade, Chinese poured money into the real estate market. In part, says Sun, that's because "all the good companies in China were listing in Hong Kong," which until very recently was off limits for the vast majority of Chinese investors. The result, in the first half of this decade, was a property bubble, particularly in more prosperous eastern cities like Shanghai and Shenzhen, that drove prices out of reach of ordinary Chinese.

Economists believe the Chinese government has nudged companies that had already listed in Hong Kong to list their shares on the mainland. Officials in China knew well that their equity markets had a well-earned reputation for being poorly regulated — more casino than orderly market. That's why they introduced a new securities law a year ago, and it's also why, bankers in

China's Stock Market Mania (cont'd)

China say, they wanted to give retail investors a shot at investing in well known companies. "For the last year," says a western banker in Hong Kong, "the word has definitely gone out that solid, state-run companies already trading in Hong Kong should consider IPOs on the mainland." If, in the process, that diverted some savings that was otherwise serving to drive up the price apartments in Shanghai — and it definitely did — that was fine, too.

The question now: Does this year's extraordinary pace of IPOs in China signal a sea change — a year that marks financial leadership in greater China moving from Hong Kong to the mainland? That thought, when the PwC forecast came out on July 4, was definitely giving western investment banks in Hong Kong heartburn, because China still maintains strict limits on their ability to underwrite deals on mainland markets. They probably needn't worry too much, at least not yet. "Hong Kong is still an international market, and the mainland markets aren't, and won't be anytime soon," says Sun. "That's still enormously attractive to mainland (Chinese) companies." Indeed, the Shanghai-based Fosun Group, the largest privately held company in China, will try to raise more than \$1 billion in an IPO in Hong Kong later this month — a deal underwritten by Morgan Stanley and UBS.

For China's regulators, the more important issue is this: Having overhauled the nation's laws regulating its stock markets and successfully enticed some of the country's blue chip companies to issue stock at home, what happens now if a crash comes? Some investors in China, in fact, are already miffed at the government, saying that the new supply of shares coming to the mainland's markets — regional banks such as the Bank of Nanjing are next in the IPO line — are starting to put downward pressure on equity prices. As far as the authorities are concerned, a bit of a correction is probably welcome. But

as tech investors in the US learned in 1999, corrections have a way of becoming something worse — and \$50 billion can become a lot less than that in a hurry.

Resource from: <http://www.time.com/time/business/article>

The Root Cause of China's Recent Stock Market Decline

LUO XINHUI, SPECIAL TO EPOCH TIMES

China's stock market plummeted to a Black Monday again on August 18. The benchmark Shanghai Composite Index closed at 2319.87, down 62 per cent from its high at 6124.04 in 2007. The Shenzhen Composite Index closed at 7833.09, down 60 percent from its high at 19600.03 in 2007.

A fall like this within ten months is rarely seen in the world. According to analysts, the trading volumes of the two stock exchanges were at a record low recently. The market is dominated by caution and pessimism.

Technical and fundamental criteria can no longer be used to predict the stock market index's performance. If this is true, then perhaps we need to analyze the actual situation of China's stock market.

Official Explanation for the Fall

Many economic reports published by China's state-run newspaper cited the sub-prime loan crisis in the U.S. and the roaring oil prices as the major cause of the sharp fall in China's stock market. This is much like the National Bureau of Statistics of China's claim in a recent economic report that the price surge in the global market was the major driving force for inflation in China. It seems that with today's economic globalization, problems in China's stock market have a lot to do with global economics.

However, the United States, the source of the sub-prime loan crisis, only had an 11 per cent drop in the Standard and Poors Index, whereas China is the country that has suffered the greatest loss in stock market value in the world. Does the U.S. sub-prime loan crisis have the greatest impact on China's market?

When oil prices soared, the stock market declined in countries that rely heavily on oil. However, Europe and the U.S. have never exceeded an 11 per cent loss in value. Does the oil price also have the greatest impact on China's market? Besides, oil prices have already started to decline recently, yet China's stock market continues to fall. Why did this happen?

It is generally recognized that tightening monetary policy

by China's Central Bank to prevent inflation is a domestic factor that caused the sharp fall in China's stock market. Nevertheless, despite the Central Bank's many increases in interest rates, the interest rate on people's savings accounts is still negative compared to inflation. Under such conditions, as long as the market is stable, capital should still enter the stock market. In addition, capital liquidation is still high in the domestic capital market.

A Lack of Confidence

Recently, the Chinese government apparently realized this also, and has repeatedly emphasized that the stock market plummeted due to investors' lack of confidence.

What the government said was right, about confidence. But the lack of confidence is the "consequence" instead of the "cause." What should investors' confidence be based on? How did investors lose confidence? I think the performance of the stock market in recent years should have indicated this to investors. Accordingly, whether it was the prediction of a future strong market, as claimed by high level officials and media; or even the renowned Chinese economist Wu Jinglian, who held the view that China's stock market would suffer a great loss, but recently emphasized the sensibility of rescuing the market—the stock market simply did not react positively to any of these statements and continued to plunge. Over 90 percent of investors have lost money.

Other commonly mentioned factors are, for example, lifting of ban of non-tradable shares and Ping An Insurance's plans for massive stock and bond offerings. These are not normal factors in the first place. Instead, these are a direct intervention of administrative power, which has caused the stock market to fall. Who approved these plans? Who made the decisions? Without the consent of the Securities Regulatory Commission, would China's Ping An Insurance announce its massive offering plans on its own? And those unusually high IPO prices of some companies—can this happen without the consent of the Security Regulatory Commission?

The Truth about China's Stock Market

The Root Cause of China's Recent Stock Market Decline (cont'd)

The truth about China's stock market is actually not a secret, and most investors probably already knew it. That is, China's stock market is a tool used by the government to re-distribute and re-organize social wealth on a grand scale, which means that it is a tool to clean out Chinese people's savings accounts. The biggest winners in this process are, of course, government officials and their relatives who are the most well-informed about the actual value and re-organizing plans of those that control state wealth; as well as institutional investors who collaborate with them and who rely on insider tips to control the stock market. Those people have already made huge fortunes in the process. This is the truth about China's stock market.

Actually, the goal of China's stock market was not purely an economic one when it was originally established. When former Premier Zhu Rongji set up stock market in Shenzhen, he said that China's stock market was meant to get money--to get money in the market and give it to companies that were unable to get money, and because these companies were unable to make money, they needed monetary support.

In Western countries, a fundamental criterion to allow a company to be listed is that the company must have performed well for at least three years while meeting other standards. The company must obtain approval from the Securities Regulatory Commission prior to issuing stock. Under supervision, the issued stock can also be pulled from the market to ensure and safeguard in particular small and medium sized investors.

China's stock market has been established to operate like an ATM for the listed companies. For the majority of the listed companies, economic reform is nothing but a mechanism to trap money. Many heavily indebted State-owned companies have been listed in the stock market after re-packaging. All of a sudden, they become the new stars in the market with easy loans and finance. The foundation of a stock market is the listed companies. With a weak foundation, how can any high stock price be affordable? The deflation in stock prices is therefore predictable.

Other than the fact that the listed companies would benefit from the weak structure in the Chinese stock market, the true "beneficiary" of this contrived structure is the "interest group" who would profit from the initial establishment of a listed company and the trading thereafter. As for the investors, China's stock market serves to mentally "entertain and exercise" them. It gets investors far more emotionally involved than any intellectual game could hope to.

In an interview after the market dived for several days prior to the Olympics, economist Tang Min points out that, "No economists can make sense of China's stock market."

"I'd advise the investors to give up the illusion that the government would restore the stock market or that the market will rebound. Escape China's stock market while you can. If you insist on trying to profit from it, go ahead. However, do not complain if you are drained empty."

Some say that entering China's stock market is like gambling. That would be over-estimating the capacity of the Chinese stock market. Gambling relies on luck, and sometimes strategies—it still has fairness in it. However, China's stock market is a manipulated and systematic black market. The majority of Chinese investors seem to have gradually recognized this. This could suggest that the end of this massive robbery is near.

Can China's Stock Market Be Independent of the Government?

Since the fall of China's stock market, investors have been very disappointed in the government for not rescuing the market. Some investors complain that when the U.S. stock market fell 10 per cent, the U.S. government invested 200 billion dollars to save the market. However, China's stock market has fallen nearly 50 per cent, and yet, the Chinese government has taken no action. According to Chinese Finance magazine, "China's stock market cannot, could not, and should not be saved." This might be consistent with the ideas of many experts and

The Root Cause of China's Recent Stock Market Decline (cont'd)

economists, that is, it is better for the government not to intervene in the market. However, can China's stock market truly be a market independent of policy and the authority (administrative power)?

This is a challenge to the current system. First of all, the major and powerful players of the listed companies in China's stock market are so-called State-owned businesses. According to the Chinese legislature, the State Council is the ultimate representative of the State-owned properties. But, both the China Securities Regulatory Commission and the China Banking Regulatory Commission are agencies under the umbrella of the State Council. This is like a football game where the government is both the referees and the athletes. Furthermore, the government is also setting the rules and changing the rules. Who would believe that independence or fairness in the stock market will ever exist?

Secondly, many influential economists in China are also the independent directors of many listed companies; some are even connected to the company financially. Many CEOs of major listed companies and funds are also members of the Securities Commission, Exchange Commission, and other government agencies. How can China's stock market remain untainted from these complicated and complex relations and prolific insider trading, pushed stock prices, and administrative manipulations harbored in the system?

Furthermore, a significant factor of a capital markets is fairness, which is ensured by the free flow of information, and relies on media freedom. In China's stock market, analysts serving in the media are those who pass the official qualification exam. Those who don't "obey" will have a hard time passing such an exam. Moreover, there are rules to follow in the Chinese media. The analysis must comply with those rules. Didn't CCTV's economy program get shut down because of a few "honest" words? Ordinary shareholders can do nothing but follow the rules. It would be a miracle if the shareholders did not end up losing money.

Shi Hanbin, a Shanghai finance expert said, "However, I hoped the August 8 Olympic Opening Day would save the market." I have said it before: "Always analyze based on the true interest, discard any expectation, and stay completely cold-blooded to maintain a complete calm. Obviously, I have not reached that level myself. I have ignored a key factor: The atheist [cadre] knows no limits."

Shi's sentence might be the most fundamental answer to the current market's situation.

CLOSE-UP ON THE NEW CHINA PROGRAM

DAY 8

**URBANIZATION AND URBAN
REVIVAL; SHANGHAI: BETTER
CITY BETTER LIVES; VISIT A
TRADITIONAL MARKET**

NOV • 13 • 2009

Learning Objectives

Learning Objectives

- 1| Get a sense of how this city works.
- 2| Learn about the multi-cultural, multi-ethnic influences in Old Shanghai.
- 3| Observe the current mix of ethnicities and races in Shanghai.
- 4| Understand the status of China's Business schools.
- 5| Closing dinner and networking.

Outcomes: As a result, participants will begin to: –

1. Understand the value that foreigners played in the development of Shanghai.
2. Get a vision of the new Shanghai.
3. Understand the urbanization process.
4. Understand how a civil society is formed in cyberspace and how Chinese are developing diversity and freedom of expression in cyberspace.

DESCRIPTION OF THE DAILY ROUTE

Start at the heart of Shanghai at People's Square, take an architectural tour of old Shanghai along the Bund.

Urban Planning Museum is a 5 stories exhibition complex that details the ambitious plan of Shanghai's urban planners. Yu Yuan Market is the local marketplace frequented by foreigners and nationals. This is where real bargaining takes place. A visit is scheduled to this market together with an (optional) stop in the Tea House and tour of the Garden.

Experience a meeting in a leader among the nation's business school, Antai College of Economics and Management, Shanghai Jiao Tong University

QUESTIONS TO ASK

1. Why is the world flocking to Shanghai?
2. What are the issues and challenges in managing a mega city?
3. How will Shanghai regain its former glory to reemerge as China's commercial capital?

UNIQUENESS OF THE MEAL FOR THE DAY

Experience typical delicate local Cuisine in Shanghai

CULTURAL ENCOUNTER

Experience the challenge of bargaining down prices in the traditional market.

People's Square



People's Square is a large public square in the Huangpu District of Shanghai, China.

People's Square (Chinese:人民广场 pinyin: Rénmín Guǎngchǎng) is a large public square in the Huangpu District of Shanghai, China. People's Square is the site of Shanghai's municipal government building, and is used as the standard reference point for measurement of distance in the Shanghai municipality. Prior to 1949, People's Square was a part of the horseracing course of Shanghai. After gambling and horseracing were banned by the new Communist government, a part of the race course became the People's Square, which included a large avenue and spectator stands for use during parades.

In the 1990s, major changes were made to the square. The Shanghai Municipal Government was moved from the former HSBC Building, and the Shanghai Museum was also moved away from its previous site in a former officer building. More recent additions include the Shanghai Grand Theatre and the Shanghai Urban Planning Exhibition Hall. Other parts of the race course still remain today. The clubhouse buildings became the Shanghai Art Gallery, while part of the race track became People's Park, a public park.

Shanghai Urban Planning Exhibition Center



Shanghai Urban
Planning
Exhibition
Center



Shanghai Urban Planning Exhibition Center is located to the east of the City Hall. On top of the building are 4 giant steel caps, symbolizing the city flower- the magnolia. The steel caps glitter in the sunlight, offsetting the crystal palace-like Grand Theater by its side. The building is 43.3-m high, with 5 stories above ground and 2 stories underground and a total floor space of 18,393-sq.m. After more than half a year preparation, Shanghai Urban Planning Exhibition Center has taken on a new look since Feb. 1st. The new hall emphasizes on more interaction with audience and more diversity in exhibition. Visitors can use modern searching platform to browse in new "Information Harbor". They can also experience some new virtual games like racing car and yacht in Yangshan Deepwater Port Exhibition Sector.

The Urban Planning Exhibition Center is available for visitors to comprehend the changes in the city and its future planning. It also gives an introduction to visitors to Shanghai the planning and construction of the city. It has set Shanghai's image as an international metropolis open to the outside world.

This museum has five floors that detail the ambitious plans of Shanghai's urban planners. Visitors are provided with a glimpse of how Shanghai will look like in a couple of decades. The centerpiece on the third floor is a huge model of the city as it is now. Check out the map on the first half floor, where the districts scheduled to be cleared for new constructions and green areas are marked. In the basement, old Shanghai is rebuilt with house entrances, cobble stone ways and operating shops and teahouses.

Shanghai Museum



Located in the center of Shanghai in People's Square, Shanghai Museum is a large museum of ancient Chinese art.



Located in the center of Shanghai in People's Square, Shanghai Museum is a large museum of ancient Chinese art. The museum style and presentation surround visitors with artifacts demonstrating ancient wisdom and philosophy. The exterior design of the round dome and the square base symbolizes the ancient idea of a round heaven and a square land.

The museum is divided into eleven galleries and three exhibition halls. The eleven Galleries cover most of the major categories of Chinese art: Ancient Bronze, Ancient Ceramics, Paintings, Calligraphy, Ancient Sculpture, Ancient Jade, Coins, Ming and Qing Furniture, Seals, and Minority Nationalities.

The bronze ware of the Shang and Zhou dynasties contribute to our understanding of ancient civilization. The over 400 pieces of exquisite bronze wares cover the history of ancient Chinese bronze art.

The ancient ceramics collection is a special Shanghai Museum treasure. Among the more than 500 pieces are artwork from various dynasties, such as painted and gray pottery from the Neolithic age, primitive celadon from the Shang, Zhou and Warring States, mature celadon from the East Han Dynasty, the well known tri-colored

Shanghai Museum (cont'd)

glazed pottery from the Tang Dynasty, blue, white and black glazed as well as painted porcelain from the Song, Jin and Liao, and the brilliant works from Jingdezhen, Jiangxi, the center of the industry during the Yuan, Ming, and Qing dynasties.

Chinese paintings and calligraphy have profound traditions and unique national styles. Masterpieces from different periods and genres are featured.

The Gallery of Chinese Ancient Sculpture focuses mainly on Buddhist sculptures.

Jade in ancient China was both decoration and the symbol of wealth and power. It was further personified to symbolize perfect morality. The elegance of jade wares glows through its crystal colors and vivid patterns.

The Ming and Qing dynasties witnessed the heyday of Chinese furniture. The gallery shows a refined garden-like residence of that time. Even a simple chair demonstrates Chinese culture and etiquette.

First of its kind, the Gallery of Chinese Seals, reflects the

importance of seals in history from the Western Zhou to the end of the Qing Dynasty.

China is one of the earliest countries to use currency, and the nearly 7,000 pieces in the Gallery of Chinese Coins reveal the development of Chinese currency and the growth of economic exchange between China and foreign countries.

Chinese culture is a result of the melding and collaboration of many nationalities. During its long history, minority nationalities have created their own colorful cultures. From clothes to textiles, metal wares, sculptures, pottery, lacquer and bamboo wares, the exotic styles of their artwork give us a general picture of creativity and passion toward life of those ethnic groups.

As a Chinese saying goes, it is better to see for oneself than to hear many times. Shanghai Museum welcomes visitors to see and enjoy Chinese culture.



Chinese culture is a result of the melding and collaboration of many nationalities.

Yu Yuan Market



YU YUAN GARDEN

Yu Yuan Garden---the most famous ancient structure in Shanghai, attracts millions of tourists both at home and abroad every year. Its exquisite layout, beautiful scenery, and the artistic style of the garden architecture are where the charm of Yu Yuan lies. At the same time, Yu Yuan Garden is often frequented by shoppers who want to purchase traditional Chinese products as well as gold and jewels.

SHOPPING

The possibilities to shop for your daily living have greatly improved in recent years. Only ten years ago, foreigners would scramble to the Friendship Store when news reached them that butter had arrived on the shelves. Now, new shops are opening all over Shanghai, selling a wide range of products. Virtually everything needed for a comfortable life is available, however, some of these items are more expensive than might expect. Service has also greatly improved, but you will still find store clerks talking to each other while customers are trying to catch their attention. The concept of waiting in an orderly line is also not widely accepted, and you may experience a lot of pushing and shoving at store counters.

If not in a department store, you'll have chances to bargain. Sometimes all you have to do is to ask. Many shops will offer a 10-20% discount if you ask. When shopping at outdoor stalls or small-owner shops, you'll have a good bargain if ask. On the street, the asking price can be three or four times what the seller will end up accepting. In a store, discounts can go anywhere from 10-50%. One way to get a sense of what the "real" market price is to go through the process with a few different sellers. Few stores have items that cannot be found anywhere else, even antiques.

SHOPPING MALLS AND PLAZAS

Shanghai is a shopper's paradise. the Yuyuan Garden shopping and tourist area, Nanjing Road , known as " China 's No.1 Street ", the reconstructed Huaihai Road , Jinling Road, East , North Sichuan Road, the Ever Bright City Commercial Centre, Xujiahui Commercial Centre, and Zhangyang Road Commercial Centre in Pudong are overflowing with shops that meet the demands of both domestic and foreign customers.

About Antai College of Economics and Management



A Brief History

Founded in 1918, The School of Management, Shanghai Jiao Tong University, previously known as Railway Management Department is one of the earliest business schools in China. It originated from Nan Yang Business Institute which was founded by Mr. SHENG Xuanhui with the permission of the government of Qing Dynasty in 1903. In 1918, Railway Management Department of Shanghai Jiao Tong University was established. In 1979, Industrial Management Engineering Department was created to rebuild management education. In 1984, The School of Management was reestablished with the approval from the Ministry of Education. In 1996, Aetna International Inc. entered into cooperation with SJTU to develop the school of management. In 2000, the School of Management was officially named as Antai School of Management. In 2006, ASOM Officially renamed as Antai College of Economics and Management. In 2008, Antai College achieved EQUIS and AMBA accreditation, and has become only business school in China mainland double-accredited by the top international accreditation systems currently.

Departments and Institutes

The college consists of 30-odd academic institutes, including Department of Business Administration, Department of Economics and Finance, Department of Management Science and Engineering, Department of Accounting and Finance, Research Institute of Systems Engineering, Research Institute of Human Resource Management, Research Institute of Transportation Management, Research Institute of Marketing and Modern Finance Research Center. The college offers two post-doctoral programs, one in Management Science and Engineering, the other in Business Administration. The college has an advisory board, where Mr. Wang Daohan, former mayor of Shanghai, acts as the director.

Faculty and Students

The defining characteristic of the school's excellence lies with its stellar faculty, including 51 professors (40 doctoral are supervisors of Doctoral Candidates), and 74 associate

professors. 75.6% of the faculty have a Ph.D. degree. Currently, there are 1536 undergraduates, 597 master students, 341 Ph.D. students, over 37 post-doctoral candidates, 1300 MBA students, 780 EMBA students and 200 overseas students

International Cooperation

The college has built an extensive cooperative relationship with over 50 business schools in renowned universities overseas, including Harvard University (USA), Yale University (USA), Sloan School of Management, Massachusetts Institute of Technology (USA), Wharton School, University of Pennsylvania (USA), University of South California (USA), University of Michigan (USA), University of Washington (USA), University of British Columbia (Canada), School of Business of University of Texas at Austin (USA), and Euromed Marseilles Ecole de Management (France). Since 1997, with the international aid programs, the college has sent over 60 (person/time) promising middle-aged and young professors to Europe and America to further their study. Dozens of exchange students are sent abroad each year and scores of foreign teachers are involved in on-campus teaching, contributing to its success in terms of globalized educational efforts, receiving credits both in China and abroad. The college offers MBA program in Singapore and there are around 300 MBA graduates over the past ten years.

Facilities

Antai College of Economics & Management, covering an area of 30,000 square meters, is situated at Fahua Campus, Shanghai Jiao Tong University in Xujiahua area in the theyst of Shanghai. In the past few years, the college has invested heavily in facility enhancement. Currently, the college boasts over 40 multi-media classrooms and a 1,100-square-meter digital library with a collection of over 40,000 books and 2,200 kinds of Chinese and international periodicals.

Academic Achievements

Education quality of the school ranks among the top in the field of management among universities across the country. The college was twice awarded the first prize in "Overall Evaluation of Education Quality in Management Science

About Antai College of Economics and Management (cont'd)

for Institutions of Higher Education". In 2003, in the Program Ranking organized by the Ministry of Education, their program in Business Administration ranked No.2. Furthermore, in the various rankings from home and abroad, the programs in Business Administration and Human Resource Management ranked No.1 for undergraduate education respectively, while the program in Enterprise Management ranked No.1 for graduate education. EMBA program has been rated No.3 for "the Leading EMBA Programs in China" and MBA program has been rated one of the best 25 projects in Asian-Pacific Region.

In the past few years, with a strong academic atmosphere, the college has undertaken and completed a series of the consulting projects for the government and enterprises, including major projects under the National Outstanding Youth Science Foundation and the National Natural Science Foundation, and important scientific research projects under National Social/Natural Science Foundation and National 863 High-tech Development Plan. The achievements of scientific research is increasing year by year. The quantity of research papers published domestically and internationally in prestigious journals is growing steadily every year. So is the quantity of monographs published by ASOM authors. In 2003, over 600 papers was published, 40% among which are CSSCI-indexed. The funding for scientific research exceeds RMB7,000,000. The college has been awarded 11 projects funded by National Natural Science Foundation and 5 projects funded by National Social Science Foundation. More than 30 academic works and textbooks have been published. In the past five years, 16 projects have been awarded prizes at the national, provincial and ministerial levels.

DEGREE PROGRAMS

Undergraduates Programs

Business Administration, Accounting, Human Resources Management, Tourism Management, Finance, International Economy & Trade, Economics, Information Management & Information System

Master Programs

Enterprise Management, Accounting, Tourism Management, Finance, International Economy & Trade, Technology Economics, Management Science & Engineering, Rural Economy & Management, The Eastern Economics, Industrial Economics, Applied Psychology.

Ph.D. Programs

Business Administration (with concentrations in Corporate

Management, Tourism Management, Accounting, Technological Economics, Industry and Organization Economics); Management Science and Engineering (with concentrations in Management Science and Engineering, Financial Engineering), Rural Economy & Management

PROFESSIONAL DEGREE PROGRAMS

MBA, EMBA, MPAcc

Vision

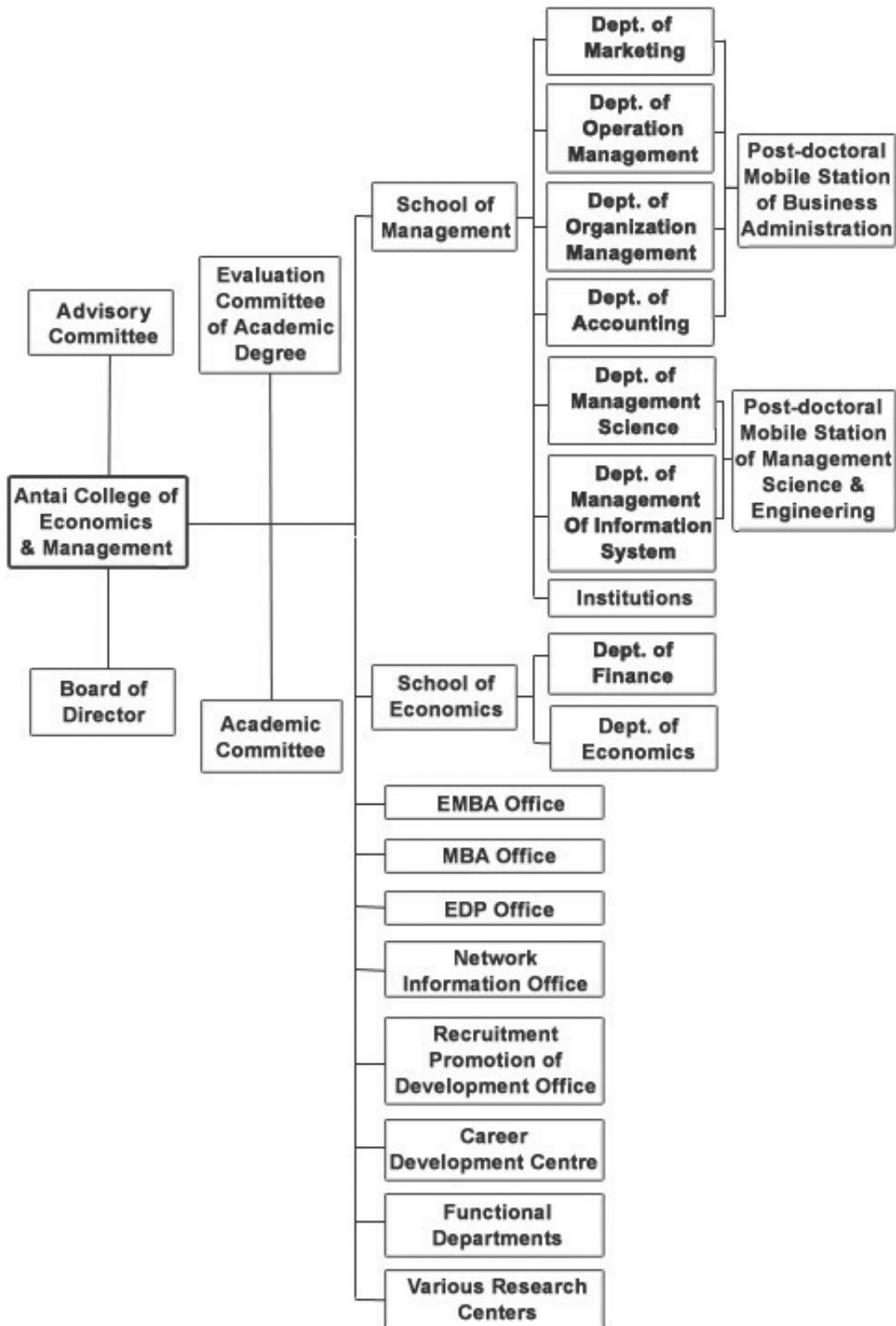
To transform the college into a leader among the nation's business schools and a top notch business education provider in Asia and to build a world class reputation within years.

Mission

The Antai College of Economics & Management, Shanghai Jiao Tong University, aims to develop the highest-level managerial talent, with totally international viewpoints and capacities, to compete in the global economy. While focusing on academic research, the college is also committed to serving national and international corporations and institutions, through leading-edge consulting and research, as they'll as development of outstanding managers of the future. Already a top-ranked school in China, ACEM is striving to be recognized as a top management school in Asia with a worldwide reputation.

About Antai College of Economics and Management (cont'd)

Structure



**CLOSE-UP ON THE
NEW CHINA
PROGRAM**

**DAY 9
REFLECTIONS AND
CONCLUSION**

NOV • 14 • 2009

Reflections and Conclusion

After having been in China for 8 days and experience various encounters, we invite participants to distill their learning and apply them to discern the impacts on business. We invite participants to begin from their own vantage point; where they are in their career path, in the industry they are engaged in and the city they are living, to gauge the impact of China on their lives.

Team Discussion

Chaired by Faculty Member of Massey University

Part 1

The participants will focus on Cultural Observation and their potential impacts on business. Participants are invited to present their own views on the following:

1. What do I learnt about the Chinese people and Chinese society, political system and business culture and how these will impact on doing business with my country?
2. What about the sustainability of China's growth? How do I see China in the next 20 years?
3. Do I have to fear amidst these robust and vibrant momentum of growth and development in China?
4. How can the rest of the world participate in China's growth?
5. Will Chinese culture one day become an important mainstream culture having global influence?

Part 2

Participants will be organized into teams to take on assigned topic during their study journey -- topics will be pre-assigned prior to departure. The teams will present, in a panel discussion format, their findings and observations. The team will be responsible for stimulating an interactive discussion with the student audience. Students will be assigned to teams and a team leader will be designated.

Participants are encouraged to keep a journal of their learning impressions and share them. Details will be given out at the beginning of the journey.

The following questions can be used to assist in the formulation of panel discussions:

1. How would the modernization of China affect the rest of the world?
2. What is the future of China: sustainability of its own development and her influence in the world? What about Carbon emission and the environmental footprint?
3. Does the Chinese development model of Industrial Parks offer reference to other developing societies?
4. The Chinese Consumer Market: A Profile and how to sell to them?
5. Urbanization of China: Observations
6. China and the Environment: Observations
7. Emerging Chinese Brands: Observations on how a Chinese Company can develop a global brand.
8. Chinese Society: Observations on how they are coping with the mega shifts.

Pre-Program Reading List

BOOKS

Doing Business in China

- China CEO: Voices of Experience from 20 International Business Leaders:
by *Juan Antonio Fernandez and Laurie Underwood*.
- China and The WTO: Changing China, Changing World Trade: Supachai
by *Panitchpakdi and Mark L Clifford*.
- One Billion Customers: Lessons from the Front lines of Doing Business in China
by *James Mcgregor*
- When Yes Means No! (Or Yes or Maybe): How to Negotiate a Deal in China:
by *Laurence J. Brahm*

ARTICLES

Understanding Chinese People & Culture

- Chapter 2: VIEWS of Mankind: Christian, Greek and Chinese.
Book: THE IMPORTANCE OF LIVING, Lin Yutang, Publisher: Cultured Lotus
- Part One, Chapters 1 (The Chinese People, I, North and South, II, Degeneration III Infusion of New Blood, IV Cultural Stability V Racial Youth) 2 (The Chinese Character: Mellowness, II Patience, III Indifference IV old Roguery V Pacifism VII Contentment, VII Humour VIII Conservatism. 3 The Chinese Mind (1. Intelligence II Femiinity III lack of Science IV. Logic V. Untuition VII. Imagination) Book: MY COUNTRY and MY PEOPLE, Lin Yutang Publisher: Cultured Lotus

OTHER READINGS ON HISTORY AND SOCIETY

- CHINA WAKES: The Struggle for the Soul of a Rising Power. Nicholes D Kristof and Sheryl Wudunn. Publisher: Nicholas Brealey, UK.
- THE CHINESE, Jasper Becker, Author of Hungry Ghosts: Mao's Secret Famine. Publisher: Free Press
- CHINESE FAMILIES in the Post-Mao Era, edited by Deborah Davis and Stevan Harrell Publisher: Davies and Harrell

VIDEOS

- The Yellow River, New York Times Video
- Growing Business Opportunities in China: FT Video
- Discovery Channel: The Qingzang Highland Railway

Pre-Program Reading List (cont'd)

OTHER USEFUL WEBSITES

The new Suzhou I M Pei Museum

www.ppa-ny.com/projects/suzhou/suzhou.htm

Suzhou Industrial Park

www.sip.com.cn

Shanghai Urban Planning Museum

www.supec.org

Shanghai Museum

www.shanghaimuseum.net

RELATED WEB SITES

A directory of Chinese government websites

www.gksoft.com/govt/en/cn.html

Xinhua, the state news agency

202.84.17.11/en/index.htm

The People's Daily, the official organ of the Communist Party

english.peopledaily.com.cn/home.html

Human Rights Watch's reports on China

www.hrw.org/asia/china.php

China Daily, a China-based English-language news site

www1.chinadaily.com.cn/news/index.html

China Perspectives, an on-line journal requiring free registration

www.cefc.com.hk/english/perspectives/derniernumero.html

Human Rights in China, an NGO

www.hrichina.org

China Today, with background and travel information

www.chinatoday.com

Information and articles on China collected by the Brookings Institution, an American think-tank

www.brook.edu/dybdocroot/fp/research/areas/china/china.htm

China Daily

www.chinadaily.com.cn/china/2006-12/09/content_754796.htm#

Important Chinese Words & Phrases



GLOBAL HANYU & CULTURE CENTER

0 líng	3 sān	6 liù	9 jiǔ	12 shíèr	20 èrshí
1 yī	4 sì	7 qī	10 shí	14 shísì	21 èrshíyī
2 èr	5 wǔ	8 bā	11 shíyī	15 shíwǔ	22 èrshíèr

¥ yuán	50 wǔshí	130 yībǎisān	1000 yìqiān
30 sānshí	100 yībǎi	152 yībǎiwǔshíèr	10000 yīwàn
31 sānshíyī	101 yībǎilíngyī	350 sānbǎiwǔshí	108 yīyì

谢谢	xièxiè	Thank you
对不起	duìbuqǐ	I'm sorry
再见	zàijiàn	Bye bye
左转/右转	zuǒ zhuǎn/ yòu zhuǎn	Turn left/Turn right
多少钱?	duōshǎo qián	How much?
太贵了	tài guì le	Too expensive
我要茶/冰水/咖啡	wǒ yào chá / bīng shuǐ / kāfēi	I want tea/ice water/coffee
小心	xiǎoxīn	Be careful
保重	bǎozhòng	Take care
恭喜恭喜!	gōngxǐ gōngxǐ	Congratulations!
真讨厌!	zhēn tǎoyàn	Really disgusting!
加油!	jiāyóu	Go, go

Huó dào lǎo xué dào lǎo
活到老，学到老。

One is never too old to learn.

jǐ suǒ bú yù wù shī yú rén
己所不欲，勿施于人。

Do not impose upon others what you do not desire yourself.

bùguǎn bái māo hēi māo zhuā dào lǎoshǔ jiùshì hǎo māo
不管白猫黑猫，抓到老鼠就是好猫。

Be it a white cat or a black cat, a cat that can catch mice is a good cat.

tóngyī gè shìjiè tóng yī gè mèngxiǎng
同一个世界，同一个梦想。

One World, One dream.

Participant List

Team	Name	Chinese Name	Home Company	Title
1	Chris Hubbard	贺程	UCOL	Head of School
1	Jocelyn Eason	易晴	Crop&Food Research	Scientist/Research Leader
1	Marino Tahī	田明	Landcare Research Ltd	Maori P/Ships Mgr
1	Matiu Julian	朱萌	Tui Ora Ltd	Client Services Mgr/Portfolio
2	Peter Wood-Bodley	吴必廷	Whanganui District Health Bo	Service Manager, Sergical&E
2	Carl Rankin	刘可龙	ECANZ	Operations Coordinator
2	Diana Baird	贝迪	Fairview Enterprises Ltd.	Company Director
2	Jo Hayes	何娇	Taumata Hauora Trust	CEO
2	Regan Hopkins	洪锐	Central Hawkes Bay College	Assistant HOD,Y12 Dean
3	Mark Nicholas	宁满	John Flannery	Manager
3	Cam Bailey	白琨	Self-Employed	Broker Principal
3	Natalie Milne	米娜	Zespri International Ltd	Audit Manager
3	Miranda Foote King	金兰	Sovereign	Financial Planning Manager
3	Ruth English	安茹	Electra(Horowhenua Energy L	Network Engineer
3	Euan McLeish	莫以轩	Amcor Kiwi Packaging Ltd	Group Operations Manager Ne
	Dianne ten Have	韩丹	Administrator	
	David Tweed	佟大伟	Administrator	
	Jonathan Matheny	孟乔生	Administrator	
	Aaron Pelly	潘亚伦	Alumni	
	Andre Post	裴恩	Alumni	
	Tommy Zhang	张天齐	Alumni	
	Ursula Peake	潘如秀	Partner	
	Chris Dyhrberg	杜康	Partner	
	Linda van den Berg	白玲	Partner	

ONE WORLD, ONE DREAM

Dominant Thoughts 1978-2050: DENG XIAO PENG (邓小平; Dèng Xiaoping;) Seek Truth From Facts (实事求是 shí shì qiú shì), To get rich is glorious, it is OK for some to get richer quicker than others (先让一部份人富起来 xian ràng yí bù fèn rén fù qǐ lái), Reform and Opening, Development is the only way forward, It doesn't matter the color of the cat so long as it catches mice. When you open the window, fresh air along with mosquitoes will come in. Four Modernizations: agriculture, industry, science and technology and the military. Building a Chinese Socialist market economy or a Market economy with Chinese characteristics **JIANG ZEMIN** (江泽民 jiang zé mǐn): **The Three Represents** (三个代表 san gè dài biao) "Reviewing the course of struggle and the basic experience over the past 80 years and looking ahead to the arduous tasks and bright future in the new century, our Party should continue to stand in the forefront of the times and lead the people in marching toward victory. In a word, the Party must always represent the requirements of the development of China's advanced productive forces, the orientation of the development of China's advanced culture, and the fundamental interests of the overwhelming majority of the people in China." The "Three Represents" are: "advanced social productive forces" "the progressive course of China's advanced culture" "the fundamental interests of the majority" **Hú Jintao** (胡锦涛) Eight Pride and Eight Shame 八荣八耻) 8 Prides: Love thy country, Serve the people, Uphold science, Diligent and hardwork, Unity and teamwork, Honesty and high integrity, Stay disciplined, Striving through hardship. 8 Shames: Undermine national interest, Abandon the people, Foolish and Ignorance, Seek comfort and disdain work, Hurt others to benefit self, Betrayal for profit, Undermine rule of law and discipline, Hedonistic and arrogant. **The PEOPLE OF CHINA:** Aspiration towards Xiaokang Society (Middle Class society) Yuanguangju (Tapped out class), Gini Coefficient of 0.45 (1% of the population controls 45% of the wealth). Towards 2020: A great balancing act to achieve sustainable development: high growth with pressure on environment and resources, between domestic aspirations and external pressure, development must trickle down to benefit the largest number of people. Going from feeling the stone underneath the water development pathway to a sustainable model.