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Saihanba is a cold alpine area in northern Hebei Province bordering the Inner Mongolia Autonomous Region. It was once a barren land but is now home to 75,000 hectares of forest, thanks to the labor of generations of forestry workers in the past 55 years. Every year the forest purifies 137 million cubic meters of water and absorbs 747,000 tons of carbon dioxide. The forest produces 12 billion yuan (around US\$1.8 billion) of ecological value annually, according to the Chinese Academy of Forestry.

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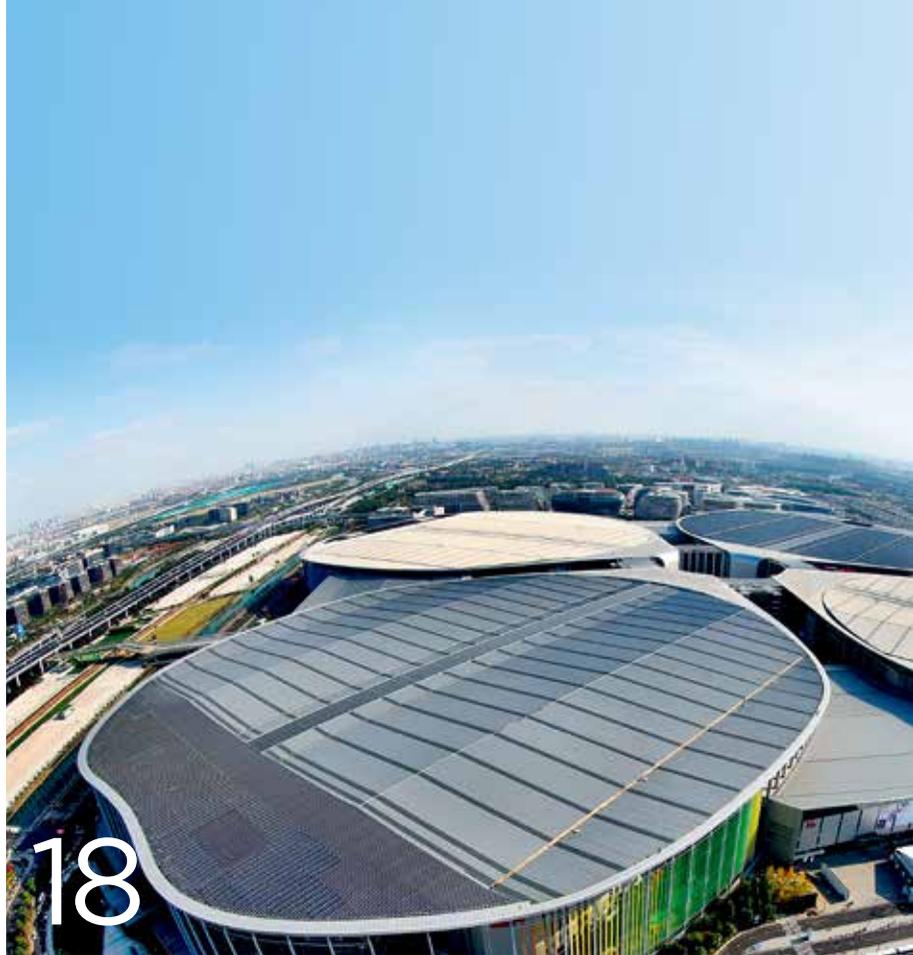
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by Li Xueren/Xinhua

New Chapter for China-Norway Ties

October 16, Beijing: Chinese President Xi Jinping (2nd right) and his wife Peng Liyuan (1st right) pose for a group photo with King Harald V and Queen Sonja of Norway.

Xi held talks with King Harald V, and they agreed to inject new impetus into the development of bilateral relations and write a new chapter in the traditional friendship between the two nations.

“Promoting the sustainable, sound and steady

development of China-Norway ties is in the common interests of the two peoples and meets the demands of the times in terms of promoting peace, development and win-win cooperation,” declared Xi, adding that fruitful results had been made since the normalization of bilateral ties in 2016.

Harald V remarked that the visit was an indication that Norway-China ties have returned to a healthy track and shown strong vitality once again.



by Liang Xu/Xinhua

➤ World's Longest Cross-sea Bridge

October 24, Zhuhai, Guangdong Province: The toll gate of the Hong Kong-Zhuhai-Macao Bridge. The bridge officially opened to traffic at 9 a.m. that day.

At the launch ceremony held in Zhuhai the day before, Chinese President Xi Jinping announced the opening of the bridge. Praising builders of the bridge for breaking a number of world records, Xi said that they demonstrated the nation's spirit of striving to overcome any difficulties while showcasing national strength, innovative abilities and aspirations to be the world's best.

The 55-kilometer bridge, situated in the waters of Lingdingyang in the Pearl River Estuary, connects the Hong Kong Special Administrative Region (SAR), Zhuhai and Macao SAR. The bridge is the first of its kind in the world and connects Guangdong, Hong Kong, and Macao via a supergiant cross-sea traffic project following the principle of "One Country, Two Systems."

Construction of the bridge began on December 15, 2009, and its main structure was completed on July 7, 2017.



VCC

➤ Deep-sea Research Mission

October 16, Sanya, Hainan Province: Oceanic research vessel Tansuo-1 returns to her home port. A team of 59 Chinese researchers came back from the Mariana Trench after completing a 54-day and 7,292-nautical-mile deep-sea research mission.

Researchers achieved fruitful results from the mission that included a deep-sea equipment test and scientific research in disciplines such as geophysics, marine

geology, geochemistry and marine biology, according to Bao Gengsheng, chief scientist of the expedition.

“The expedition demonstrated that China is capable of carrying out comprehensive equipment testing and scientific research in the deep seas and abysses,” declared Ding Kang, director of the Institute of Deep-sea Science and Engineering of the Chinese Academy of Sciences.



VCG

➤ Theatrical Vitality in Ancient Town

October 19, Tongxiang, Zhejiang Province: A musician interacts with tourists on an old street during the Wuzhen Theater Festival in the historical water town. The sixth Wuzhen Theater Festival kicked off on October 18 and lasted 11 days. Theater artists from 17 countries and regions staged various performances for theater enthusiasts and tourists.

Co-founded by several Chinese actors and directors, the festival has become a cultural icon of Wuzhen, a 1,300-year-old water town. By staging various kinds of performances, the Wuzhen Theater Festival has injected vitality into the town by attracting artists, performers and spectators from across China and beyond.



When Will the China-U.S. Trade War End?

Text by Xu Feibiao

If the U.S. continues to ignore the great common interests of the two countries and tear apart deeply interconnected and embedded bilateral power pulsing through a network built by both sides over many years, both sides will end up as losers, and the fundamental interests of the U.S. will take a big hit.

Since the beginning of this year, the U.S. has unilaterally launched several rounds of unprovoked trade sanctions against China. The trade war between the world's two largest economies, with total economic volume of about 40 percent of the global economy, has inevitably impacted the whole world. When will it end? What is the most reasonable solution? Such questions demand global attention.

Diminishing Global Support for Protectionism

Disregarding overwhelming international and domestic opposition, the U.S. government recently announced a decision to impose additional 10-percent tariffs on 200 billion U.S. dollars of Chinese products starting from September 24. Furthermore, the tariff rate will increase to 25 percent in January 2019, and U.S. President Donald Trump has even threatened to impose 25-percent tariffs on the remaining US\$267 billion worth of imports if China retaliates.

The bullying attitude of the American side is glaring. Trump claimed that imposing tariffs on Chinese goods would protect the interests of the American people, but his sophomoric grasp of the global economy and strong-arm

tactics will not help Americans whatsoever.

On September 24, China published a white paper to clarify the details on China-U.S. economic and trade relations which accused the Trump administration of “trade bullyism practices” and sought reasonable solutions. However, it seems the Trump administration continues to ignore the basic facts related to China-U.S. trade relations as well as public opinion and act arbitrarily.

So far, the Trump administration's strategy has been obvious. Trump has repeatedly torn up agreements reached by the two countries in favor of constantly adding more pressure on China. This routine does not seek to eliminate bilateral trade deficits and change what he considers China's “unfair trade practices”—he has ulterior motives.

In the short term, through eye-catching and unprecedented trade protectionism measures, the Trump administration seeks political capital ahead of the upcoming midterm elections to solve domestic political problems and lay the groundwork for the 2020 presidential election.

For the long run, the Trump administration intends to reshape the U.S.-led international economic and trade order, suppress China's

momentum of development and maintain U.S. global hegemony on the basis of the realist principles of “America First” and “Make America Great Again.”

Truce Unlikely Any Time Soon

The Trump administration has declared that it is presently unwilling to negotiate with China. Trump seems to have benefited much from his baffling work. The domestic economy grew strongly, and the unemployment rate dropped to a half-century low. With continued international capital inflows, the U.S. stock market has climbed to historic highs. And the latest polls showed his approval rating rising to nearly 50 percent, surpassing Obama's during the same period in his presidency.

Consequently, he has little motivation to seek a truce until the “benefits” of the trade war are exhausted. In addition, Trump's neo-mercantilism economic policies and hawkish allies also evidence the “belligerent” nature of the U.S. administration, so they will not call off the trade war until they get what they expected.

Trump believes that the U.S. holds a bigger stack and more advantages in this game. Compared to China's slowing-down economy, the U.S. one seems to see strong

growth momentum. Moreover, U.S.-China economic and trade dependence is not balanced, so he believes that the U.S. can “easily win” the trade war with China.

Facing the “trade bullyism” of the U.S., China definitely will not give in to every demand. In modern times, there is no precedent for China compromising due to external stress and unfairness. China has said that it will take active consideration to improve the China-U.S. trade imbalance, but overall, the differences between the demands of the two sides are still huge, so it would be difficult to reach a compromise in the short term.

In fact, the trade war is a bargaining tool and an extension of negotiations. In addition, considering the upcoming midterm elections and Trump’s deep domestic political turmoil such as the “Russia probe” dragging him down, he will not easily give up the powerful manipulative tool of the trade war to sway public opinion. Therefore, a China-U.S. trade truce is unlikely to happen this year.

Deep Interconnection to Bilateral Breakdown

Since China’s reform and opening up, the economic and trade ties between the two countries have been constantly strengthened. In 2017, the total trade volume between China and the U.S. reached nearly US\$600 billion. China has become the largest export market of the U.S. outside North America. Various U.S.-produced goods are sold to China, including 62 percent of the country’s soybeans, 14 percent of cotton, 25 percent of Boeing planes, 17 percent of automobiles and 15 percent of integrated circuits (IC). At the same time, China’s high-quality and low-cost products have also become important parts of daily lives of ordinary



According to the spokesman of China’s Ministry of Commerce, China does not want to see escalating Sino-U.S. economic and trade friction, but is prepared for all possible scenarios. VCG

Americans, enabling them to enjoy an affluent life while reducing living costs.

It should also be noted that China is the largest holder of U.S. treasuries, with more than US\$3 trillion worth of foreign exchange reserves, most of which is held in U.S. dollars, greatly supporting the U.S. dollar global system.

Moreover, China and the U.S. have formed a complicated and intertwined relationship in the world’s industrial supply and value chains. As a center of the global production network, China is an irreplaceable supplier to many American industries. When the supply chains are destroyed, the survival of many American enterprises will be threatened, leading to industrial depression and mass unemployment.

Therefore, if the U.S. continues to ignore the great common interests of the two countries and tear apart the deeply interconnected and embedded cooperation mechanism built by the two sides over many years, it will eventually result in steep losses on both sides and hurt the fundamental interests of the U.S.

How long the trade war will last depends on many factors, including the progress of negotiations, the

economic development situations of China and the U.S., and the domestic political development situations of the two countries. If the extension of the trade war hurts the economic growth and stability of the U.S., and its negative impact is widely felt by the American people and affects public opinion, the U.S. government will actively consider a compromise and propose a truce.

Therefore, the end of the trade war depends on the arrival of the cost-benefit tipping point of the U.S. waging the trade war. If tariffs continue to be levied to the point that the political and economic costs and losses of the U.S. outweigh its gains, both sides will consider a truce; otherwise the trade war will continue.

For now, we can expect 2019-2020 to be a critical period for the trade war. Because the U.S. midterm elections will be over by that time, Trump’s political motivation to continue to manipulate via the trade war will decline. Moreover, continuing to play with fire is quite likely to have a negative impact on public opinion, which is not wise for the lead-up to the following presidential election.

This will also be a critical period for U.S. economic growth. The short-term dividends of Trump’s new fiscal, trade and financial policies will gradually be exhausted, and the structural factors that limit economic growth and the negative effects of the trade war will begin to emerge. The U.S. economy is likely to reach a peak and fall, with rising economic and financial risks. This may make it easier for the U.S. to compromise, prompting the two sides to end the trade war. 

The author is an associate research fellow with the China Institutes of Contemporary International Relations.



Living the Tech Life

Text by Helena Villar Segura

Anyone living in China will agree with me: Changes are faster here than anywhere else.

Four years ago, I used cash for almost every transaction. I did use a credit card occasionally, but never my mobile phone. Then, I arrived in the future: China. Considering that technological breakthroughs have already penetrated almost every aspect of life, marveling at how much can be done with my mobile phone already sounds trite. When I try to explain this to my friends back home in Spain, they always insist that the same things are starting to happen there. However, every major advance in technology I see in my country already happened in China a while ago. This is why I feel that so many

things are one step ahead here.

QR Pineapples

WeChat is an app similar to WhatsApp that incorporates multiple functions. It can be used not only to send messages and call, but also to share “Moments” and follow subscription accounts, shop for groceries, make flight reservations, order food and even pay utilities. I estimate that 90 percent of the time I spend on my mobile phone is while using this app. In fact, the first thing I ask when buying anything in China is: Can I use WeChat to pay?

In 2015, I lived in Fuzhou, a coastal city in southern China. Once

as I was walking on the outskirts of the city next to the mountain surrounding my university, I saw a really old man in pajamas selling juicy pineapples. He carried them in a heavy cargo tricycle and didn’t look like he had ever used a smartphone. However, when I asked him if I could use my phone to pay, he smiled at me and said yes, showing me a QR code to scan with my WeChat app, just like everywhere else in China. I couldn’t believe it: An ancient man dressed as if he seldom left the house selling fruit out of a handmade tricycle accepts mobile payments. I wondered how he managed to learn such a new system at his age. He explained to

October 18, 2018: A peddler in Shenzhen City selling sticks of candied hawthorn shows his QR code for payment. VCG



The author on a motorbike used to deliver parcels in China, next to one of the most popular bike-sharing brands. courtesy of the author





June 17, 2018: Before a World Cup game, over 20 football fans ordered 300 bottles of beer, prompting half a dozen delivery guys to rush to the supermarket to buy the beer and deliver it. VCG

me that his daughter received the payments at home. This man had no problem adapting to big changes.

Bike-Sharing Boom

After a year and a couple of months in Fuzhou, I moved to Beijing. A totally different place in terms of size and weather—even the accent was totally different. But the most lasting first impression was none of these things. When I arrived in the capital of China, I found bicycles everywhere. Similar bikes of all colors parked in random areas. Orange and yellow stood out from the rest. The sharing economy has arrived in the city, and bikes can be rented via smartphone apps. People of all ages and nationalities seem to have permanently parked their old-fashioned bikes in favor of the brand-new ones. Again, scanning a QR code on the handlebar or behind the seat unlocks the bike, which will be ready to ride. There are no set parking lots, so you can

leave the bike almost anywhere, at your convenience, sometimes at the main door of your house or classroom, which means walking is not necessary anymore! In fact, during my last year as a student at Peking University, I never took the metro to class. Riding a bike was faster, healthier and also environmentally friendly. Moreover, your bike couldn't be stolen! What could go wrong? Well, ask somebody with a dead mobile phone!

Surprisingly, last summer I discovered exactly the same Chinese bikes in different cities in Europe: Granada, Marbella and Oxford, among others. So, I guess bike sharing is not a unique thing anymore. But... what about car sharing, electrical bike sharing, powerbank sharing or umbrella sharing?! You can find any of these in China, and not only in big cities but the smaller ones too. I don't know what will happen next in the sharing economy era, but I'm sure

it will be happening in China first.

Coffee from the Sofa in Logistic China

I really enjoy drinking coffee while writing. As I was preparing this article, I yearned for it so much that I bought a cappuccino with my phone: It was delivered to my door in 30 minutes. Then, I realized my fridge was almost empty, so I shopped for groceries using WeChat. They arrived in 40 minutes. I needed to return a book to a friend on the other side of town, and I found a guy through an app who came to my house to pick it up. My friend got the book in 50 minutes.

If I need pills, I can have them within an hour. If I lose a valuable item, there is an app where you can specify place and time of the loss, and people will look for it and send it back if they find it. You don't have to go to the post office to deliver parcels or letters because you can use an app to summon someone to come to pick it up in a short time.

And still almost every day I discover something new on WeChat, a new app that makes life easier or a new innovation on the street. Every day I'm surprised by technological advancements in China and by people using them. There are facial recognition systems in offices. There is a Chinese version of Uber called Caocao which provides only electric cars. Even a social credit system is preparing to rate citizens based on their behaviors.

Some may think I'm exaggerating, but anyone living in China will agree with me: Changes are faster here than anywhere else. And, in some aspects, going back to Europe means going back to the past. ☞

— The author, who is from Spain, was a graduate of Peking University. She currently works for a Spanish company in Ningbo, southeastern China's Zhejiang Province.

A New Day in Rural China

Text by Lu Yilong

Revitalization efforts in rural areas must maintain continuity of rural society and enhance rural values. They must inspire rural residents to adjust their lifestyles and production modes to merge with the development of modern society.

After four decades of reform and opening up, China's rural areas have undergone tremendous changes. In the past, huge numbers of rural Chinese residents struggled just to meet food and clothing needs, but now the majority of rural areas have nearly achieved status as moderately prosperous societies. Per capita annual disposable income of China's rural residents increased from 134 yuan in 1978 to 13,432 yuan in 2017, multiplying by over 100 in just 40 years.

Nevertheless, China's rural areas still face some difficulties on the long road to modernization. Poverty remains a problem. Despite the impressive overall development of rural China, regional imbalances continue to glare across the country's vast

rural areas, and some remote mountainous areas with harsh natural conditions are still plagued by poverty. Furthermore, population migration has resulted in the "hollowing out" of rural areas. Many working-age rural residents venture to cities seeking employment as migrant workers, leaving only the elderly and children behind in the villages.

These problems evidence that rural development still has a long way to go to truly achieve socialist modernization with Chinese characteristics. In this context, China introduced a new rural vitalization strategy with an eye on developing rural areas with thriving businesses, pleasant living environments, strong social etiquette and civility, effective governance, widespread prosperity and accelerated agricultural and rural modernization.



Reform-driven Agricultural Transformation

To realize agricultural modernization, China needs to enhance efficiency and yields of the agricultural economy through technological innovation. Enhancing the efficiency of the agricultural economy means strengthening overall agricultural productivity, achieving a constant increase in agricultural output, consolidating agriculture's position in the national economy and increasing agriculture's contribution to national economic growth. Enhancing the yields of

the agricultural economy has been shown to increase farmers' incomes and expand the social and economic benefits of agricultural production.

Efforts to enhance the efficiency and yields of the agricultural economy should be driven by reform. In this new era, China's agricultural reform cannot be implemented according to any standardized mode. It can only be accomplished through diversified means which align with the actual conditions of specific regions. For instance, Caojiafang Village on the southwestern outskirts of Beijing

adopted a reform roadmap that goes above and beyond traditional agriculture. Following the development concept stressing that "lucid waters and lush mountains are invaluable assets," the village banned coal mining and focused its resources on developing rural tourism. This policy enabled it to transform disadvantageous conditions such as remote location in deep mountains and sparse arable land into sharp advantages. By integrating rural tourism with traditional farming and animal husbandry, the village has not only created more

November 5, 2017: The paddy testing field of Jiangsu Modern Agriculture Hi-Tech Comprehensive Demonstration Base in Hongze District, Huai'an City, Jiangsu Province. Hongze District hopes to enhance the quality and efficiency of agricultural production through promoting innovative, green agricultural technologies. VCG



New Ideas and New Goals for a New Era

jobs for local residents, but also increased their incomes. Today, increasing numbers of villagers are staying to work in their hometown rather than seeking jobs in cities. Its rural vitalization practices have helped Caojiafang integrate environmental protection with thriving businesses and

prosperous lives.

Alongside implementation of the rural vitalization strategy, various regions in China are exploring paths to achieve agricultural modernization. To realize agricultural modernization, many industrialized countries relied on capital-intensive and

technology-intensive measures to enhance agricultural productivity. China's agricultural modernization not only eyes economic objectives, but also aims to advance social progress. Any advancement of agricultural modernization should protect the interests of farmers and enable them to share the fruits of

June 27, 2017: Farmers collect lotus roots in a pond in Dongsheng Village, Huzhou City of Zhejiang Province. Over the past two years, Dongsheng Village has encouraged local farmers to grow lotus and Manchurian wild rice in tortoise and eel-raising ponds to promote new eco-friendly agriculture and increase local farmers' incomes. Xinhua



modernization in a fair way.

Of course, China's agricultural modernization cannot be accomplished overnight and requires a gradual process of reform and relevant supporting measures. From the macro perspective, a socioeconomic environment and institutional system supporting and encouraging



July 27, 2017: Tourists visit a tea garden in Sanjiang Dong Autonomous County, Liuzhou City of Guangxi Zhuang Autonomous Region. Relying on its advantageous tea planting industry, the county is working to promote agricultural tourism to help local poverty-stricken households increase their incomes. VCG



February 9, 2018: Chen Shiyuan (left), a native of Lianghe Village in Chengdu City, Sichuan Province, and other workers pack oranges to be delivered at the distribution center. After graduating from college, Chen returned to his hometown, where he sells oranges grown in the village on e-commerce platforms. VCG

New Ideas and New Goals for a New Era

agricultural reform will gradually take shape and improve. From the micro perspective, measures should be taken to mobilize grassroots communities and farmers to actively seek innovation and advance agricultural reform.

Integrated Rural-Urban Development

By revitalizing its rural areas, China aims to ensure continuity of rural society and solidify rural

values while developing rural society against a backdrop of modernization. As China moves toward modernization, the countryside remains an integral piece of its social structure. For this reason, continuity of rural society is particularly important.

Maintaining continuity of rural society doesn't mean leaving the countryside unchanged. Amid China's social transformation and economic modernization,



May 16, 2018: Local villagers read at a library in Dashiling Village in Wanning City, Hainan Province. Xinhua



April 24, 2018: Local villagers practice waist-drum dancing in Xingfu Village, Mashan Town in Pingxiang City, Jiangxi Province. Xinhua

the development of its rural areas should also advance with the times. In essence, rural modernization requires constant adjustment and alteration of lifestyles and production modes in rural areas according to new situations and conditions of social and economic development. Successful work should enable rural dwellers to coordinate and integrate with modern society.

Agricultural modernization differs significantly from rural urbanization. Indeed, urbanization can play a role in propelling rural



July 8, 2018: An aerial view of Songjian Village in Wenling City, Zhejiang Province. The village's red-roofed villas are surrounded by green croplands. VCG

modernization. Rural development can draw on past urbanization and modernization experience as references, but rural modernization should avoid transforming rural areas into cities.

Rural modernization should focus on creating a new landscape of integrated development of urban and rural areas through constantly coordinating and improving rural-urban relations, prompting agricultural growth with industrial growth, and stimulating rural development with urban

development. Such a mechanism to ensure coordinated development of urban and rural areas will facilitate reasonable allocation and utilization of rural and urban resources, enabling both farmers and urbanites to benefit from integrated rural-urban development.

To achieve rural vitalization, the Chinese government will constantly strengthen support for the development of agriculture, farmers and rural areas. A series of policies and institutional innovations to support and

benefit farmers will produce positive results. For instance, targeted poverty alleviation policies will help eliminate rural poverty and merge rural areas into moderately prosperous society. As rural modernization accelerates, confidence in rural development will be reinforced, and China's rural areas will take on a whole new look. 

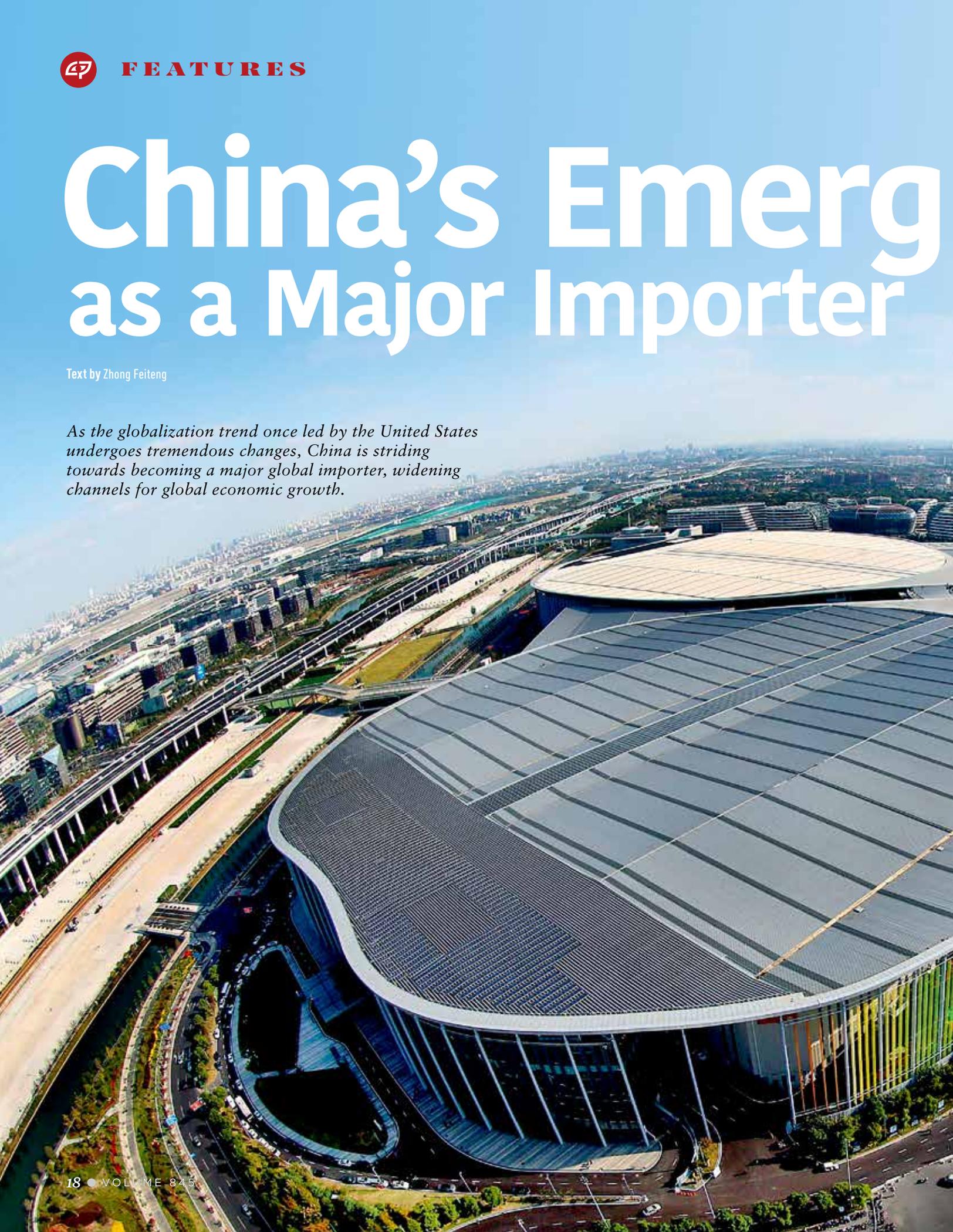
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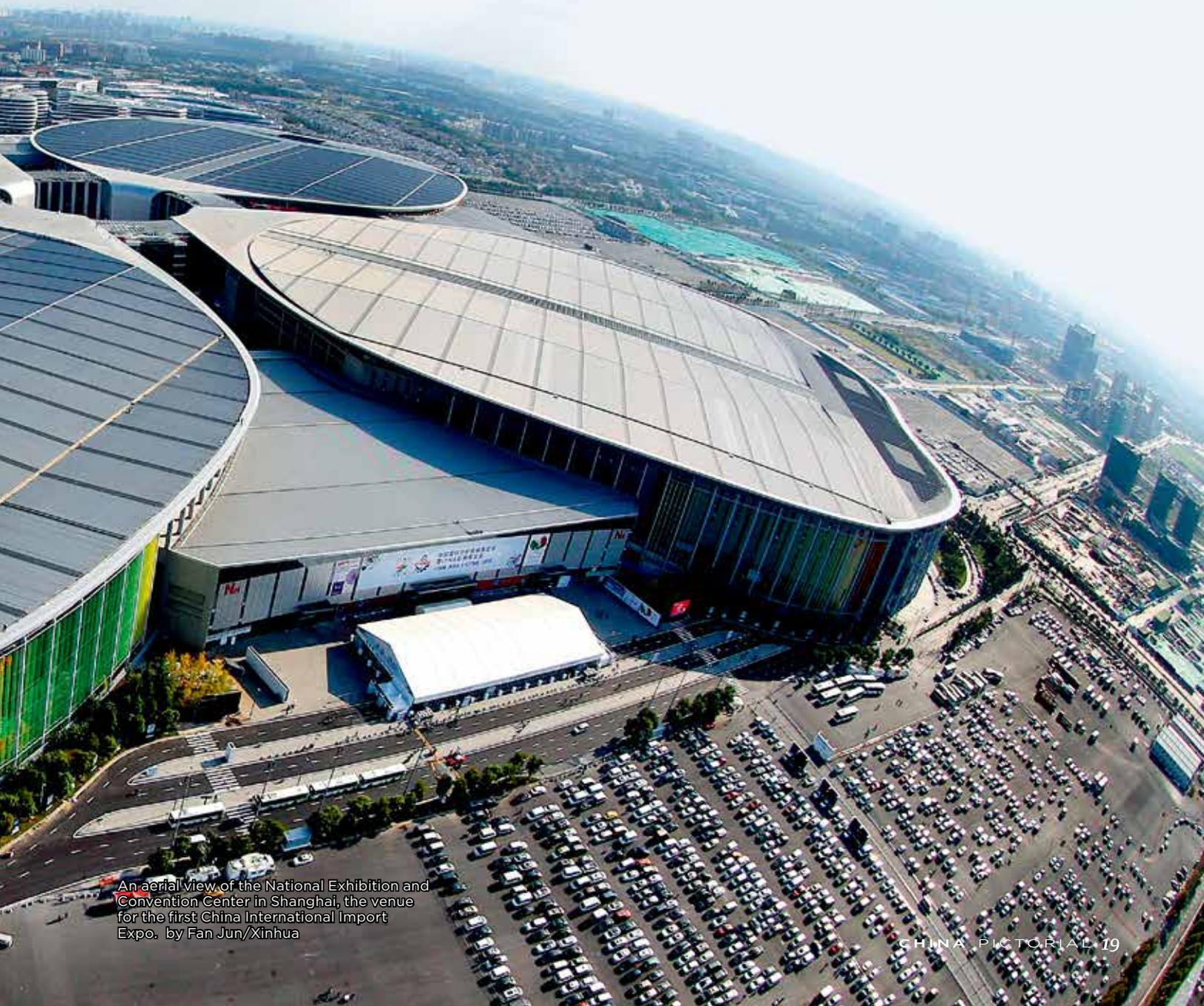
China's Emergence as a Major Importer

Text by Zhong Feiteng

As the globalization trend once led by the United States undergoes tremendous changes, China is striding towards becoming a major global importer, widening channels for global economic growth.



ence



An aerial view of the National Exhibition and Convention Center in Shanghai, the venue for the first China International Import Expo. by Fan Jun/Xinhua



October 10, 2018: Railway authorities launch a campaign to promote the upcoming first China International Import Expo on bullet trains running on the Beijing-Shanghai high-speed railway, which will continue until the expo ends on November 10. VCG

In November 2018, the first China International Import Expo (CIIE) will be held in Shanghai. The event is considered a milestone in the history of the economic interaction between China and the outside world and a major turning point in China's relations with the world.

In the era of mercantilism, policymakers believed that exports made greater contributions to a nation's economy than imports. Then, classical economics theory advocating trade balance dominated. In this new historical period, alongside the further increase in China's overall national strength and per capita income, imports are playing an increasingly important role in the country. As the globalization trend once led by the United States undergoes tremendous changes,

new drivers are needed to revitalize the world economy. China's strides towards becoming a major importer will fire up global economic growth.

Data from the World Bank shows that if calculated in RMB, China's GDP was 367.9 billion yuan in 1978, and the figure reached 82.7 trillion yuan in 2017, increasing 225 times over. If calculated in U.S. dollars, China's GDP multiplied 80-fold and its per capita GDP about 30-fold during the period, while global GDP increased nearly tenfold and the world's per capita GDP quintupled. Such remarkable economic growth is unprecedented not only throughout Chinese history, but also globally across the 20th century.

Considering the first 30 years since the founding of the People's Republic of China in 1949, the

country's economic miracle after 1978 has been attributed to opening up. For example, China's simplified average tax rate for all products dropped from 39.7 percent in 1992 to 7.9 percent in 2016, while the weighted average tax rate for industrial products decreased from 36.4 percent to 4.3 percent. The sharply lowered tax rates encourage domestic and foreign economic factors to flow in a wider manner, not only accelerating the exchange of economic factors but also enhancing the efficiency of factor allocation, expanding producers' profitability space and providing more options for consumers. More importantly, lower tax rates foster further economic openness, which has enabled China to integrate deeper into the global economy and carry out mutual beneficially interaction

with the outside world.

For a major economic power, an increase in people's incomes makes the importance of trade gradually decline, and domestic reform starts playing an increasingly significant role in driving economic growth. In the early days of China's reform and opening up that started in the late 1970s, the country's economic aggregate accounted for less than two percent of the global total, and its foreign trade lacked competitiveness and exerted very limited influence on the global landscape of international trade. Back then, China's foreign trade had barely lifted off and focused on the export of resource products. With the continuous introduction of foreign capital, China developed an export-oriented strategy. Consequently, its foreign trade, characterized by labor-intensive products trade and export-oriented processing trade, boomed. By the



A statue of Jinbao, mascot of the first China International Import Expo (CIIE), at a reception center for the CIIE. On October 23, 2018, CIIE reception centers began operating at two airports and three railway stations in Shanghai. VCG

Exceptional Terms, Extraordinary Expo

The China International Import Expo (CIIE), to be held in Shanghai from November 5 to 10, is the first-ever Chinese fair focusing exclusively on imported goods. This exceptional expo has attracted some 2,800 outstanding companies from over 130 countries and regions to unveil more than 100 new products and technologies. What will be the highlights? Let's take a first look.

5G Connection

Qualcomm's invention first connected mobile phones to the internet, heralding the era of mobile interconnection that spawned products, experiences and industries that upended lifestyles. During the CIIE, Qualcomm plans to fully demonstrate its innovative technologies, product portfolios and solutions in 5G, artificial intelligence, mobile connectivity, and Internet of Things to continue leading the new revolution of mobile technology and stimulating the new era of intelligent interconnection of all things.

Green and Smart Buildings

Modern technology firm Johnson Control has "relocated" its Asia-Pacific headquarters building in Shanghai's Changning District to the CIIE. As China's first building to receive the Green Building Evaluation Label (China Three Star), LEED Platinum certification and EDGE certification, the structure utilizes the company's full line of self-controlled smart technology products. It is the leading model of domestic commercial building solutions and an energy-saving "encyclopedia" for buildings, cutting energy usage by 45.47 percent, water usage by 42.27 percent, and chemical energy usage by 20.82 percent annually. It is already a new landmark for Shanghai and Chinese green intelligent construction.

Digitalization

Digitalization is the most effective means to achieve growth, improve competitiveness and enhance life quality. Many companies are putting great emphasis on their digital strategies. One of the forerunners and important builders of Industry 4.0, Siemens is bringing leading technologies, a comprehensive portfolio and proven project competencies along the entire value chain of electrification, automation, and especially, digitalization to the expo with an eye on unleashing the power of digitalization alongside its Chinese partners through mutually beneficial cooperation.

Financial Technology

Today, the evolution of financial technology has shifted from domination by the global financial services industry towards more collaborative models. New technology has given birth to cross-border and cross-industry ecosystems. Based on this context, Deloitte will showcase its anti-money laundering robots and TraceChain programs at the CIIE to improve the efficiency and reliability of financial services.

Intelligent Logistics Ecosystem

Logistics is an indispensable facet of importing. As a provider of storage space, GLP is also committed to building a global intelligent logistics ecosystem. At the expo, GLP will focus on the industrial ecological chain and provide a comprehensive display of its logistics facilities network, supply chain financial services and data technology platform. Together, they constitute a logistics ecosystem and drive logistics service model innovation through technological innovation.

Return to Nature

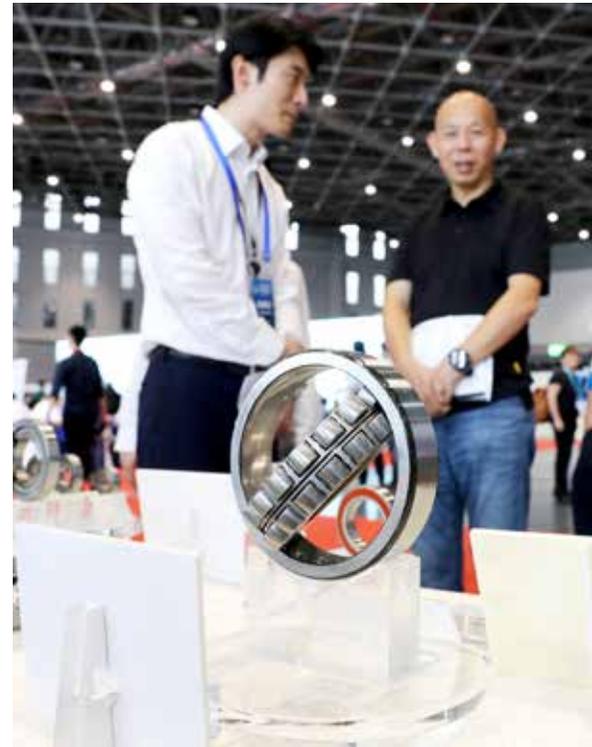
Daily use products are intimate with everyday life, so product safety greatly influences the health and well-being of consumers. B&D Life Health is coming to the expo with natural daily use products that are environmentally friendly and completely safe on the skin. The company advocates environmentally friendly concepts and products that can easily return to nature.

Smart Lighting

In the smart age, lighting is also keeping up. By applying smart technologies to lighting systems around urban landscapes, Signify hopes to facilitate revolutionary changes to urban energy allocation and development. At the CIIE, Signify will launch an intelligent interconnection control platform, which could be used not only in governmental and commercial scenarios, but in homes as well, with an eye on making lighting solutions truly smart.

Future Travel

Jaguar Land Rover is actively transforming as electrification, intelligence and car sharing sweep across the industry. The automaker will highlight its first pure electric coupe SUV at the expo and demonstrate the company's efforts to shift from internal combustion engines to electrification, interconnection, intelligence and sharing to play their part in creating a cleaner, safer and more high-tech future for global consumers.



August 8, 2018: An exhibitor (left) introduces his company's products to clients at the Matchmaking Meeting for Exhibitors and Buyers of High-end Intelligent Equipment Exhibition Area for the 2018 China International Import Expo at the National Exhibition and Convention Center in Shanghai. by Fang Zhe/Xinhua

2008 worldwide financial crisis, however, the core driving forces of China's economic growth began to shift from exports to domestic consumption. This is evidenced by the following figures: In 1978, China's degree of dependence on foreign trade was 14.1 percent, which maxed out at 64 percent in 2006 before dropping significantly to 33.5 percent by 2017. The ratio of goods trade to GDP is 20 percent in the United States and 28.2 percent in Japan, to name a couple of top-ranking economic powers.

Major economic powers have walked different roads along with the evolution of foreign trade. Take the United States as an example: Since 1972, its import volume has

exceeded export volume, resulting in an increasing trade deficit. This eventually resulted in the collapse of the Bretton Woods system and sharp adjustments of the foreign exchange rate systems of various countries. Although the United States canceled the direct international convertibility of the U.S. dollar to gold, the dollar still retains its position as an international currency, which, to some extent, has been even further solidified. The expansion of the international market has increased financialization of the United States, and its domestic economy has become increasingly reliant on the financial services industry.

Japan took a different path. From the mid-1970s, with the enhancement of their foreign exchange rate independence, some East Asian economies gradually turned to export-oriented development policies, which enabled them to quickly merge into the international market. Since the 1980s, Japan's trade-to-GDP ratio has undergone U-shaped development.

It is noteworthy that the different paths taken by the United States and Japan closely correlate to their respective development stages and cross-border economic collaboration situations. Indeed, the drop of Japan's trade-to-GDP ratio is partly due to expanded domestic demand. However, the primary reason is that Japanese transnational companies formed an Asian production network, shifting parts of Japan's production capacity to Southeast Asian countries and forging a U.S.-Japan-East Asia triangle trade relationship.

A noteworthy historical fact is that the ratio of Japan's GDP to that of the United States witnessed reversed U-shaped development, rocketing from 10 percent in the early 1960s to 71 percent in 1995 and then turning back to today's 25 percent. For a long time, China's economic aggregate accounted for less than one-tenth of that of the United States. Since the 1990s, China has witnessed rapid economic growth. The ratio of its GDP to that of the United States doubled from

1990 to 2001 and then redoubled twice from 2001 to 2007 and from 2008 to 2017, respectively. Currently, the ratio is stable at 63 percent. Nevertheless, the current ratio of China's per capita GDP to that of the United States only compares to Japan's level in the 1960s. This means that theoretically, there is still a huge space for China to catch up with the United States.

The China-U.S. relationship is entering a crucial stage, and China's opening up has entered a "deep-water zone." China has ranked as the world's second largest economy for eight consecutive years. If measured by purchasing power parity according to the International Monetary Fund, China has been the world's largest economy for five straight years. China has played a vital role in the development of the world economy. Over the past few years, it has contributed more than 30 percent of global economic growth. Moreover, the main component of China's economic structure has shifted from agriculture in the 1980s to industry and services. Since 2014, the ratio of employees in the service industry to the country's total working population has exceeded 50 percent. Research shows that China will soon become a high-income country as defined by the World Bank. In this crucial period, China particularly needs to actively expand opening up to promote reform and prompt common development of other countries in the world. Hosting the CIIE provides an important opportunity for the country to press ahead with a brand-new globalization and fulfill its responsibilities to the world. 

July 26, 2018: An exhibitor showcases a coffeemaker at a matchmaking meeting for exhibitors and buyers for the 2018 China International Import Expo. by Jin Liangkuai/Xinhua



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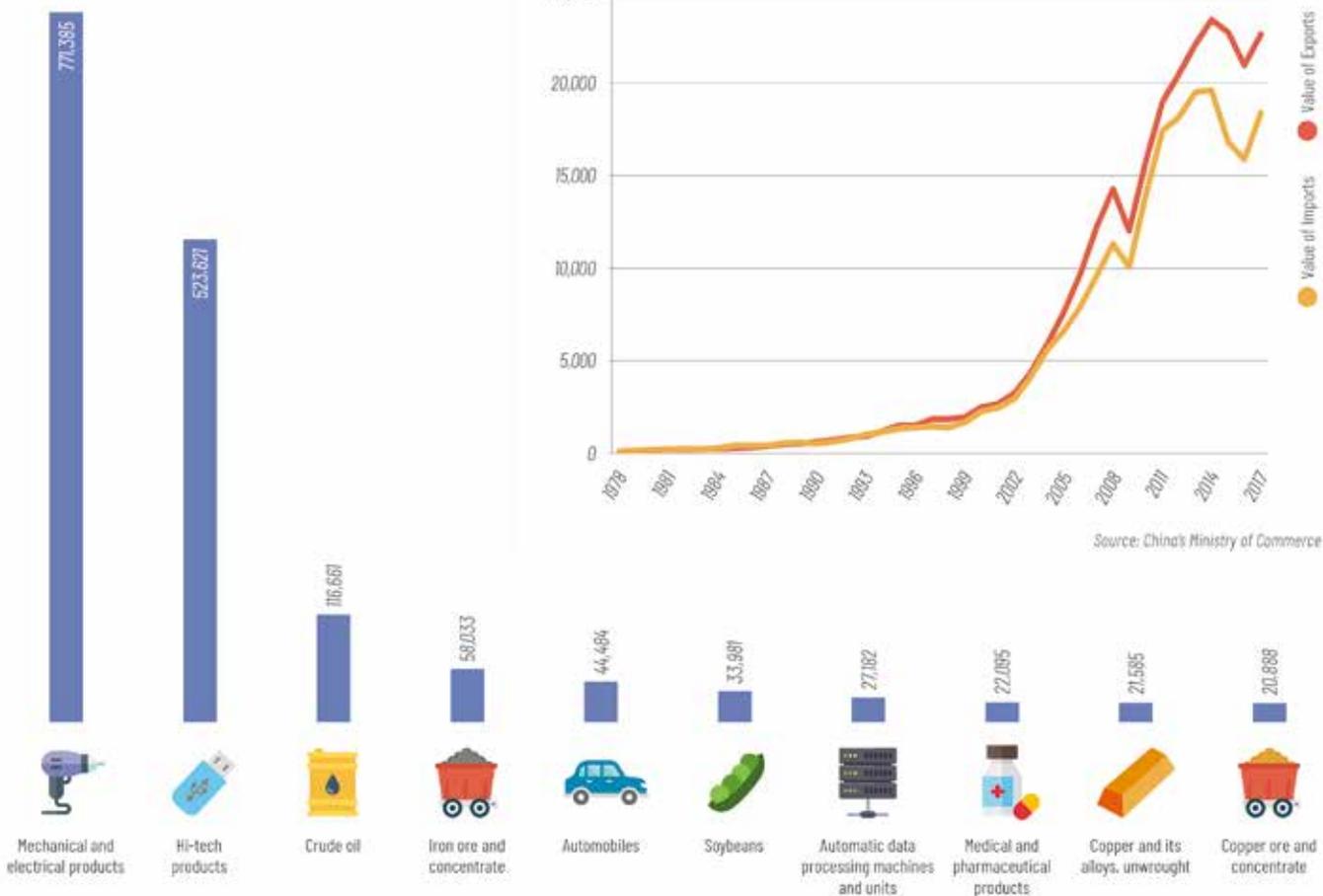
A Glance at China's Foreign Trade

Edited by Zhou Xin

The China International Import Expo, which is scheduled to kick off in Shanghai on November 5, has attracted massive global attention. Since China's reform and opening up that started in the late 1970s, the country has quickly jumped into the world division of labor, and its trade relations with other countries have become increasingly close ever since. During the process of "made in China" products becoming popular around the world, China's population of nearly 1.4 billion has emerged as a key spending force, purchasing an increasingly huge volume of international goods and services.

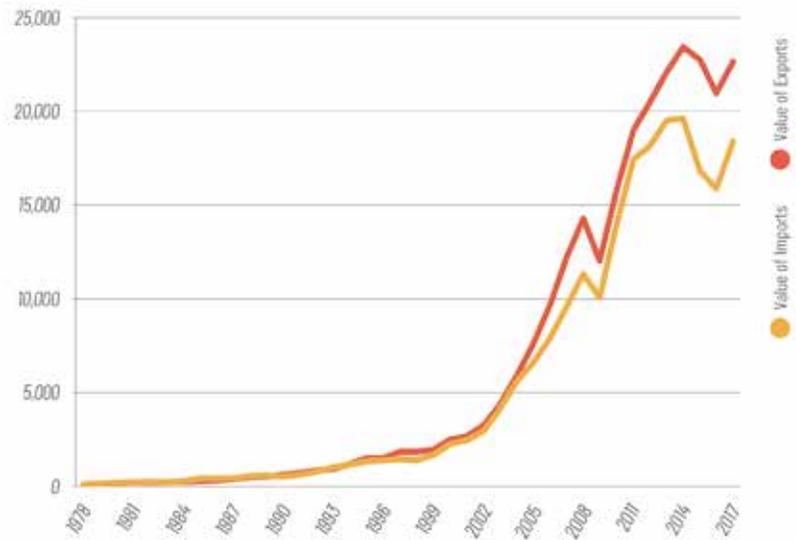
The following data showcases the changes in China's imports and exports across the four decades since the reform and opening up as well as China's recent jump in imports.

CHINA'S TOP TEN IMPORTED COMMODITIES IN TERMS OF VALUE IN 2016 (US\$1 MILLION)



Source: China's National Bureau of Statistics

VALUE OF CHINA'S IMPORTS AND EXPORTS FROM 1978 TO 2017 (US\$100 MILLION)

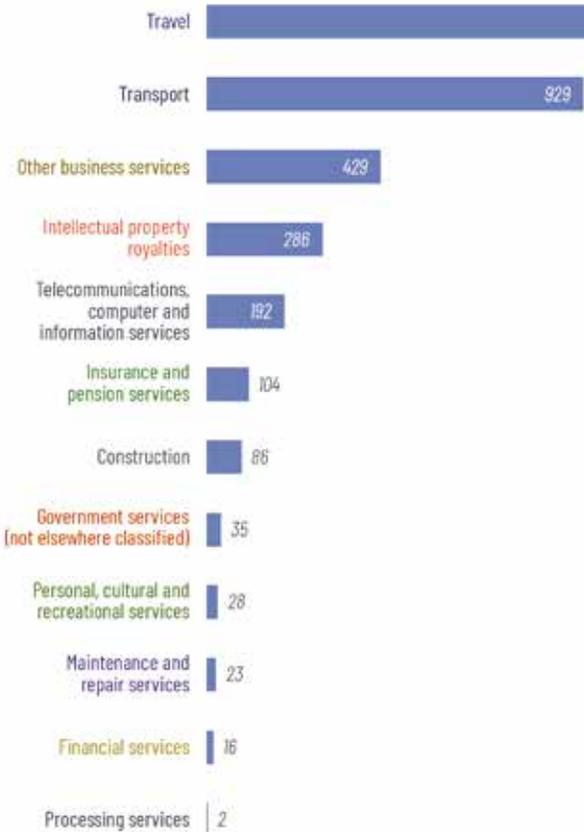


Source: China's Ministry of Commerce

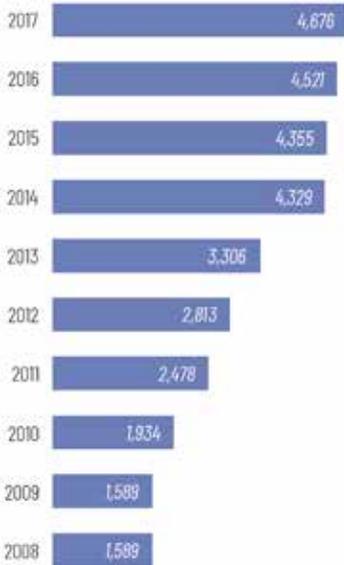
- TOP TEN SOURCE COUNTRIES/REGIONS FOR CHINESE MAINLAND'S IMPORTS, 2016 (US\$10,000)
- TOP TEN DESTINATIONS FOR CHINESE MAINLAND'S EXPORTS, 2016 (US\$10,000)



CHINA'S IMPORTED SERVICES BY CATEGORY, 2017 (US\$100 MILLION)



VALUE OF CHINA'S IMPORTED SERVICES TRADE FROM 2008 TO 2017 (US\$100 MILLION)



Data from China's Ministry of Commerce

Intelligent Manufacturing Reshapes Global Trade

Text by Huang Yanghua

Intelligent manufacturing will create new opportunities for global trade in promoting its inclusiveness, innovation, universal benefits and green development.

The global industrial revolutions have not only directly affected the global industrial layout but also profoundly reshaped global trade patterns. After the first industrial revolution, trade of commodities and raw materials increased sharply worldwide. After the second industrial revolution, economic globalization greatly accelerated and the global industrial division network expanded. After the third industrial revolution, the spread of information, technology and capital has made all countries in the world compose a community with shared interests.

In recent years, the new generation of communications technology has accelerated full penetration into production and consumption fields, which has redefined both the production process and consumption patterns. The global trend of intelligent manufacturing has increasingly become the norm, and global trade patterns have gradually changed.

For most countries in the world, foreign trade is a “mirror” to reflect the status of their industry in the global value chain. Now, many countries are carrying out strategic layout of intelligent manufacturing to reshape their global industrial competitiveness.

Overall, intelligent manufacturing is conducive to boosting global investment and trade growth, which will provide new momentum to help speed up the slow recovery of the world economy since the 2008 global financial crisis.

Comparing the representative intelligent manufacturing development plans of the United States, Germany, Japan and China, it seems that the major industrial countries tend to develop their strengths and avoid their weaknesses, actively seeking a development model for intelligent manufacturing that strengthens their comparative advantages.

Meanwhile, the varying

development models of intelligent manufacturing of major countries have created new space for future global economic and trade cooperation.

Firstly, intelligent manufacturing will reshape the comparative advantages, and the level of intelligence will become the main determinant of global trade competitiveness. With the development of intelligent manufacturing, the competitive advantages of products will no longer be determined by cost competition, but by how to produce more personalized and higher value-added products with the help of more intelligent equipment, which will further widen the value gap between high and low value-added products and reconstruct the global value chain.

Moreover, the new equipment supporting the development of intelligent manufacturing belongs to technology and capital intensive products, which conforms to the comparative advantages of some countries.

Therefore, after extensive development of intelligent manufacturing, the comparative advantages of different countries will change drastically. Only by promoting practical cooperation can more people share the dividends of human technological progress and enhance the inclusiveness of global trade.

Secondly, intelligent manufacturing will promote the development of industrial integration, which will cause the distinction between goods and services trade to become more blurred. Considering that production work of the manufacturing industry will be mainly performed by high-efficiency and high-intelligence equipment in the future, the operations of manufacturing enterprises will shift to research and development, design, IT, logistics, marketing and other



September 3, 2018: Workers on the production line of the Xuanhua branch of Beiqi Foton Motor Co., Ltd. in Zhangjiakou City, Hebei Province. The company promotes intelligent manufacturing of heavy-duty special vehicles and new product research and development. It has formed a production base of heavy-duty special vehicles centered in the Xuanhua branch of Beiqi Foton Motor Co., Ltd. VCG

production services. Production services will become the bulk of the future manufacturing industry.

In addition, the internet environment will allow the products from the manufacturing industry to provide many intelligent services. For example, Apple's mobile phone is an industrial product, but the company mainly focuses on research and development, design, marketing and other services, so that its users can enjoy good network services.

Intelligent manufacturing accelerates the integration of manufacturing and service industries as well as the integration of global trade in goods and services. Many innovation and start-up activities are expected emerge in fields with deep industrial integration, bringing

more vitality to the global economy and trade. Therefore, countries around the world should look to reform the existing global trade statistical and governance systems to better adapt to the new pattern of global trade and enhance its innovation power.

Thirdly, intelligent manufacturing will change the employment structure and stimulate structural changes in populations benefiting from liberalization and facilitation of global trade, which demands that all countries strengthen policy communication and coordination. Demand for labor in the manufacturing sector will reduce as a result of the extensive use of intelligent equipment. The main employment group in the manufacturing industry will be professionals who provide

service support for production.

The employment structure of the industry will develop towards a growing sector of service employment. Accordingly, all countries should strengthen cooperation in education, training and social security systems, jointly cope with the challenges brought by the adjustment of global trade patterns and enhance the inclusiveness of global trade.

Fourthly, intelligent manufacturing will promote the development of green industries and will also facilitate more environmentally friendly global trade. With the support of intelligent systems, enterprises can more accurately implement resource management, energy management and logistics management to reduce resource consumption and pollution emissions in production. This will help improve the efficiency of global production, circulation, consumption and resource recycling, effectively reducing the "carbon content" of global trade and promoting green development.

The development of intelligent manufacturing going in a high-end, service-oriented and green direction will inject impetus into economic globalization and create new opportunities for the inclusive, innovative, universally beneficial and green development of global trade.

At the same time, it may be accompanied by new adjustments of the foundation, competition modes and income distribution mechanisms of global trade, which requires pragmatic cooperation, enhanced policy coordination and joint efforts of all countries to promote the reform of the global trading system. 

The author is an associate research fellow with the Institute of Industrial Economics under the Chinese Academy of Social Sciences.

Siemens' Smart Manufacturing

Text by Li Zhuoxi

Siemens will drive more Chinese enterprises to radiate digital energy.



May 18, 2018: An electric starter in a Siemens workshop. A key player of the fourth industrial revolution or “Industry 4.0,” Siemens is leading the digitalization of enterprises. IC

Siemens, a German industrial giant, has a relationship with China that can be traced back 145 years when the company supplied the country with its first pointer telegraph. Since then, Siemens has put down roots in China and become a firm partner in China’s development with work on the country’s first tram, first hydroelectric station and other ground-breaking projects.

A key player of the fourth industrial revolution or “Industry 4.0,” Siemens is leading the digitalization of enterprises. During the upcoming first China International Import Expo, the company will exhibit

cutting-edge technology, solutions and project-operation techniques for electrification, automation and especially digitalization. The company’s exhibits at the venue will cover fields including energy transformation, digital manufacturing, digital cities and the Belt and Road—items that are crucial for China to further strengthen international cooperation.

Future Digitalized Enterprises

What is digitalization? What is the “Internet of Things”? What is “Industry 4.0”? These abstract concepts are being translated into concrete forms in Electronic Works Amberg of Siemens.

The digital factory in eastern Bavaria, Germany, is the most advanced of its type in Europe and even the world. The factory manufactures one control device per second on average, which amounts to 15 million units annually across 230 working days. Its product qualification ratio averages as high as 99.9988 percent, a number that no other similar factory can rival. With highly automated production, computers in the factory automatically process three quarters of work procedures, preparing delivery for about 60,000 global clients within 24 hours.

In September 2013, Siemens Electronic Works Chengdu, a sister

factory of Electronic Works Amberg, opened in Sichuan Province in southwestern China. The factory, a research and development (R&D) base for Siemens' global industrial automation products, is completely digitalized from management, product R&D and manufacturing to logistics. With the help of information technology, its data is interconnected with Siemens' manufacturing base in Germany and R&D center in the United States. Currently, the first-time product qualification ratio is higher than 99 percent at the factory. It cuts delivery time in half compared to other Siemens factories in China.

To maintain advantages in global competition, manufacturers around the world are maximizing their usage of resources and increasing production efficiency. This is exactly what digitalization can facilitate. The Siemens factory in Chengdu is a good reference point for China's future manufacturing.

Radiating Digital Energy

Chinese manufacturers are facing a pressing need for transformation because low-cost labor is no longer the strength of "Made in China" in the global market. Today, the Chinese economy is undergoing structural reform with innovation-driven development. Digital transformation will impact China's economy profoundly as it drives China's industrial upgrade.

As it promotes digitalization, Siemens is radiating digital energy by creating new business modes alongside Chinese enterprises. Statistics show that by the end of 2017, Siemens had provided technological support for more than 167,000 industrial enterprises in China and had assisted more than 1,000 small or medium-sized Chinese enterprises with equipment upgrades by offering financing solutions. Siemens installed its signal systems into 33 metro lines



December 5, 2017: An engineer displays an intelligent robot for special firefighting, co-produced by Siemens and China's Qingdao Aucma Group. VCG

in 15 Chinese cities to provide efficient, reliable and convenient service as well as supplying efficient turbine technology for more than 45 percent of China's thermal power plants.

Over the years, China has become one of the largest research powerhouses for Siemens, and now the country is home to 21 of its innovation centers and more than 4,500 R&D and engineering staff. These employees work in innovation laboratories across the country from Beijing and Shanghai to Suzhou, Nanjing, Wuhan, Wuxi, Qingdao and Chengdu.

Cultivating Talent

McKinsey forecasts that China's demand for senior technological personnel will reach 140 million in 2020, but supply will fall short by 22 million.

The "Made in China 2025" plan alongside waves of digitalization not only presents great opportunities for Chinese manufacturers, but also raises the necessary skill level for employees. Along with deep cooperation with Chinese manufacturers, Siemens also introduces cutting-edge

engineering concepts and advanced talent development systems into China's educational system to cultivate the next generation of innovative talent and support China's industrial upgrade to realize the goals outlined in the "Made in China 2025" plan.

From 2011 to the end of 2015, Siemens invested in China's education with capital and facilities totaling 711 million yuan. As of 2015, Siemens had built more than 300 laboratories in conjunction with Chinese universities and colleges, producing 56 types of text books about electronics and machinery. In May 2018, Siemens signed a memorandum of understanding on educational cooperation with China's Ministry of Education to cultivate innovative talent for "Made in China 2025" under the framework of China-Germany cooperation.

"The future of digitalization is not just about technology or business, but more about enterprises' ultimate missions, which need to create value for society. This is what Siemens advocates," stressed Wang Haibin, general manager of the Digital Factory Division of Siemens China. 

Endless Reform and Opening Up

Text by Zhang Haibing

Ultimately, a “never-ending” expo requires constant reform and development of the country.



May 4, 2018: An automated container terminal at Qingdao Port in eastern China's Shandong Province. China is an active participant, steadfast defender and important contributor to the multilateral trading system. China will never close its door but open it even wider to the world. by Guo Xulei/Xinhua



At the first Belt and Road Forum for International Cooperation held in 2017, President Xi Jinping declared that China would host the first China International Import Expo (CIIE) in 2018. On many other diplomatic occasions, the country has also promoted the CIIE to the international community. In September, when the 2018 summit of the Forum on China-Africa Cooperation was held in Beijing, China pledged to import more commodities, non-resource products in particular, from African countries to support African participation in the CIIE. China is welcoming least-developed African countries to participate in the event for free.

Clearly, the impending CIIE is not an expo in the traditional sense.

Exceptional Import Expo

The CIIE consists of three parts: Country Pavilion, Business Exhibition and Hongqiao International Trade Forum, integrating the World Expo method to display policies and commodities with the function of Davos World Economic Forum to discuss international trade trends.

The Country Pavilion focuses on displaying participating countries' policies on trade and investment, aiming to facilitate mutual policy communication. The Business Exhibition is the major event featuring enterprises from overseas selling commodities produced abroad. Both the enterprises and the products they display represent advanced levels of their respective industries. The Hongqiao International Trade Forum will be held under the theme "Unleashing New Vigor in Global Trade, Creating a New Pattern for Open and Win-Win Cooperation," with an

● FEATURES

eye on establishing a platform for exchange and communication on global economic and trade issues. The forum's three parallel sessions will focus on "trade and opening up," "trade and innovation" and "trade and investment." Their topics are expected to go beyond trade issues and delve into global governance.

The CIIE is actually a venue for trade exchange featuring China taking the initiative to further open its market by greatly lowering the institutional transaction cost of imports to make contributions to building an open world economy.

Far-reaching Influence

The CIIE will last six days starting from November 5. How to design a "never-ending" expo with enduring influence has been a major consideration of organizers.

Firstly, "never-ending" refers to continuity. Rather than a one-off event, the CIIE will be held time and time again. For trading parties, the premise and foundation of a sustainable import expo lie in the consistent draw of exhibitors and purchasers. Exhibitors care most about easier access to the Chinese market and increased profits, while purchasers pay attention to whether

they can efficiently get quality products at low prices. So, the first import expo has made extensive and meticulous preparations on items ranging from facilitating clearance to lowering transaction cost, displaying products efficiently and securing deals effectively. To guarantee smooth transactions, the CIIE set up a service platform for one-stop transactions, promoting a fusion of online and offline transactions. For example, the Shanghai trading delegation has set up four purchasing alliances including a cross-border import e-commerce alliance, a large retailers alliance,

China (Shanghai) Pilot Free Trade Zone has explored a new channel and accumulated experience for China's further reform and opening up, as well as its construction of a new system of open economy. courtesy of Pudong New Area Information Office





January 27, 2016: China's first MIG retail store specializing in imported products opens in Shenyang, capital of Liaoning Province. VCG

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How to design a ‘never-ending’ expo with enduring influence has been a major consideration of organizers. ”

a comprehensive trading service providers alliance and an exhibiting services alliance, with an aim to facilitate accurate connections between Shanghai’s purchasers and the exhibitors. The CIIE also hopes to draw more purchasers from home and abroad to Shanghai to do business in the future. From this aspect, the import expo will become a permanent trading platform.

Secondly, the National Exhibition and Convention Center in Shanghai will continue to provide services after the CIIE by building the “6+365” One-Stop Trading Services Platform like DLG Import Commodities Center. Already, the country pavilions of New Zealand and Mongolia decided to participate in both the 6-day expo and

the 365-day exhibitions. This enables displayed products to transform into commodities, allowing consumers to reach foreign quality products without going abroad.

Finally, for China, the CIIE’s overflow effects can constantly promote domestic reform and development, optimize economic structure and upgrade industries. Forty years ago when the country began its reform and opening up, China hoped to exchange market access for technology. But now China is opening its door to host the import expo in an effort to accelerate innovation-oriented development and industrial upgrading of domestic enterprises and constantly meet public aspiration for a better life.

Some newly established regulations and the adjustment of some rules have released dividends like tariff reductions. According to a report issued by the tariff committee of China’s State Council, since November 1, 2018, 1,585 taxable items have enjoyed lower most favored nation tariff rates, accounting for 19 percent of all of China’s taxable items. Since 2018, China has implemented four tax cuts, dropping the general tariff level to 7.5 percent from 9.8 percent in 2017. In fact, the Chinese government has spared no efforts to improve the business environment. A forerunner of China’s reform and opening up, Shanghai issued an action plan to quicken the pace to build an open economic system, which clarified and detailed measures for further opening financial and manufacturing sectors.

All in all, “never-ending” refers to the constant reform and development of China. 

■ The author is director of the Institute for World Economy Studies under the Shanghai Institutes for International Studies.

Expanding Imports and Promoting Opening Up

China's Ten Biggest Moves to Boost Trade Since 2001

Edited by Zhao Yue



After it joined the World Trade Organization (WTO) in 2001, China adopted a series of measures to address the issue of global trade imbalance and promote its imports. These measures have helped China maintain its high-speed growth in foreign trade and boost its imports. Since China's entry into the WTO, the value of the country's newly added imports has either totaled or exceeded US\$100 billion annually. Such a large sum is rare globally and has made tremendous contributions to global economic growth.

Accession to the WTO

In 2001, China joined the WTO with a pledge to gradually streamline administrative examination and approval procedures, relax market access, substantively reduce

import tariffs and remove non-tariff barriers such as import quotas and import licenses which do not align with WTO rules. China's WTO accession serves as

an important milestone for the country's fusion with the global economy, lifting its reform and opening up to a higher level.

Enactment of Regulations on the Import and Export of Goods of the People's Republic of China and Regulations on the Import and Export of Technology of the People's Republic of China

In 2002, these two documents were both implemented. They have promoted the free import and export of goods, regulated the management of technol-

ogy import and export and maintained the order of technology importing and exporting. They have also promoted the healthy development of China's foreign

trade, evidencing that China has begun to adopt international standards on import and export management.

Revision of Foreign Trade Law of the People's Republic of China

In 2004, the revised *Foreign Trade Law of the People's Republic of China* went into effect. This revision covered three major aspects, including enlarging the scope of foreign trade business operators, replacing the approval system with a registration

system for foreign trade authorization, and adding clauses to guarantee foreign trade fairness and transparency. Implementation of the revised law served as an important symbol of China's fulfillment of WTO commitments on laws

and regulations. It also highlighted the direction and institutional guarantees of China's further reform on foreign trade against the backdrop of the country's continuing reform and opening up.

The right to engage in foreign trade more widely granted

In July 2004, China fulfilled its WTO accession commitment by replacing the 50-year-old approval system with a registration

system for foreign trade authorization, six months before the deadline to which it had committed. This move was conducive to

creating a fair market environment and has played an important role in the rapid development of China's imports and exports.



Implementation of Enterprise Income Tax Law of the People's Republic of China

The Enterprise Income Tax Law of the People's Republic of China, adopted **in 2007**, came into force on January 1, 2008, ending the two-decade-long

practice of differing tax rates for domestic and foreign enterprises in China. This law drew on experience from international practice and cast a profound

influence on China's economic restructuring and the structural optimization of China's foreign capital utilization.

China-ASEAN Free Trade Area (CAFTA)

The CAFTA was formed **in 2010**. According to the framework agreement, China would adopt a zero tariff rate for

90 percent of traded goods produced by ASEAN members. A bold move on regional economic integration, the launch

of the free trade zone was another measure expanding China's opening up and driving its reform to a deeper level.

Tariff reduction commitments accomplished

In 2010, China further reduced its import and export tariff rates and fulfilled all of its

tariff reduction commitments to the WTO later that year. This move typified China's

active participation in economic globalization during its reform and opening up.

China (Shanghai) Pilot Free Trade Zone

In 2013, China (Shanghai) Pilot Free Trade Zone was officially launched. The free trade zone serves as a testing ground for a number of economic and social reforms including streamlining administration and delegating power, introducing the negative list, facilitating free exchange of RMB and

promoting domestic capital for overseas investment and financing. Later, China set up several other free trade zones in places such as Tianjin, Guangdong, and Fujian. These free trade zones are the epitomes of China's current reform and opening up in the deep-water zone. Establishment

of free trade zones helps drive China's domestic reform, especially its reform of the economic system, to a deeper level and is conducive to expanding its opening up. Through these free trade zones, China is able to better allocate resources through the international market.

The Belt and Road Initiative

In 2013, Chinese President Xi Jinping proposed the initiative to jointly build the Silk Road Economic Belt and the 21st-Century Maritime Silk Road (known as the "Belt

and Road Initiative"), which has attracted enthusiastic attention from around the world. Aiming to promote economic prosperity in countries along the Belt and Road,

the initiative upholds the principles of extensive consultation, joint contributions and shared benefits, marking China's entry into a new era of all-round opening up.

RMB's inclusion in the SDR

In 2016, China's currency, Renminbi (RMB), was included in the International Monetary Fund's Special Drawing

Rights (SDR) basket as an international reserve currency. It further accelerated RMB's pace to become an interna-

tional currency and facilitated more extensive foreign investment in China.

A Golden Age for China's Consumption

Text by Chen Qiqing

A fast-growing and increasingly open Chinese consumer market is making great contributions to the world economy.

With socialism with Chinese characteristics entering a new era, the Chinese economy has ushered in a new developmental phase. One essential feature of the new phase is the country's economic shift from high-speed growth to high-quality development. To realize high-quality development, improving demand patterns and steering the ever-growing impact of consumption on the economy are greatly important. It is not a stretch to say that China's economy has arrived at a consumption-driven

era. This era features at least three major traits: First, consumption has become an important impetus for China's economic development. Second, China's consumption is being upgraded. Medium-high-end consumption is rapidly rising and new consumption patterns are mushrooming. Third, China's consumption has become a new driver for global economic growth.

Biggest Economic Driver

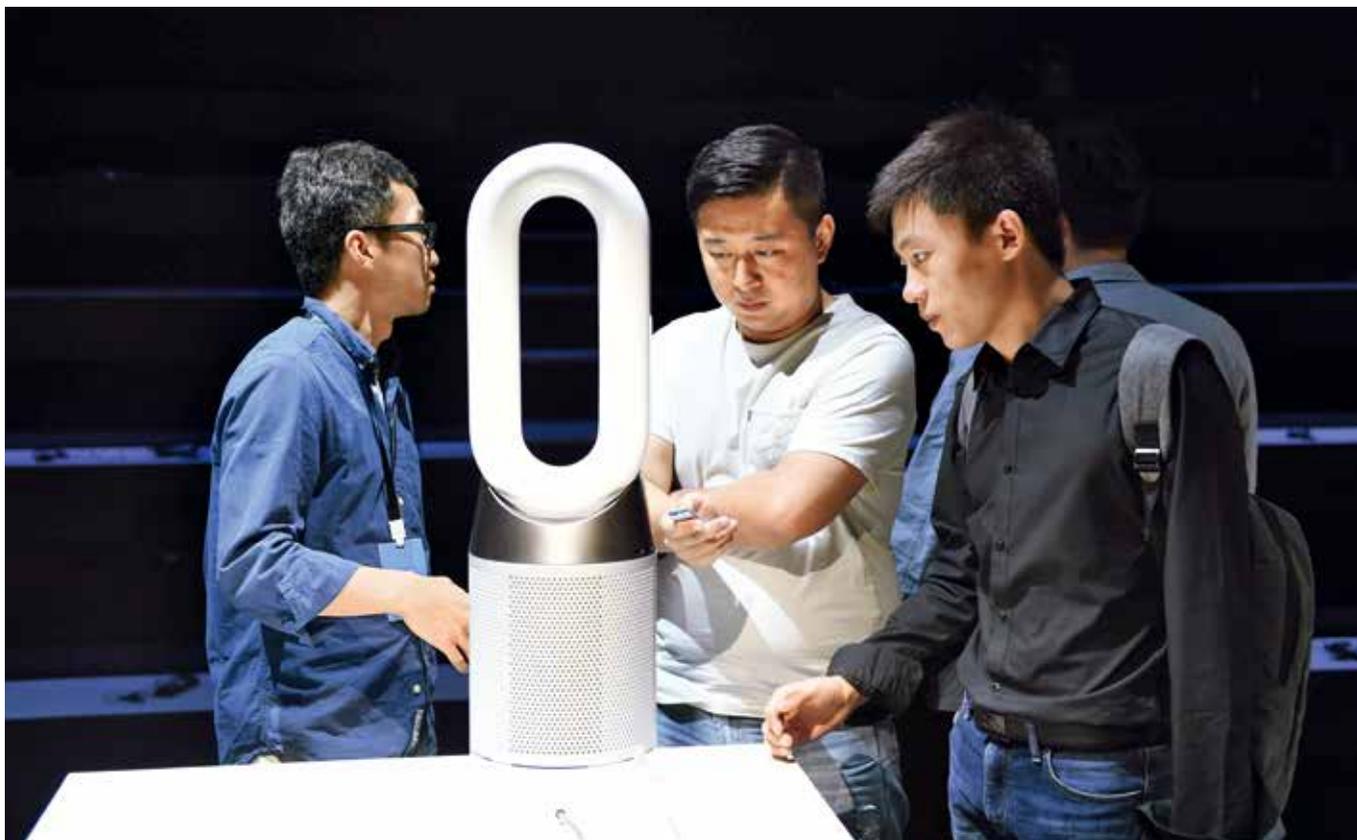
From the perspective of demand, the three drivers of economic growth are investment,

consumption, and exports. In a mature economy, consumption is the major driving force for economic development and contributes about 70 percent of total economic growth. Insufficient consumption had been a persistent problem for China. After the 18th National Congress of the Communist Party of China (CPC) in 2012, China's consumption started to take off and gradually surpassed investment to become the biggest economic driver. Consumption contributed 47 percent of China's economic growth in 2013, lower than that of investment. However, since then, the contribution of consumption to the economy has been consistently increasing. In the first half of 2018, consumption contributed as much as 78.5 percent of China's economic growth.

Currently, China's consumption rate is also steadily rising. The consumption rate is the ratio of final consumption expenditures to a country's total GDP and serves as an important indicator to assess consumption's role in a country's economic development. In the early days of China's reform and opening up that started in the late 1970s, the country's consumption rate

June 4, 2018: The 2018 Chongqing International Children's Education and Products Exhibition. China's educational market for kids has developed rapidly, especially in the larger cities. IC





September 12, 2018: Consumers look at a new product by Dyson, a renowned British home appliance technology company, in Beijing. At present, the quality of Chinese people's spending is improving, shifting from low-medium to medium-high-end consumption. IC

witnessed a decline, largely due to a drop in household consumption rate. In 1983, the country's final consumption rate was around 67 percent. The figure dropped sharply in the years to come. It slightly rebounded between 1994 and 2000, but went down again between 2000 and 2010. After 2010, the figure picked up again and reached 53.6 percent in 2017.

Looking to the future, certain elements will continue to raise the consumption rate and make consumption the primary driver for China's economic growth.

First, ever-increasing income will promote growth of consumption. In recent years, the growth rate of Chinese residents' income has risen steadily, continuously surpassing that of the economy. The

country's national income per capita is predicted to exceed US\$10,000 soon. At the same time, China has entered a period of narrowing the income gap. More balanced income is conducive to consumption growth. Since the 18th CPC National Congress, China has been investing more in poverty alleviation projects. The millions who are lifted out of poverty will become new engines for consumption growth.

Second, China's ongoing urbanization process will substantially promote consumption. At present, room for China's urbanization is still huge. In the next 10 years, a total of 130 million rural residents will be relocated to cities, which is expected to increase consumption by two trillion yuan (US\$288.5

billion). A large migrant population can be found in China's urban areas, who also promote consumption as a group.

Third, China's ever-improving social security system will free up more household savings to be funneled to consumption. Previously, the country featured a high saving rate and a low consumption rate. Most Chinese residents save money with the primary purpose of covering possible future medical expenditures or using the money as pension. Since the country has been vigorously improving its social security system in recent years, consumption is expected to go up with the expansion of the social security network and the improvement in social security services.

Fourth, preferential policies have created a sound environment for consumption upgrades. Since the 18th CPC National Congress, China has been attaching greater importance to consumption. The report delivered at the 19th CPC National Congress in 2017 emphasized that China would improve systems and mechanisms for stimulating consumer spending and leverage the fundamental role of consumption in promoting economic growth. In 2018, the Chinese government issued *Suggestions on Improving Systems and Mechanisms for Stimulating Consumption to Promote Spending Potentials of Residents and Implementation Plan for Improving Systems and Mechanisms for Stimulating Consumer Spending (2018-2020)* in succession.

China's Consumption Fuels Global Growth

China is now entering a new round of consumption upgrading, and its consumption is exhibiting new features. These new features include expenditures related to livelihood growing slowly while spending on development and leisure rising quickly. Consumption in services has witnessed fast development. The quality of Chinese people's spending is improving, shifting from low-medium to medium-high-end consumption. At the same time, new patterns of consumption have developed fast, with internet consumption, mobile consumption, green consumption, sharing consumption and credit consumption all realizing sound growth.

Rapidly growing Chinese consumption will promote sustainable development of the Chinese economy, make greater contributions to the world economy, and become an important new driver for global economic growth.

Chinese consumption's contribution to the world is primarily made through the country's imports. Since 2009, China has been the world's second largest importer of goods for nine consecutive years. The country is also the fastest-growing major market for imports around the world. Take the services trade as an example: From 2013 to 2017, the cumulative services imported by China reached US\$2.1 trillion with an annual growth rate

Today, trade protectionism is rampant around the world. Some countries have locked their domestic markets through various measures. Rather than shifting towards protectionism, China is further opening, especially its consumer market, to the outside world. Chinese President Xi Jinping has pledged on many occasions that China will import commodities and services worth US\$10 trillion in the next five years and make major contributions to the



May 15, 2018: A customer shops for imported food at a supermarket in Nanchang City, Jiangxi Province. China serves as the largest importer of many commodities for many countries globally. VCG

of 10.7 percent, far exceeding its exports' 2.5 percent growth rate.

China serves as the largest importer for many countries and of many commodities globally. It is the largest importer of oil, agricultural products, and bulk commodities in the world. It is also expected to become the world's largest natural gas importer in 2018. China's imports fuel the development of many resource-based economies, and the Chinese market is tremendously important to these countries.

world's stability and growth. Held in Shanghai from November 5 to 10, the China International Import Expo is the first state-level expo with imports as its central theme. It is sure to provide better means for various economies to share the fruits of China's fast-growing consumer market. 

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New Chinese Consumption for a New Era

Text by Lin Jiang

The current consumption upgrade in China, which is boosting domestic demand by upgrading consumption structure, promotes smooth and high-quality growth of China's economy.



September 27, 2018: Customers in a big-box store in Shanghai. The Chinese citizens' expenditures on livelihood have grown slowly while spending on development and leisure has risen quickly. VCG

Generally speaking, a consumption upgrade reflects a country's consumption level and spending evolution. Since the beginning of China's reform and opening up in the late 1970s, the country's consumption structure has been upgraded three times, driving industrial structure upgrade and fueling high-speed economic growth.

The first consumption upgrade happened soon after the beginning of China's reform and opening up. At that time, expenditures on grain dropped while consumption on

light industrial products rose. This change facilitated the rapid development of related industries and brought about China's first round of economic growth since the country's reform and opening up.

The second consumption upgrade took place from the late 1980s to the late 1990s. In those days, bicycles, wrist watches and radios, known as the "three treasured household possessions" of the 1960s and 1970s, were replaced by refrigerators, color TV sets and washing machines. This consumption trend drove the second round

of economic growth.

Today, China is undergoing the third consumption upgrade. The fastest-growing fields include education, entertainment, culture, transportation, telecommunications, healthcare, real estate, and tourism, especially spending related to IT, automobiles and real estate.

More Diverse Consumption

Since the beginning of China's reform and opening up, the ratio of Chinese spending on livelihood to the total consumption has been decreasing. China's Engel's



October 2, 2017: Tourists at Minyuan Stadium, a Tianjin culture center which used to host football matches and art performances. Spending during China's one-week National Day holidays has witnessed steady and rapid growth in recent years. VCG

coefficient, a major indicator of living standards, dropped to 29.3 percent in 2017 from 63.9 percent in 1978. Spending on development and leisure is rising quickly, and consumption of services has witnessed fast development. In recent years, fields such as tourism, transportation, telecommunications, education, entertainment, culture, and healthcare have become new consumption hot spots which are driving the upgrade of residential consumption patterns.

Alongside the rapid growth in spending, Chinese residents have become more mature and diverse in terms of consumption psychology and behavior. Recently, the Chinese government issued *Suggestions on Improving Systems and Mechanisms for Stimulating Consumption to Promote Spending Potentials of Residents*. The

document clarified key fields and direction of the country's consumption upgrade and outlined plans to promote spending on goods and services, nurture new consumption modes and boost consumption upgrading in rural areas.

New Trends for Consumption

With the arrival of the internet era, the demands of Chinese residents have changed. Previously, most Chinese consumers followed broader trends and mimicked their peers. Now, their consumption patterns have become more diversified and personalized, focusing on quality goods and services. New consumption demands and patterns are emerging every day. Greater attention on brands and consumption quality will be the highlight of the consumption upgrade in China in the near future.

Considering the demographic shift since China's introduction of the nationwide two-child policy in 2015, related consumption soared. Youngsters born in the 1990s, which account for 16 percent of China's total population, are becoming new engines for the country's consumption upgrade. It is estimated that from now until 2030, they will contribute more than 20 percent of the country's consumption growth.

The current new outbreak of technological revolution in China including the mobile internet, big data, cloud computing and artificial intelligence will prompt a new batch of consumption growth points. Further development of the "internet+" economy and digital economy will deeply influence traditional consumption realms, driving and promoting the upgrade of traditional consumption fields.

Improved consumption concepts will make online spending more international, personalized and financialized. From “saving for spending” to “borrowing for spending,” the changing consumption ideas of Chinese residents have boosted the rise of e-commerce and shifted consumption demands. The entertainment and leisure sectors such as movies, gaming and tourism will continue to have robust consumption growth into the future.

Finally, China’s rural vitalization strategy and the acceleration of its new type of urbanization will vigorously promote consumption upgrade in rural areas. The country’s fight against pollution will funnel consumption towards low-carbon, green, and environmentally friendly modes.

Market with Huge Potential

The Chinese economy is now entering a phase of high-quality development. Alongside the constant increase in their income, Chinese people’s spending power is growing. China’s domestic market, with a population of nearly 1.4 billion, is developing at a high speed. In 1978, per capita disposable income in China stood at only 171 yuan. This figure soared to nearly 26,000 yuan in 2017 and is now marching towards 30,000 yuan. In the next 20 years, China’s middle-income population will jump to 630 million from the current 230 million, which is bound to serve as the primary force for the country’s consumption upgrade.

Compared to developed countries, China still has plenty of room for consumption upgrade. In general, the service industry in developed countries accounts for more than 70 percent of GDP, and the final consumption rate stands at more than 65 percent,



July 29, 2018: Customers shop at a Hema Xiansheng fresh food supermarket, Alibaba’s new online-to-offline platform. Trends in the fresh food e-commerce industry reflect rising living standards in China, as consumers are focusing more on quality of life and are willing to pay for it. IC



April 29, 2018: Consumers at an international automobile exhibition in Nanjing International Exhibition Center. Spending on automobiles has grown fast in China in recent years. IC

with the United States even exceeding 70 percent. In 2017, China’s service industry accounted for 51.6 percent of its total GDP and its final consumption rate measured 53.6 percent, leaving huge room for spending on services.

The trend towards an aging society is transforming China into the world’s most promising market for senior care industries. According to the *2014 Report on the Development of China’s Silver Industry*, by 2050, China’s elderly population will reach 480 million, accounting for nearly 25 percent of the world’s total. By then, the country will be home to

the largest elderly population on the planet. From 2014 to 2050, the total spending of China’s elderly people is expected to grow to 106 trillion yuan from four trillion yuan, accounting for 33 percent of the country’s GDP from the previous eight percent. In the “silver economy,” consumer demand for senior-related industries such as finance, healthcare, tourism and real estate will be huge. 

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The author is a professor and member of the Academic Committee of the China Youth University of Political Studies. His major research fields include macroeconomics, the world economy and China’s domestic demand.



Lego Building Blocks of Consumption

Text by Ru Yuan

China's rising middle-income group has made the country particularly attractive to Lego Group.

October 13, 2018: A model of Beijing built with Lego bricks attracts many customers in MixC Shopping Mall, Shanghai. Toymaker Lego has seen big prospects in China in recent years. IC



In China today, the definition of “toy” has changed tremendously compared to four decades ago when the country just began its reform and opening up. Companion robots, model airplanes, and STEAM (short for “science, technology, engineering, art, mathematics”) toys emerged one after another to replace traditional plush and plastic toys. In conversations about popular toys in the country today, Lego is always mentioned. Founded in 1932, the Danish toymaker’s flagship product is colorful interlocking plastic bricks. In recent years, the company has been working to expand in the Chinese market. In early November 2018, it participated as an exhibitor in the first China International Import Expo held in Shanghai.

“We are confident about the Chinese market,” said Paul Huang, general manager of Lego China. “China is currently going through a consumption upgrade, and Chinese consumers are attaching greater importance to branding and quality. Lego has plans to expand to more Chinese cities in the near future.”

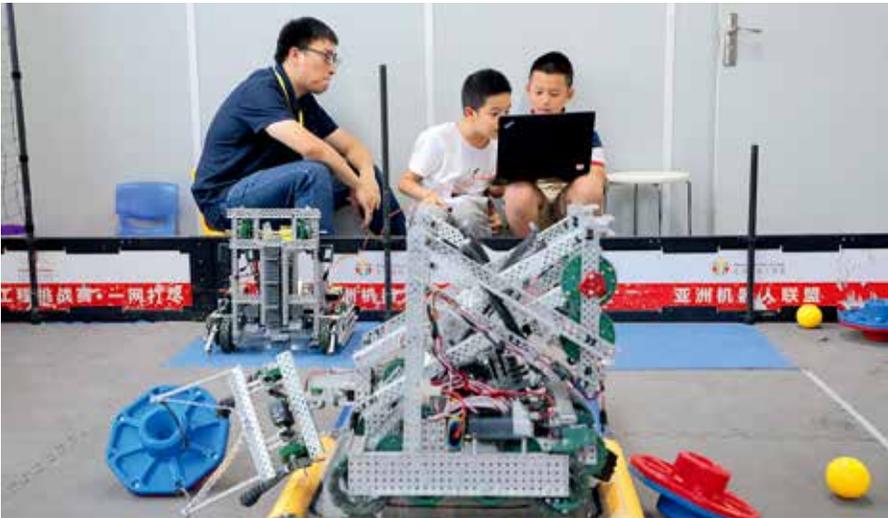
Thriving Non-traditional Business

In late autumn, it is already pitch dark by 7 p.m. in Beijing. However, Lego Town located in the Chaoyang Park neighborhood in eastern Beijing was still bustling with people and showered in lights. The first floor of the two-story Lego Town building sells the brand’s various products and offers space for customers to test out the toys, while the second floor serves as the Lego

Education center. In the 10-plus classrooms, kids were doing different tasks under tutors’ instructions. While younger kids used Lego bricks to build castles, palaces and zoos, those who are eight or nine years old were already using laptops to make their self-built Lego robots move according to instructions.

Enrolling in Lego courses is costly. Annual tuition can exceed 15,000 yuan for only one class per week. According to figures from Beijing Bureau of Statistics, the average monthly salary in Beijing stood at 8,467 yuan in 2017. However, the expensive price tags haven’t scared away many parents. “My boy started to study Lego courses at five years old,” explained Carol Zhou, mother of seven-year-old Yun Yun. “Now he can make robots perform tasks such as lifting and grabbing a specific object.” Yun Yun’s Lego education started with power machinery. Beginning with application of levels, axles and pulleys, Yun Yun soon learned building structural models and basic mechanical concepts such as intensity and stability before he was admitted to classes for designing and constructing Lego robots.

Lego Group’s global revenue in 2017 wasn’t good. However, the same year, it realized double-digit revenue growth in China. This growth not only came from the sales of Lego toys, but even more from the group’s non-traditional businesses such as Lego Education. Against the backdrop of China’s consumption upgrade, the country’s rising middle-income group has created great opportunities for



August 26, 2018: Two kids write code to make their robots move, in Hangzhou. Lego's high-speed growth in China in recent years can be largely attributed to its non-traditional businesses such as Lego Education. IC



September 8, 2018: Using over two million Lego bricks, the Brick Live Animal Paradise exhibition at the National Stadium, Beijing, creates a unique world for both children and adults. VCG

the company to develop. Parents are enthusiastic about investing more in their kids' education. Moreover, after growing up in the internet era, younger Chinese parents born in the 1980s and 1990s attach greater importance to well-rounded education and make more diverse choices. It is easy to understand how Lego-branded education, which is closely linked to STEAM education and innovation, is attractive in their eyes.

Loving China

In 1993, six decades after the company's establishment, Lego began to be sold on the Chinese mainland. At that time, Lego toys, priced from several dozen yuan to 1,000 yuan or more for one set, were certainly luxuries in China, where the average monthly income still measured only several hundred yuan back then. Long after Lego first entered the Chinese market, the toys could only be found in upscale

department stores in China's first- and second-tier cities.

In the 21st century, after a marked improvement of both living standards and income of the Chinese people, Lego is investing more in the Chinese market. It has gradually accelerated its pace of branding and promotion in China and added interactive activities to attract a wider range of Chinese consumers. In 2007, Lego opened its first flagship store on the Chinese mainland in Beijing. Only a year later, a Lego certified store opened in Shanghai. In 2012, the Lego Town opened in Beijing, with two thirds of its space devoted to customer interaction. In 2013, Lego consumer interaction areas opened in Shanghai stores. During the process, Lego successfully expanded its offerings from children's toys to adult-oriented products. Cooperation with a number of popular intellectual properties including *Star Wars*, *Harry Potter*, *Frozen* and *Jurassic World* has introduced Lego to more Chinese teenagers and adults.

With more disposable income, Chinese residents have helped Lego realize rapid annual sales growth and deeper explore the market of China's second- and third-tier cities. In November 2016, Lego Group celebrated the opening of a new factory in Jiaxing, Zhejiang Province. Building its first Asian factory in China aligned with Lego's long-term strategy of "staying close to core markets." The toymaker aims to provide high-quality products to millions of consumers in China and across Asia.

Great Market Potential

According to *China Toy Industry Review*, revenue from the primary sector of China's toy industry stood at nearly 236 billion yuan in 2017, an increase



A certified Lego store in Beijing. Lego Group is gradually expanding to more second- and third-tier cities in China. VCG



In the 21st century, after a marked improvement of both living standards and income of the Chinese people, Lego is investing more in the Chinese market. It has gradually accelerated its pace of branding and promotion in China. ㄎㄎ

of 8.5 percent on a year-on-year basis. As the second largest toy consumer in the world, China has huge room for further development of the toy market. According to Euromonitor International, an independent provider of strategic market research, toy sales in China will realize an annual growth rate of five to six percent over the next five years.

Against this backdrop, Lego will clearly continue to expand in China. In September 2018, a Lego flagship store opened in Shanghai, and another is planned for Beijing in early 2019. Niels B. Christiansen, CEO of Lego, noted that to date, Lego has established 36 certified stores via retail partnerships

in China. By the end of 2018, the company will have up to 60 stores across 15 Chinese cities, with the new stores mostly located in second- and third-tier cities.

Alongside brick-and-mortar stores, digitization is another field Lego is looking at in China. In January 2018, Lego announced a plan to team up with one of China's biggest internet service providers, Tencent, to carry out cooperation in various fields. In September, the two sides unveiled a sandbox game for Chinese players, which will be released at the end of this year. "We believe the Chinese market is huge and hope that more Chinese kids and Lego fans will want to play with our products," added Huang. ㄎㄎ

CIIE

Innovation in International Trade

Text by Wei Jinshen

China is taking concrete action to promote economic globalization and trade liberalization.

As the economic globalization process undergoes profound changes and the global economic governance system undertakes significant transformations, supply of international public goods is lagging far behind demand. As a responsible major country, China has presented the Belt and Road Initiative to the international community and taken concrete action to put it into practice. The country is about to host the first China International Import Expo (CIIE), testifying to the Chinese conceptual and practical innovation in the supply of international public goods.

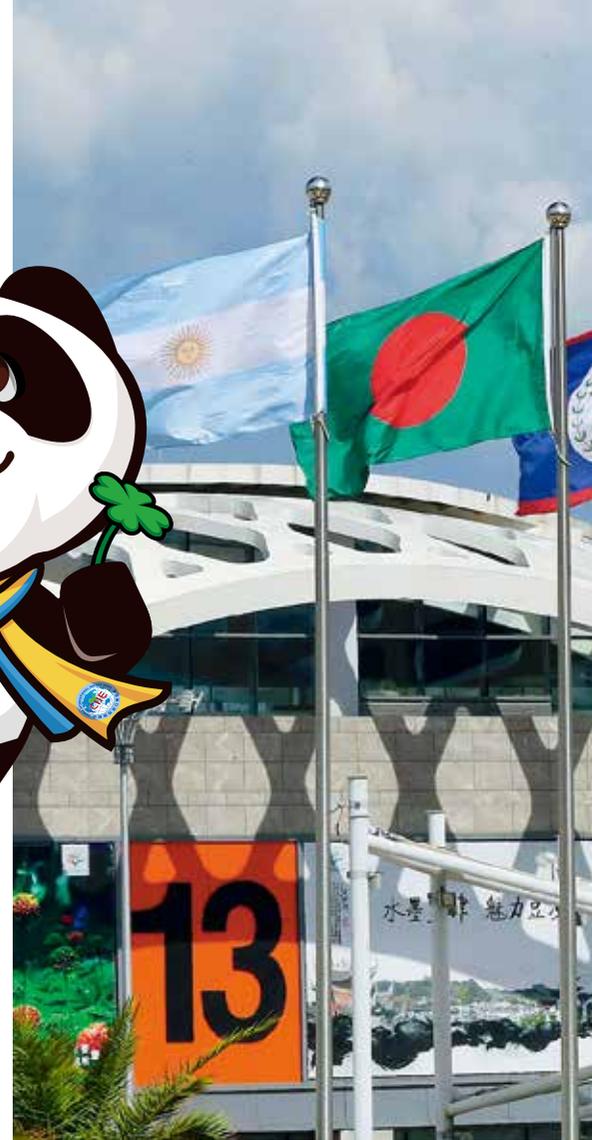
Innovation in Supply of International Public Goods

From the perspective of conceptual innovation in the supply of international public goods, hosting the CIIE demonstrates China's new ideas on cooperation, opening up and development, as well as its sincere willingness to open up the domestic market, which represents concrete

action in support of economic globalization and trade liberalization.

Firstly, the CIIE echoes the cooperative principle of the Belt and Road Initiative, namely, "extensive consultation, joint contribution and shared benefits." As the first import-themed international expo in the world, the inception of the CIIE marks an innovation milestone in the history of international trade. During the event, participants will exchange views on investment and trade cooperation, carry out project alignment and share the fruits of cooperation. The Chinese government has vowed to import commodities worth US\$8 trillion over the next five years. As the host of the CIIE, China will provide two free standard exhibition booths for each participating underdeveloped country in which they can display quality indigenous specialty products such as clothes, consumer goods, food, agricultural products, and health products as well as tourism resources and highlights of their respective cultures.

Secondly, the CIIE showcases



China's upgraded concept of all-round opening up. This year marks the 40th anniversary of the country's reform and opening up, as well as the fifth anniversary of the introduction of its Belt and Road Initiative. In this context, hosting the CIIE represents a major step in China's upgraded idea of all-round opening up. The Belt and Road Initiative is open to all countries along the routes as well as other economies rather than staying an "exclusive club." Promoting all-round opening up means China seeks opening up both at home and abroad, continues opening its door to both developed and developing countries and places equal emphasis on "bringing in" and "going global" to break new ground in opening China further through links both eastward and westward,



The 2017 South and Southeast Asia Commodity Expo and Investment Fair, held at the Dianchi International Convention and Exhibition Center in Kunming City, Yunnan Province, attracted more than 4,000 enterprises from 86 countries and regions, including 33 countries and regions along the Belt and Road routes. VCG

across land and over sea, with constant expansion of the width and depth of its opening.

Finally, the CIIE showcases China's idea of promoting balanced, coordinated development. The Belt and Road Initiative emphasizes not only balanced development of different regions in the country but also coordinated development around the world. It has expanded the channels of China's opening up, provided historic opportunities for the development and opening up of central and western parts of China, and injected new impetus into economic growth and social progress in those regions. The Belt and Road Initiative advocates

coordinated development of the global economy to meet the needs of economic development in today's world. Through hosting the CIIE to expand imports, China is encouraging other countries to catch the "fast train" of its rapid economic development to increase momentum in balanced, coordinated development.

New Channels for International Public Goods

Hosting the CIIE is an important innovative Chinese practice to actively explore new models to supply international public goods.

Firstly, through hosting the world's first international import expo, China is working to expand

supply channels of international public goods. The CIIE combines national exhibitions, enterprise exhibitions and the Hongqiao International Trade Forum. The national exhibitions cover space of some 30,000 square meters and focus on comprehensively displaying the trade and investment of participating nations. The enterprise exhibitions cover about 270,000 square meters divided into two sections: goods trade and services trade. The "goods trade" section features six exhibition zones for consumer electronics and household appliances, clothing and other daily consumer products, automobiles, intelligent and



Located in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province, Mohan is a border town connecting China and Laos. As an important passage for economic, trade and social exchange between China and Laos, Thailand and even the entire ASEAN region, it completes a circuit enabling ASEAN countries' participation in the China-proposed Belt and Road Initiative. VCG

high-tech equipment, food and agricultural products, and medical instruments and healthcare products. The Hongqiao International Trade Forum comprises an opening ceremony and three parallel sessions with focus on topics such as “Trade and Opening Up,” “Trade and Innovation” and “Trade and Investment.”

Secondly, the CIIE aims to mobilize all countries to share common interests in the supply of international public goods to balance national interests and global interests. So far, a total of 80 countries, including 21 developed countries, 50 developing countries and nine least-developed countries, as well as three international organizations, have confirmed their participation in the national exhibitions section of the CIIE. Through increasing imports, China is further opening its market to developing countries,

providing development opportunities and jobs for them and exempting least-developed countries from the exhibition fee to help them participate in and benefit from the process of globalization. By focusing on the realization of common interests, the CIIE has attracted enthusiastic participation from domestic and international exhibitors alike. This is key to its success.

Finally, the CIIE aims to promote supply-side reform and meet people’s demands for a better life. China is hosting the expo with the intent to enhance the quality of the supply structure, fulfill people’s longing for better lives, optimize the consumption structure and advance a consumption upgrade.

In recent years, Chinese tourists have stunned the world with their tremendous overseas spending. This testifies to the great consumption ability of Chinese people and

demonstrates China’s huge potential in the demand for quality goods and services. The “goods trade” section of enterprise exhibitions offers special exhibition zones for food and agricultural products as well as for medical instruments and healthcare products. Appropriate products will also be displayed in exhibition zones for clothing and other daily consumer products, automobiles and other sectors closely related to improving people’s living standards.

As an important measure to implement the Belt and Road Initiative, the CIIE evidences China’s conceptual and practical innovation in the provision of international public goods, marking a firm step toward building a community with a shared future for humanity. 

■ The author is research fellow at the School of Russian and Eurasian Studies, Shanghai International Studies University.

The Logistics of China's Open Market

Text by Ling Chen

It is a significant move for the Chinese government to organize CIIE to firmly support trade liberalization and actively open the Chinese market to the world.

Russian Railways Logistics (RZD Logistics) is the largest multimodal logistics operator in Russia, CIS countries and the Baltic states. The company was founded in 2010 with the mission of developing the logistics segment of Russian Railways. Designated by Russian Railways as the sole coordinator of international railroad transit routes, the company is an important partner of China Railway Express (CR Express), an organization within the Belt and Road Initiative framework aiming to connect China to Europe. In anticipation of the company's arrival at the upcoming China International Import Expo (CIIE) to be held in Shanghai, Viacheslav Valentik, CEO of RZD Logistics, granted an exclusive interview to *China Pictorial* (CP).

CP: Why do you think China is organizing CIIE?

Valentik: CIIE will act as an open platform for China to present its national development achievements to participating countries, and it will also shine light on the readiness of all participants to openly discuss major issues related to foreign trade and the world economy.



Viacheslav Valentik,
CEO of RZD Logistics.

CP: What will your company show at the event? And what do you expect from CIIE?

Valentik: We are planning to deliver maximum information to both Chinese and international customers on our international logistics services. At this event in Shanghai, we will showcase a number of high-speed delivery services in which we see great potential. For example, we are planning to introduce our RailJet and Panda Land Bridge services.

This June, Russian and Chinese



Held annually in Harbin, capital of northeastern China's Heilongjiang Province, the China-Russia Expo has become an efficient platform for exhibitors to display high-end and new products. VCG

● FEATURES

Railways signed a memorandum on arranging high-speed rail freight service along the China-Russia-Europe route. RZD Logistics and CR Express were designated to carry out the terms of the memorandum, and by July we had managed to launch RailJet. RailJet is a weekly service focused on transporting cargo in rail cars. By rail, it takes only six days to cover the distance between Beijing and Moscow.

Another flagship product—Panda Land Bridge—is our

scheduled container train service on the Russia-China route. The service starts on a train from Moscow, followed by trains from Samara, Kazan and Krasnoyarsk. Quickly, the Panda Land Bridge opened a door for Russian goods to enter the Chinese market. This service is something everyone at this expo needs to know about.

I am sure that we will find new business partners both in China and other countries at CIIE, and we will deliver high-quality services to

each and every one of them. We can expertly transport cargo from any point in Russia or Europe to any point in China, and vice versa.

CP: When did your company enter the Chinese market? Did you encounter any difficulties?

Valentik: From the very start, we have considered China one of our major business partners. Several years before the Belt and Road Initiative was proposed, we were already arranging delivery of cargo

The largest multimodal logistics operator in Russia, RZD Logistics attended the Transport Logistic China 2018 in Shanghai, with an eye on seeking greater access to the Chinese market. by Yang Jie



from China to Russia and Europe by rail. Most difficulties were related to different shipping documents used in China, Russia and Europe as well as misunderstandings on requirements of respective customs authorities. We faced problems with mistakes on shipping documents, so the documents were constantly revised and reissued, which took time and influenced the speed of delivery. Since then, all the countries along the Belt and Road routes have achieved considerable



RZD Logistics was designated as the overseas railway operator for the CR Express train from China's Changsha to Germany's Duisburg in July 2018. by Yang Jie



progress in terms of standardizing documentation. Time spent at customs when crossing borders has significantly decreased. And now we are all close to implementing electronic document flow to make this transit process seamless.

CP: Russia is one of the most active participants in the Belt and Road Initiative. How do you think Russia has benefited from the initiative?

Valentik: Proposed by the Chinese government, the Belt and Road Initiative is showcasing new perspectives on the development of international trade. In 2017 this concept went global, uniting dozens of countries pursuing economic partnerships and incentivizing investors on several continents. The concerted efforts of China, Russia and Europe have led to an improved business climate and more highly developed economic ties between our countries.

Several years ago, rail delivery of cargo from China to Europe through Russia could not compete with deep-sea services due to speed and pricing. But with the strong

support from China since the introduction of the Belt and Road Initiative, we all have seen exponential growth in transit cargo flow. Now all countries along the Belt and Road including Russia are benefiting because trains are running through their territories and business ties between each and every one along the routes are being constantly strengthened.

CP: How do you think CIIE can serve countries along the Belt and Road and even the world?

Valentik: The idea to arrange the first expo involving importing to China is already a big step towards the future of international logistics. Until recently, China was considered a major export economy. By hosting this import expo, China is opening a new door for other countries to take a hard look at China as it becomes the biggest consumer market. This large-scale event is answering the demands of the large-scale Chinese economy, and we are sure this event will boost further development of trade and business ties between all participating countries. 

Belt and Road Trade Figures, 2013-2017

Edited by Yin Xing

In September 2013, Chinese President Xi Jinping proposed the Silk Road Economic Belt followed by the introduction of the 21st-Century Maritime Silk Road that October, which together became known as the Belt and Road Initiative. Over the five years spanning from 2013 to 2017, the total trade volume between China and countries along the Belt and Road routes reached US\$6.98 trillion with a growth rate much faster than that of China's

overall foreign trade. China has become the largest trading partner for 25 nations and signed or updated five free trade agreements with 13 nations along the routes. Also over the past five years, China's direct investment in countries along the Belt and Road has exceeded US\$70 billion at an annual growth rate of 7.2 percent. The value of new contracted projects in those countries surpassed US\$500 billion at an annual growth rate of 19.2 percent.

Trade between China and 71 Countries along the Belt and Road (US\$100 million)

	2013	2014	2015	2016	2017
Import	7,123.1	7,288.9	6,007.2	5,561.6	6,660.5
Export	6,980	7,737.4	7,520.8	7,134.2	7,742.6
Total Volume	14,103.1	15,026.3	13,528.0	12,695.8	14,403.1
Total Foreign Trade	41,600	31,845.4	34,652.2	37,021.6	39,787.6
Ratio	33.9%	47.2%	39.0%	34.3%	36.2%

China's Top Ten Trading Partners along the Belt and Road, 2017

In 2017, China's top ten trading partners along the Belt and Road were South Korea, Vietnam, Malaysia, India, Russia, Thailand, Singapore, Indonesia, the Philippines and Saudi Arabia. The total volume of trade between China and those countries accounted for 68.9 percent of the total trade volume

between China and countries along the Belt and Road.

Exceptionally high growth was seen between China and countries including Qatar, Montenegro, Mongolia and Kazakhstan, with an increase of over 35 percent compared to the previous year.

China's Top Ten Trading Partners along the Belt and Road in 2017 (US\$1,000)

Country/Region	Import & Export	Export	Import	Year-on-Year Growth Rate of Import & Export	Year-on-Year Growth Rate of Export	Year-on-Year Growth Rate of Import
South Korea	280,259,588	102,751,408	177,508,180	10.9%	9.6%	11.7%
Vietnam	121,324,423	70,993,807	50,330,616	23.5%	16.2%	35.4%
Malaysia	96,026,757	41,724,515	54,302,242	10.5%	10.8%	10.2%
India	84,407,737	68,063,699	16,344,038	20.3%	16.5%	38.9%
Russia	84,094,672	42,897,438	41,197,234	20.8%	14.8%	27.7%

Country/Region	Import & Export	Export	Import	Year-on-Year Growth Rate of Import & Export	Year-on-Year Growth Rate of Export	Year-on-Year Growth Rate of Import
Thailand	80,286,579	38,706,384	41,580,195	6%	4.1%	7.9%
Singapore	79,242,948	45,019,639	34,223,309	12.4%	1.1%	31.6%
Indonesia	63,316,354	34,763,986	28,552,368	18.3%	8.2%	33.3%
Philippines	51,275,061	32,044,392	19,230,669	8.5%	7.4%	10.5%
Saudi Arabia	49,983,779	18,219,903	31,763,876	18.2%	-2.3%	34.4%

Top Ten Sources of Chinese Imports along the Belt and Road, 2017

In 2017, the top ten exporters to China along the Belt and Road were South Korea, Malaysia, Vietnam, Thailand, Russia, Singapore, Saudi Arabia, Indonesia, South Africa and the Philippines. The combined value of their exports to China accounted for 75.5 percent of China's imports from all nations

along the Belt and Road.

Exceptionally fast growth in exports to China came from East Timor, Yemen, Maldives, Egypt and Montenegro, all expanding by over 100 percent.

Top Ten Destinations for Chinese Exports along the Belt and Road, 2017

In 2017, the top ten destinations for Chinese exports along the Belt and Road were South Korea, Vietnam, India, Singapore, Russia, Malaysia, Thailand, Indonesia, the Philippines and the United Arab Emirates. Together, they imported 65.6 percent of the total value of China's exports to nations along the Belt and Road.

China's fastest-growing export destinations along the routes include Laos, Kazakhstan, Uzbekistan, Moldova, Slovenia, Bhutan, Serbia, Armenia, Mongolia, Afghanistan, Lithuania, Bosnia and Herzegovina, Georgia, Montenegro and Cambodia, which all increased their imports from China by more than 20 percent from the previous year.

Trade Structure

In 2017, the exported commodities from China to countries along the Belt and Road were dominated by boilers, machinery, mechanical appliances and parts, electrical equipment and parts, audio recorders and television equipment, which accounted for 38.2 percent of all exports from China to those countries.

In 2017, the commodities imported by China from nations

along the Belt and Road mainly included fossil fuels, mineral oils and related products, bituminous substances and mineral waxes, electrical equipment and parts, audio equipment and television equipment, which accounted for 50.3 percent of the total value of China's imports from those nations.

Main Trade Contributors

In terms of trade value, private Chinese companies were the primary contributors.

In 2017, trade volume between China's private enterprises and countries along the Belt and Road reached US\$620 billion, accounting for 43 percent of the total, followed by foreign-funded enterprises (36.6%) and state-owned enterprises (19.4%).

In terms of growth rate of trade volume, state-owned enterprises led the trend with a year-on-year growth of 24.5 percent, contributing trade volume of US\$279.6 billion with countries along the Belt and Road in 2017, followed by private companies (12.1%) and foreign-funded companies (10.2%).

Types of Trading

General trade dominated trading between China and countries along the Belt and Road. In 2017, the value of general trade reached US\$840.76 billion, accounting for 58.4 percent of the total value, followed by processing trade with imported materials (19.5%), other trades (14.5%), processing and assembly with supplied materials (5.0%) and petty trade in the border areas (2.6%).

Petty trade in the border areas between China and countries along the Belt and Road saw a particularly rapid growth. In 2017, its value reached US\$38 billion, up by 17.3 percent from 2016, followed by general trade (16.1%), processing trade with imported materials (12.9%), other trades (10.3%) and processing and assembly with supplied materials, which actually dropped by 4.5 percent.

Open Global Economy for All

Text by Li Gang

Development is not a zero-sum game—it should foster the common progress of all countries through openness and cooperation.

Over the past 40 years of reform and opening up, China's overall national strength has constantly grown. Today, the country has become the world's second largest economy and largest cargo trader, and ranks at the tops in terms of both inbound and outbound investment. China has become deeply integrated in the world economy and is playing an increasingly important role in economic globalization.

Currently, economic globalization faces both opportunities and challenges. The popularity of new technologies such as big data, cloud computing, the Internet of Things, intelligent manufacturing, and blockchain has prompted the emergence of many new industries, new market opportunities, and new business modes, injecting enormous impetus into global economic recovery. The international division of labor and global transaction systems are witnessing accelerated evolution, and countries around the world are participating in the process with their own comparative and competitive advantages. The development of digital technologies has driven trade in goods and services to increase exponentially.

Trade remains the major engine driving global economic growth. However, alongside the rise of anti-globalization mentalities, some developed countries have turned to trade protectionism. Unilateralist, protectionist and strong-armed measures taken by a few countries have resulted in tariff and trade wars, severely undermining the current global economic and trade order designed around the rules of the World Trade Organization (WTO) and jeopardizing global economic growth.

Today, China's economy is shifting toward high-quality development and entering a crucial stage of transforming its development mode, optimizing its economic structure and converting growth engines. The major source of its economic growth is gradually shifting from investment to consumption and innovation. Alongside its deepened marketization, industrialization and internationalization, China has reached at a new historic starting point of opening up. New measures are about to be taken to further open the country up, such as actively building new open economic systems, creating a favorable market environment featuring rule of law, and

establishing administrative methods that meet the strictest international investment and trade rules. China is opening up by advancing the sustainable development of foreign trade, accelerating promotion of new competitive advantages in international trade, enhancing trade facilitation, boosting the development of services trade, and improving the quality and efficiency of foreign trade. It is innovating foreign investment management systems, unifying laws and regulations for domestic and foreign capital, improving work in developing pilot free trade zones, and exploring construction of free trade ports. China seeks to innovate overseas investment cooperation and strengthen the service and supporting system for "going global" while further optimizing the business environment, advancing reform of the commercial system, reducing administrative examination and approval procedures, transforming the functions of the government and unleashing the full potential of the market.

The drive to create a new landscape for comprehensive opening up should be centered on implementation of the Belt and Road Initiative with the goal of building



October 16, 2018: The 124th China Import and Export Fair, also known as the Canton Fair, kicks off in Guangzhou, capital of Guangdong Province, attracting more than 25,000 enterprises from both China and abroad to exhibit products. VCG

a new platform for international cooperation and forming a global network involving trade, investment, financing, production and services. Specifically, China first needs to substantially loosen market access restrictions through measures such as lifting or abolishing limitations related to foreign equity ratios in fields like general manufacturing, the advanced service industry, banking, insurance and futures, lowering thresholds for the establishment of foreign-funded financial institutions and expanding the business scope of foreign-funded financial institutions in China.

Moreover, China needs to create a more attractive investment environment. Relevant measures include strengthening alignment with international economic and trade rules, enhancing policy transparency, and fully implementing pre-establishment national treatment with a negative list approach. China also needs to strengthen intellectual property protection, enhance

enforcement of intellectual property rights and considerably increase penalties for breaking the law.

It is also vital for China to actively expand its imports. With the first China International Import Expo to be held in Shanghai as an opportunity, China will further lower import tariffs for automobiles and certain consumer goods, increase imports of special advantageous products and services with the highest demand among Chinese consumers and accelerate the process of joining the WTO Agreement on Government Procurement.

In the future, China's door of opening up will not close but only become wider and wider. Only through constantly expanding opening up and adopting policies to liberalize and facilitate high-level trade and investment can the nation promote international exchange in various economic sectors. Through communication, cooperation and competition with other

countries around the world, China can enhance the quality and efficiency of its economic development, elevate its all-round productivity and expand its economic strength.

In terms of global economic governance, China will push economic globalization toward more open, inclusive, balanced, and win-win trends. Only openness can better facilitate communication, cooperation and common development of all countries in the world. Developed and developing countries should work together to achieve coordinated development and establish a more rational interest distribution system that prevents discriminatory trade and investment practices and combats trade and investment protectionism.

Development is not a zero-sum game—it should tend toward win-win results achieved through openness and cooperation. China will continue to resolutely uphold and promote the reform and improvement of the multilateral trade system and accelerate the healthy development of global trade and investment to propel global economic growth and enable an open global economy to play an increasingly significant role in building a community with a shared future for mankind. 

The author is vice president and research fellow of the Chinese Academy of International Trade and Economic Cooperation under China's Ministry of Commerce.

Standard Chartered: Supporting Chinese Enterprises

Text by Hu Zhoumeng

Trade, the Belt and Road Initiative, and the 160th anniversary of Standard Chartered's uninterrupted operation in China are the bank's highlights at the China International Import Expo.

Since Standard Chartered Bank set up its first Chinese branch in Shanghai in 1858, it has witnessed the great economic development in contemporary China. Especially since 1978, the country's reform and opening up has provided huge opportunities for the development of the bank. Standard Chartered has one of the largest foreign bank networks in China. In 2007, Standard Chartered Bank (China) Limited became one of the first batch of foreign-funded local corporate banks. Over the past decade, Standard Chartered has opened 100 outlets across 30 Chinese cities, employing more than 6,000 people.

As China opened its door to the outside world, Standard Chartered Bank began actively supporting cross-border trade and investment by helping Chinese enterprises reach

out and overseas enterprises enter. Recently, Zhu Yaming, vice president and managing director of the Personal Finance Department of Standard Chartered Bank (China) Limited, was interviewed by *China Pictorial* (CP). She said that Standard Chartered Bank will focus on advantageous fields in line with the future trajectory of China's economy including the Belt and Road Initiative, the internationalization of RMB, the opening up of financial markets, the development of small and medium-sized enterprises (SMEs), and the continuous expansion of the middle-income group.

CP: In 2018, in response to the national policy of further opening up in the financial sector, China relaxed restrictions on the establishment of foreign-

funded financial institutions, expanded their business scopes and rolled out measures to widen market access for foreign companies. What does Standard Chartered Bank think of these new policies?

Zhu: Standard Chartered Bank welcomes the introduction and implementation of policies on deepening the country's opening up and relaxing market access in the financial sector. These proactive measures will expand foreign financial institutions' business operations in China and accelerate the reform of Chinese banks. We have been greatly encouraged by these measures along with other foreign banks. Further expansion of the financial sector not only reflects China's opening up at a higher level, but also promotes deeper integration of international and domestic markets.

Thanks to those opening-up policies, China's financial industry has witnessed great changes, one of which is the introduction of various innovative financial products and services. Standard Chartered Bank has offered featured financial services including trade financing, structured finance, international trade settlement, foreign exchange and derivatives, cash management and wealth management to meet the needs of the Chinese market.

CP: Since the Belt and Road Initiative was introduced five years ago, more and more Chinese enterprises have begun to explore overseas markets and dock with overseas partners. How will Standard Chartered Bank help these enterprises?

Zhu: Standard Chartered Bank has long considered the Belt and Road Initiative the focus of its strategy. Nearly 70 percent of Standard Chartered Bank's global branches are in countries and regions involved in

the Belt and Road Initiative. In most of those countries and regions, we have operated for more than 100 years and have a profound understanding of local policies, economies and cultural environments. In 2017, we participated in 50 projects, more than half of which were in Africa and another quarter in South Asia.

Over the past five years, Standard Chartered has been providing innovative and high-quality financial products and services for Chinese enterprises participating in the projects. Standard Chartered has also established close partnerships with China's policy banks, commercial banks, import and export credit insurance institutions, multilateral financial institutions and online financial services institutions, and carried out substantive cooperation with them.

CP: What difficulties are faced by SMEs in financing? How does Standard Chartered Bank help solve these problems?

Zhu: Standard Chartered China set up a special SME unit in 2003 and has been cultivating SME business in China for 15 years. Many SMEs have difficulties securing loans because they cannot provide suitable collateral. For such light assets enterprises, we will comprehensively inspect the business model of the enterprises, the development of the industry, existing contract orders, abilities of leaders and other things. We solve the financing problems of these enterprises through the comprehensive rating of enterprise credit and providing non-mortgage loans for SMEs.

CP: What risks are faced by Chinese enterprises in international trade? How does Standard Chartered Bank help these businesses reduce risks?

Zhu: The services we provide for import businesses can be



Zhu Yaming, vice president and managing director of the Personal Finance Department of Standard Chartered Bank (China) Limited, courtesy of Standard Chartered Bank

summarized in four aspects: short-term trade financing, cross-border financing, foreign exchange risk management, and regional risk management.

First, foreign suppliers normally require importers to pay deposits or prepay for goods. Capital demand can be met by financing products. International banks can help companies utilize capital from home and abroad, reduce financing costs and expand financing channels.

Second, international banks can facilitate seamless transactions for buyers and suppliers in international trade, avoiding delays or errors between the two parties in otherwise cross-bank payments, which can cause companies to lose business opportunities.

Third, trading companies are impacted by exchange rate fluctuations, but experienced international banks can provide comprehensive foreign exchange solutions including money exchange and transfer, forward exchange transactions and foreign exchange swaps that can help companies control exchange rate risk.

Fourth, it is difficult for domestic companies to assess overseas risk when importing goods from a foreign land. They are subjected to unforeseen market changes and may fail to secure stable sources of procurement. With the help of banks with global networks, companies can

gain more market insights and valuable suggestions.

CP: RMB has become the world's third-largest trade financing currency and the sixth largest payment currency. Its function as a trade, payment and financing currency is increasing. How is Standard Chartered Bank adapting to this new trend?

Zhu: Standard Chartered Bank is at the forefront in the field of RMB internationalization. We have 11 foreign currency direct trading market qualifications, and we are one of the first banks to be granted direct access to China's Cross-border Interbank Payment System. We are also the first international bank to provide RMB clearing services and one of the largest RMB clearing institutions in China. Standard Chartered Bank operates a strong network of onshore and offshore RMB services in more than 36 countries and regions.

CP: What will Standard Chartered Bank display at the China International Import Expo (CIIE)?

Zhu: Standard Chartered Bank is one of the first enterprises to pledge to participate in the CIIE. Our booth at the expo will focus on three main themes: trade, the Belt and Road Initiative, and the 160th anniversary of its operation in China. Standard Chartered Bank will release a customized trade financing plan for import companies during the expo. One thing deeply rooted in Standard Chartered Bank's DNA is supporting cross-border trade. Currently, we have rich experience and resources in providing short-term trade financing and foreign exchange management, and we are glad to support exhibitors and buyers at the expo with our services. 



Bittersweet Typhoon Mangkhut

Text by Zhang Yinfeng

The greatest reason behind the increase of typhoons might be global warming caused by anthropogenic greenhouse gases.



September 18, 2018:
After Typhoon
Mangkhut blew
through China, several
cities suffered varying
degrees of damage.
VCG

Typhoon Mangkhut, reportedly one of the most intense storms in the history of Guangdong Province, landed on the coast of Taishan in Jiangmen City with a speed of 45 meters per second at 5 p.m. local time on September 16, 2018. During the storm's three-day journey through China, nearly three million people in Guangdong, Hainan, Hunan and Guizhou provinces and Guangxi

Zhuang Autonomous Region were affected by Mangkhut. Five people died, one went missing and 1.6 million people were evacuated.

Compared to Typhoon Hato in 2017 which had similar wind velocity, casualties and property losses caused by Mangkhut were considerably lower, an encouraging development for typhoon prevention, disaster reduction and future relief efforts.

Mobilizing All of Society

Most typhoons tend to land in early morning, but Mangkhut landed in the afternoon, directly affecting production and life. As a result, for the first time since the establishment of a warning signal system in 2000, the Guangdong meteorological department issued typhoon warning signals in all cities and counties of the province and announced the suspension of schools, businesses,

markets and production, involving the largest range and number of people in the history of Guangdong Province.

When Mangkhut was still swelling in the Pacific Ocean area, the media were reporting on the power of the typhoon, and the public received emergency and disaster-prevention text messages. In less-developed and remote mountainous areas, broadcasting trucks circulated the information, and members of village committees went door-to-door to warn villagers. At Hengshan fishing harbor in Wencun Town, Guangdong's Taishan City, more than 100 fishing boat crew members were reluctant to disembark. They were finally persuaded just four hours before the landing of Mangkhut.

“When the Central Meteorological Observatory makes a

September 17, 2018: Near the Wanbo Center in Guangzhou, a couple of parents fasten their child in a buggy and drag it in the heavy rain and wind. Mangkhut brought continuous precipitation to Guangdong Province. VCG





September 18, 2018: Soon after the typhoon, a worker cleans up a fallen tree caused by Mangkhut in Gaoming District, Foshan City, Guangdong Province. VCG

typhoon warning, the areas expected to be affected start to prepare countermeasures according to the predicted path and intensity of the typhoon,” explained Zhao Hui, professor of oceanography and meteorology at Guangdong Ocean University. “After the typhoon lands, maintenance teams at all levels (such as workers responsible for emergency repair of power grids and water pipes), armed police officers and soldiers, firefighters and other personnel are all on high alert.”

In addition to the rainstorm warning, the observatory also issued a warning about potential landslides and flooding, cautioning some high-risk areas to watch for secondary

disasters caused by the rainstorm. So when Mangkhut delivered heavy rains to Guangzhou, capital of Guangdong Province, local people were prepared, and everything was under control.

“Long before the typhoon landed, we knew that Mangkhut would bring heavy rains,” remarked Qian Qifeng, a senior engineer at the Central Meteorological Observatory, adding that residual clouds often result in precipitation, causing some typhoons to make another run.

Stronger and More Frequent?

In 2018, most of the public started feeling that typhoons were becoming more frequent. “This



Compared to Typhoon Hato in 2017 which had similar wind velocity, casualties and property losses caused by Mangkhut were considerably lower, an encouraging development for typhoon prevention, disaster reduction and future relief efforts. ”



September 16, 2018:
Damaged windows of a
One Harbourfront office
tower following Typhoon
Mangkhut in Hong Kong.
VCG

year's monsoon season was stronger compared to previous years," admitted Qian Qifeng. "Indeed, typhoons are striking more frequently. As of September 18, 2018, ten typhoons had made landfall in China."

As early as 2005, experts including American professor Peter John Webster from the School of Earth and Atmospheric Science at Georgia Institute of Technology noted in *Science* magazine that the number of typhoons had increased by 80 percent in 30 years. In 2015, the U.S. Environmental Protection Agency announced that the power dissipation index of Atlantic hurricanes had risen significantly over the past three decades. Despite the

controversy among meteorologists over future trends in the number of hurricanes and typhoons, most scholars agree that the damage caused by typhoons (such as floods and windstorms) will increase. The Intergovernmental Panel on Climate Change (IPCC) believes that global warming has contributed to rising seawater temperatures and sea levels, which has provided favorable conditions for typhoons to rage. The vast majority of experts in climate science agree that the greatest reason behind the increase of typhoons is global warming caused by anthropogenic greenhouse gases.

Zhao Ang, director of Rock Environment and Energy Institute,

explained: "The fundamental cause of typhoons still puzzles meteorologists. After more than 60 years of research, consensus has been reached on the necessary conditions for formation, but all of the necessary conditions are still unknown. This creates difficulties in forecasting typhoons. The most advanced computer can be used to predict the track of a typhoon relatively accurately, but the intensity of typhoon will be greatly affected by local warm currents and is thus difficult to predict."

The IPCC issued a new report in Incheon, South Korea, on October 8, according to which it will be near impossible to keep global warming within 1.5 degrees Celsius due to ongoing industrialization. Warming of the earth more than 1.5 or even 2 degrees Celsius will likely lead to dire consequences. Given the accumulated carbon emissions, the report warns, "At the current rate, global warming could reach 1.5 degrees Celsius sometime between 2030 and 2052."

As Mangkhut approached, alert messages sent to residents in Guangdong Province specifically urged people to "have reverence for the power of nature." The phrase is not only meant to inspire disaster prevention, but also to consolidate everyday kindness towards nature. 

Idol Training

The Road to Fame

Text by Du Wen

Photographs by Mai Tian

Increasing numbers of Chinese youngsters are pursuing dreams of becoming pop idols, prompting the emergence of the “idol training” industry in China.

When asked about their favorite pop stars, most Chinese youngsters in the 1990s would have named singers from Hong Kong or Taiwan. During the early aughts, the answer was frequently some South Korean or Japanese idols or pop bands before expanding to cover Western household names such as Taylor Swift and Justin Bieber. In contemporary China, “idol” has become a term to refer to an attractive pop star who gained fame as the winner of a song or dance contest. Most try to extend their time in the spotlight as long as possible by appearing on reality shows and audition for film and television roles, through which they can amass enormous fan bases of teenagers and young adults.

In 2018, the popularity of Chinese mainland reality shows featuring the “idol training” mode originating in Japan and South Korea has become a craze that is hard to avoid witnessing on television sets across China. This mode aims to “produce” pop idols through months or even years of arduous training of young performers. Market analysts have reported that the trend heralds the



Thanks to her on-camera experience and Mandarin fluency, Wu Qingli (left) was named hostess of the quarterly performance for the second time. Generally, an entertainment agency will strictly control the exposure of its trainees before their debuts.

emergence of the “idol training” industry in China.

Tough Road to Stardom

Wu Qingli is a 19-year-old Hong Kong citizen who grew up in Shenzhen. She used to work part-time as a model while in school. “Hong Kong is too small to really make it big,” she lamented. With a dream of becoming an idol trainee,

she ventured to Beijing alone in May 2018, turning a new page in her life.

In Beijing, Wu passed the recruitment exam of an entertainment agency and became a trainee—a necessary step for the overwhelming majority of youngsters hoping for a career in the entertainment industry. Trainees are subjected to arduous



According to iResearch, a market consulting company, China's pop idol market is predicted to reach 100 billion yuan (US\$14.4 billion) by 2020.

training: From Monday to Friday, Wu receives instruction on vocal music, dance, fitness and on-camera training from day to night. She averages four classes per day, each lasting two hours. Moreover, trainees like her have to face difficult weekly, monthly, quarterly and semi-yearly exams, any of which can result in expulsion.

Considering Wu's on-camera

experience and Mandarin fluency, the agency named her hostess of the quarterly performance, which gives her greater exposure than other trainees. Generally, an entertainment agency will strictly control the exposure of its trainees. However, it will also recommend qualified trainees to relevant talent competitions.

Unlike Wu, 21-year-old Duan Yaoqi was a total outsider to the

entertainment industry before becoming a trainee. "As a child, I studied the violin and dance and dreamed of becoming an artist," he recalled. "Following my parents' wishes, I majored in computer science, despite having little interest in it."

Duan wasn't happy in college. "As a technical college, my school didn't have any sort of dance

association. I had to learn dance at an after-school training class.” After careful consideration, he dropped out of college as a junior and trekked from his hometown of Taiyuan to Beijing, where he became a trainee in an entertainment agency.

After months of training, Duan’s singing and dancing skills improved considerably. At a recent public performance, he performed two dances. However, life as a trainee isn’t always fun. “My every training schedule is very tight and exhausting,” Duan sighed. “After returning home, the first thing I want to do is to collapse on my bed.” Now, his closest friends in Beijing are all trainees at the same agency. “Similar experiences give us many topics for casual conversation, but this tendency also limits the scope of my social network.”

Fast-growing Market

If Wu and Duan finish training and excel in every examination, their agency will arrange their official debuts based on their strengths and the market situation. Despite their promising career prospects, they must first endure rigorous training and survive brutal knock-out exams. Chinese idol trainees face enormous pressure although the situation isn’t yet quite as bad as in South Korea, where only about one in 800 trainees can complete the entire program.

“I’ll consider changing my career direction if I fail to debut after two or three years of training,” Wu said.

The industrialization of idol training originated in Japan in the 1980s. Back then, several girl bands emerged and exploded overnight. Since the late 1990s, increasing

numbers of boy bands led by South Korea’s H.O.T. have gradually gained popularity. Typically, a boy band includes at least a dancer, a vocal singer and a rapper.

Market analysts trace the Chinese mainland’s pop idol market’s emergence to 2012. Despite the fact that a few trainees returning from overseas

Idol trainees take a break. Due to limited time and social networks, many trainees’ only friends are peers at the same entertainment agency.



A teacher instructs trainees in a physical education class. Strong physical strength is a prerequisite for youngsters yearning for a career in the entertainment industry.



A teacher lectures in a music theory class. Considering their different levels of musical literacy, trainees are divided into different classes, with some needing to start with the most fundamental music theory. Idol trainees need to take a wide range of training classes including vocal music.

had become pop idols, not until 2012 did idol training really happen on the Chinese mainland. The shift was evidenced by the online popularity of TFBOYS, a teenager band consisting of Wang Junkai, Wang Yuan and Yi Yangqianxi. The same year, the Chinese girl band SNH48, with members trained in Japan, took shape, and the Chinese-South Korean boy group EXO-M debuted, of which all four Chinese members later became influential pop idols.

Over the past few years, the Chinese mainland's idol market has witnessed explosive development. From 2016 and 2017, more than 20 boy bands emerged on the Chinese mainland. In 2018, two idol training reality shows, *Idol Producer* and *Produce 101*, continued dominating online video platforms. The 12-episode *Idol Producer* attracted over 3 billion views, and the 10-episode *Produce 101* registered nearly 5.1 billion views. China's pop idol market is predicted to reach 100 billion yuan (US\$14.4 billion) by 2020.

Reflections on the Idol Craze

The idol craze has drawn attention from all over Chinese society. For instance, most idol training reality shows focus on talent competitions, which can quickly become too repetitive. Moreover, vulgarity on such reality shows as well as the extreme commercialization of idols has also sparked criticism. The public worries whether pop idols can generate positive



energy and serve as good role models for teenagers.

Anxiety is also building among parents of idol trainees. "At first, my parents didn't support my decision to become a trainee," Wu Qingli revealed. Her parents eventually relented after a long "standoff."

"My parents said I could stay obsessed with something only after I got a clear idea about what I really want and like," Wu added.

At first, Duan Yaoqi's parents were not happy about their son dropping out of college to pursue dance. It took a long, painful period of time for them to finally accept Duan's decision.

In fact, public concern about the phenomenon is understandable. Idol trainees average in age from

20 to 28 years, and the overwhelming majority of fans are tweens and teens. What kinds of role models young idols are for teenagers is an issue worthy of considerable attention.

"I don't think my daughter can learn anything valuable from stories of overnight success," commented Jin Shan, a 38-year-old media professional. "Perhaps my view is a bit cynical. Young trainees do make painstaking efforts, but I still don't like that they give up on school at such a young age. Seeking to make a fortune and become famous may be a personal choice, but I don't hope this becomes a model for personal development envied by today's teenagers." 



Zorpia Robot China's Bionic Helping Hands

Text by Mo Qian

Bionic hands independently developed by Zorpia Robot offer solid performance at a reasonable price, which makes them attractive to average families.



“Robots can become our best friends and indispensable parts of our lives,” says Qiu Yufeng, founder of Zorpia Robot.

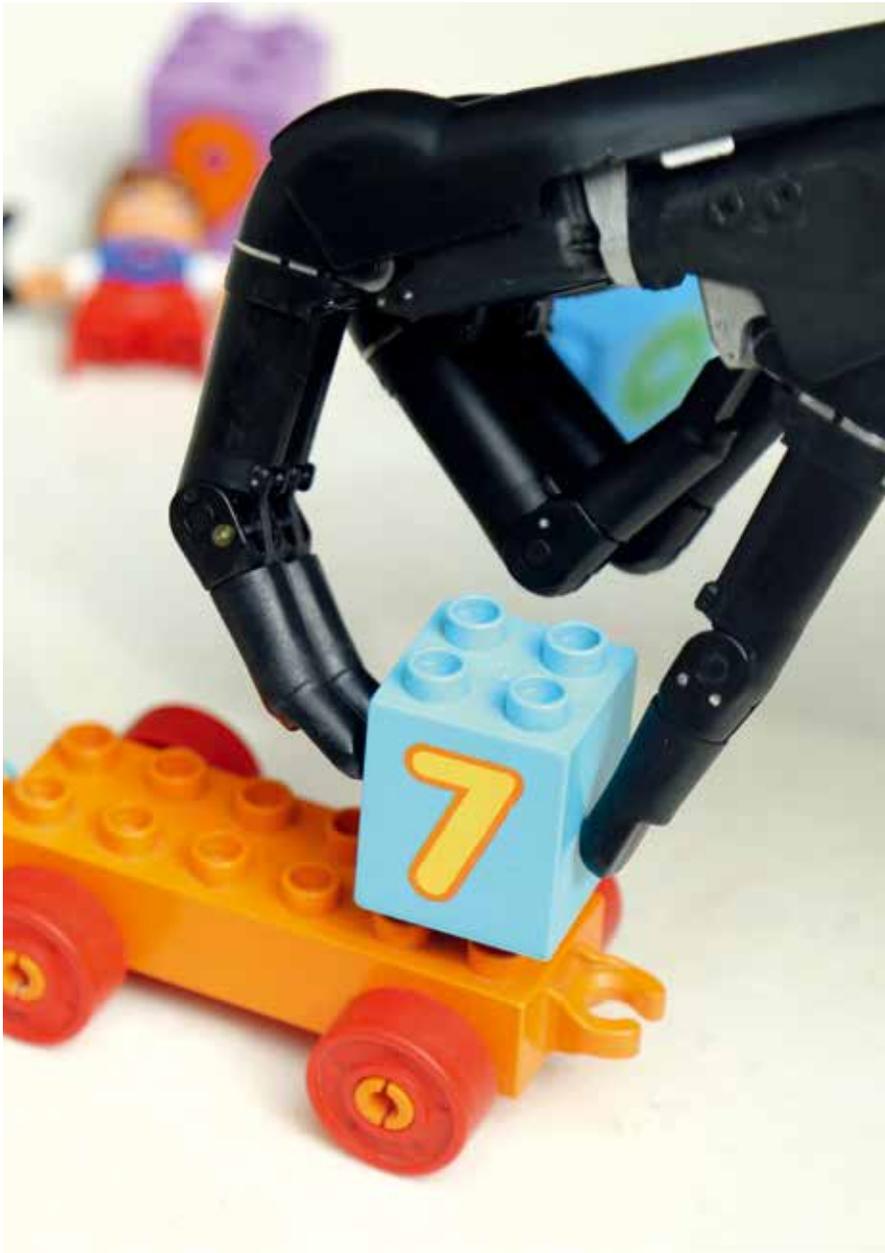
In 2015, bionic hands independently developed by Zorpia Robot were released. With the help of the myoelectric prosthetic hands, people with upper limb disabilities were able to perform motions like gripping, pinching and holding an object.

Established in 2014, Zorpia Robot is the first Chinese robotics company focused on developing robotic arms. With the mission of “making robots friends of mankind,” the company has focused on producing high-performance and reasonably priced bionic hands in China since its inception. The company has independently completed the structural design of prosthetic bionic hands, broken through a technological monopoly dominated by foreign companies, and produced products that can rival international competitors. After realizing mass production of its bionic hands, the company has continued to research and develop robots for use in other fields including industrial engineering, the service industry, healthcare and agriculture.

Wang Gang, doctoral supervisor at the School of Mechanical Engineering of Tianjin University and co-founder of Zorpia Robot, explained the working principle of bionic hands in detail. A bionic hand is an externally powered prosthesis often controlled by myoelectric signals, meaning it uses muscle signals in the patient’s residual limb

to move the device. Electrodes are placed on the user's bare skin above pre-selected muscle sites. When a user contracts these muscles, the electrodes pick up subtle changes in the electrical patterns and send these signals to a microprocessor which instructs the bionic hand to react and perform action. Serving people with limb disabilities, bionic hands should be able to learn new motions and soak up training.

The bionic hands produced by Zorpia Robot can grasp a small object.



Yang Yiyong is the vice head of the School of Engineering and Technology of China University of Geosciences. "Human upper limb joints and bones have at least 27 degrees of freedom," he explains. "Timely and smart operation is extremely important for the design and control of bionic hands."

Zorpia Robot is currently researching and developing its second-generation bionic hands which are able to achieve eight degrees of freedom instead of the previous five. The bionic hands can grasp or hold an object with five fingers, perform adduction and abduction, and close and open. One finger can work with the other fingers to grip or grasp an object and bend. And each finger can make independent motions. "Customers can use our products to type, make phone calls, put on clothes, open the door, hold a kettle or take out a name card," says Qiu Yufeng, founder of Zorpia Robot. "Our second-generation bionic hands are capable of doing many things. We are now developing bionic gloves which can be connected to our bionic hands to provide power and data sharing. And the gloves can also improve the appearance of the bionic hands."

Zorpia Robot's competitiveness is primarily driven by the company's strong and professional R&D and management team. A single bionic hand produced by Zorpia Robot is currently priced at around 10,000 yuan (US\$1,440), much cheaper than its international rivals. The reasonable price makes the product more affordable for more people with disabilities. The company is also working on a bionic hand platform. According to Qiu Yufeng, this platform is designed to provide electrical and mechanical interfaces which can be accessed by sensors and other devices. Professionals



Thanks to continuous tests and research by Zorpia Robot's R&D team, its bionic hands have continuously developed and improved.

can make secondary development on this platform to provide people with disabilities a greater range of functionality for their bionic hands. Moreover, the platform will welcome access from mechanical devices, electric installations, and remote software algorithms which meet the platform's requirements. As a result, bionic hands produced by Zorpia Robot will be able to be used in more fields or in specific situations such as shoemaking, cooking and cake decoration.

"We are also firmly committed to solving safety problem related to robots during our R&D process," adds Qiu. "Our bionic hands are designed to execute software

commands delivered through our self-developed security certificates. This makes them safer." Qiu revealed that Zorpia Robot is a supporter and promoter of a robotic blockchain program called "MPC" that was launched by late British scientist Stephen Hawking (1942-2018). "The goal of the program is to use blockchain as a cornerstone to establish a global robot security consensus charter for efficient monitoring and management of robots for security and safety concerns."

In 2015, Zorpia Robot found a home in Rizhao Shibe Economic Development Zone in Rizhao City, Shandong Province. As

part of the municipal government's "International High-caliber Professionals" project, the company received start-up capital of 2.2 million yuan (US\$320,000), a 200-square-meter work space and free employee housing for three years. Bionic hands developed by Zorpia Robot are more than just a product or a project for the development zone. The company introduced the concepts of automation and robotics to the area. By welcoming the brand, Rizhao Shibe Economic Development Zone hopes to attract more professionals to form a platform to cultivate innovative talent in science and technology. 



The Story of Modern Chinese Typography, a book penned by Zhou Bo and published by Peking University Press in September 2018.

A Beautiful Narrative of Chinese Characters

The Story of Modern Chinese Typography

Text by Zhao Miao

The unique beauty of Chinese writing has evolved elegantly over thousands of years, and exponentially over the last century.

One of the oldest scripts still in use globally, written Chinese has a history of over 4,000 years. Chinese characters are the sole writing system in the world to combine images, pronunciation and meaning, which gives the script a special charm. It is an important system of symbols preserving the soul of Chinese civilization and the roots of Chinese wisdom.

In the late Qing Dynasty (1644-1911), the spread of information recorded with Chinese characters changed from woodblock printing to movable type printing. This caused the design of Chinese characters to change greatly. The



Pages of the book *Kongji Gezhi*. The book was written by Italian commissioner Alphonso Vagoroni and published in China in 1633. courtesy of Gao Yizhi

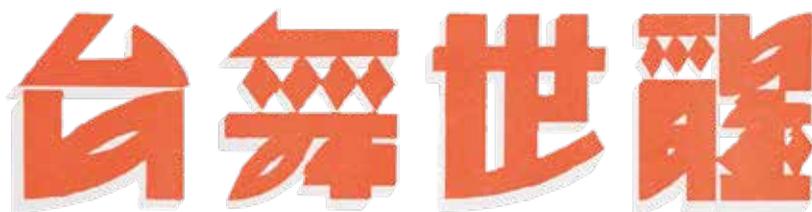


1917: New Year calendar from Asiatic Petroleum Company, which was a joint venture between the Shell and Royal Dutch oil companies founded in 1903. It dominated the Chinese market back in the first half of the 19th century. courtesy of Zhao Chen

unique beauty of Chinese characters radiates from visual features unrelated to phonograms. The charm attracts many calligraphers, character designers and graphic designers, who have created endless typefaces and designs which serve as effective tools for spreading knowledge and visual information in Chinese society.

Over the past five years, Zhou Bo, the author of *The Story of Modern Chinese Typography*, collected loads of primary material and information and interviewed many eminent designers and collectors in Beijing and Shanghai. As a “history in pictures,” the book delicately displays the unique visual effect of Chinese characters in modern times. It also showcases designers’ affection for Chinese characters across the last century.

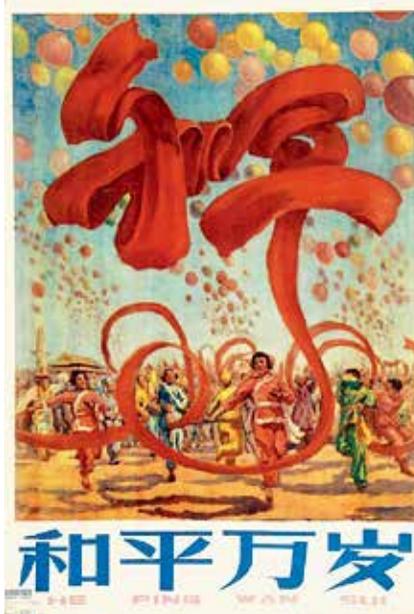
The book is divided into three parts. In the introduction, the author expresses views on some basic issues concerning the modern design of Chinese characters. The



Example of modern design of characters on a horizontal board in 1934 from *Colored Artistic Calligraphy* by Song Songsheng. courtesy of Song Songsheng

second and third parts introduce their evolution across two periods: one is from the late Qing Dynasty through the Republic of China (1912-1949) and the other is after the founding of the People’s Republic of China in 1949. Zhou Bo wrote in the Preface, “Compared with the rapid development of media for printing and digital technology, the history, culture, and aesthetics of character design definitely provide more sustained value. This is the fundamental faith that drove me to collect the gigantic volume of material necessary for the book and write it all down.”

Li Gongming, a professor with



The cover of a book named *Long Live Peace* by Ren Weiyan, published in 1958. courtesy of the library of Central Academy of Fine Arts

the Department of History of Fine Arts at Guangzhou Academy of Fine Arts, remarked that this book presents an overall picture of the development of modern Chinese characters design, with extraordinarily rich pictures and concise narrative. It is the fruitful result of ongoing historical research of the design of Chinese characters. However, the influence of this book goes far beyond character design. It has major academic value for the research of modern Chinese culture since the late Qing Dynasty. Zhao Jian, a professor of the Academy of Art & Design under Tsinghua University and director of the academy’s Department of Visual Communication, hopes that the book not only benefits academic research, but also bolsters public ability to understand and appreciate the modern design of Chinese characters.

Author Zhou is an associate professor at the Central Academy of Fine Arts. His research focuses on art, design and visual culture. He authored *Modern Design and Ethical Thinking* (2014) and translated *Typographic* (2017). He won the Fine Arts Award of China for Theory Criticism in 2014 and Beijing’s award for excellent research on philosophy and social science in 2017. 

The author works for Rizhao Polytechnic.

Landscapes of the Mind

Text by Yi Mei Photographs courtesy of Tate Britain

The exhibition “Landscapes of the Mind: Masterpieces from Tate Britain (1700-1980)” traces three centuries of development of British landscape painting for the Chinese audience.

A key project of China-UK cultural exchange, “Landscapes of the Mind: Masterpieces from Tate Britain (1700-1980),” jointly organized by Tate and the National Art Museum of China (NAMOC), is tracing the development of British landscape painting over nearly three centuries for the Chinese audience.

More than Visuals

The exhibition at NAMOC follows the remarkable development of Britain’s greatest contribution to European art—landscape painting—via Tate’s unrivaled collection of British paintings. Comprised of a superb selection of works of outstanding beauty and originality, it also illuminates exactly how landscape art became the central expression of British visual imagination.

The exhibition begins with the great topographical and classical painters of the 18th century and moves through the Romantic, Pre-Raphaelite and Impressionist artists of the 19th century before arriving at the pioneering modernists of the 20th century. Each of its five sections—“Looking and Dreaming,” “Classical and Romantic,” “Naturalism and Impressionism,” “The Early Modern Landscape” and “The Later Modern Landscape”—includes many of Tate’s finest oil paintings, watercolors and drawings as well as prints, photographs and books.

Along with providing a thrilling visual display, the exhibition also narrates a fascinating story of the wider historical and cultural development of Britain. Great paintings are positioned in the context of the literary, philosophical, political and social forces that shaped the nation’s growth over nearly three centuries. By focusing on landscapes, British artists tapped into the heart of the national image.

“From Constable’s gentle fields to

*Landscape with Rainbow,
Henley-on-Thames* by
Jan Siberechts, 1690.

Otho with John Larkin by George Stubbs, 1768.

Martin’s apocalyptic visions, from Turner’s stormy mountains to Nash’s surreal lowlands, landscapes have been Britain’s greatest contribution to art for three centuries,” remarks curator Richard Humphreys. “This exhibition presents the remarkable achievements of Britain’s greatest landscape artists, revealing a rich story of change and continuity which reflects the nation’s endless fascination with the natural world and man’s place within it.”

The exhibition is not only a collection of visual expressions of the physical world, but also an in-depth investigation of man’s relationship with nature over time. Considering the growing concerns around environmental issues, examining landscapes by the great painters of the past can help inform the way we look at the future.

China-UK Cultural Exchange

This exhibition is the culmination of more than two years of collaborative work between institutions in China and Britain. However, it is not the first time that Tate Gallery, the UK’s national museum of British and international modern and contemporary art, has shared its collection with a Chinese institution. Back in 2009, the exhibition “Turner from the Tate Collection” was held at NAMOC, which received a huge response from Chinese patrons. So, “Landscapes of the Mind: Masterpieces from Tate Britain” is the second collaboration between Tate and NAMOC and also an important exhibition project of the International Exhibition Exchange Series of NAMOC.

“From its inception, this partnership has received staunch support from the UK Government as an important measure









The Destruction of Pompeii and Herculaneum by John Martin, 1822, restored 2011.

supporting the British relationship with China and highlighting the flourishing cultural exchange between our two countries,” notes Alex Farquharson, director of Tate Britain.

China and Britain, two countries with profound history and cultural tradition, are both home to splendid art that is both unique and diversified. Landscape paintings have been a favorite of Chinese artists since ancient times. But the curator still believes the Chinese audience will see new things at the event.

“I hope the public here will find something of interest at this exhibition because I am all too aware, of course, that China has its own rich ancient tradition of landscape art, one that achieved great sophistication and beauty many years before the British turned their attention to the genre,” says curator Humphreys. “But there may be something instructive in considering the differences between the two traditions. And also, perhaps, some pleasure in pondering over the parallels and similarities, whether they are tendencies towards a literary and philosophical approach, a pastoral longing for a better world, or a simple joy in the spontaneity of perception and the fluid possibilities of water-based media.”

As noted by Wu Weishan, director of NAMOC, the geographical distance between the two countries has never stopped mutual attraction between the two splendid civilizations nor communication between the two cultures. People from Eastern and Western countries share the same passion for nature. “Every piece is a showcase of the artist’s boundless love for nature,” he declares. “It’s not only about landscapes in the eyes, but the landscapes of the mind.” 

Tu Hongtao: A Timely Journey

November 10 – December 2, 2018
Long Museum (West Bund), Shanghai

With nearly 20 works, this solo exhibition thoroughly explores Chinese painter Tu Hongtao's output over the last three years, a period which fostered increasing freedom in his exploration of painting. His goal is to reinterpret the way time and space are depicted in art.

Tu Hongtao was born in Chengdu, Sichuan Province, and currently teaches in the Department of Design and Art at Chengdu University. He has participated in many exhibitions in China and abroad. Focusing on imaginative landscape painting, Tu aims to convey sensations of a journey through natural wonders.



Poster for the exhibition "Tu Hongtao: A Timely Journey."



Cornerstone by Gan Jian, immersive voice and video installations, six laser projectors, computer and sound systems, 30×15×13m, 2018.



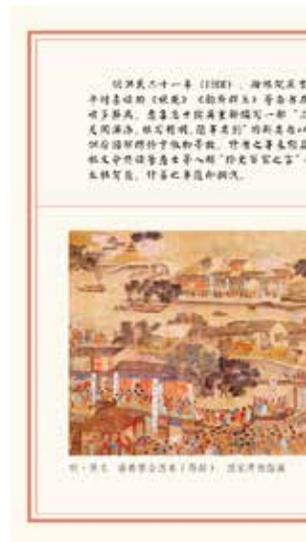
Poster for the exhibition "Heteroglossia."

Heteroglossia

November 7, 2018 – February 17, 2019
HOW Art Museum, Shanghai

The term "heteroglossia" originated from critical concepts introduced by Soviet literary theorist Mikhail Bakhtin. It explores the coexistence and conflict of different languages while also symbolizing the diverse and non-fixed characteristics of contemporary social culture.

The exhibition themed "Heteroglossia" presents works of 10 artists from different countries and regions, including installations, images and performances. These works convey the artists' contrasting views and opinions on the regions and times in which they live.



Future Folding

September 16 - December 9, 2018
Suzhou Jinji Lake Art Museum, Suzhou

With an eye on expanding imagination about the future, the exhibition themed “Future Folding” also aims to explore anxieties about modern realities and prospects for the future in the context of rapid development of the times. The exhibition invited Chinese and foreign new media artists from different backgrounds, genders and styles to participate.

Ten groups of typical works including installations, experimental music, video and spatial interaction represent these artists’ attempts to use new media to express their understanding of the future world.

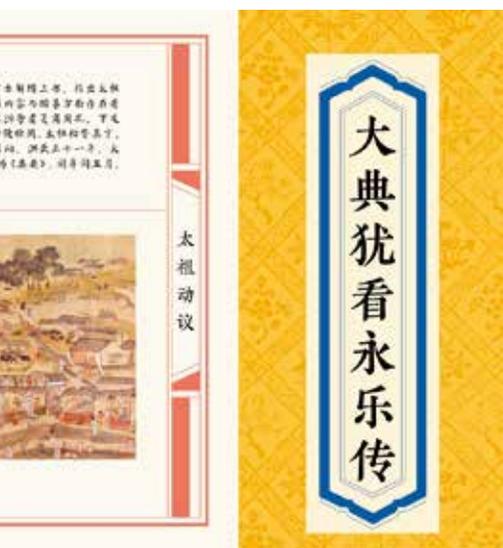
The exhibition uses every inch of space to interact with the audience and inspire boundless imagination on future development.



Dust by Ying Xinxun, 600×300×200cm.



Effusion by Deng Yuejun, copper, aluminum alloy, circuit module, and LED, etc., variable size, 2018.



The first section of the exhibition.

Surviving Volumes of Yongle Encyclopedia

September 28 - December 31, 2018
National Library of China, Beijing

Commissioned by Emperor Yongle of the Ming Dynasty (1368-1644), who reigned from 1403 to 1424, the Yongle Encyclopedia is a collection of books compiling Chinese history, geography, literature, art, philosophy, religion and other fields prior to the 14th century. It is composed of 370 million words spread across 11,095 volumes and called the largest encyclopedia in the world by *Encyclopedia Britannica*.

Most volumes were lost in history, except for 800-plus that have survived and are preserved by various global institutions.

This exhibition displays 12 original volumes of the encyclopedia held by the National Library of China alongside other precious ancient books and manuscripts as well as volumes of the encyclopedia published in different periods and collected overseas, exploring the unusual fate and immortal glory of the classic.

Supported by modern technologies like holographic projection and stereoscopic scene restoration, the exhibition also offers interactive activities such as transcribing the encyclopedia for readers of various ages.



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