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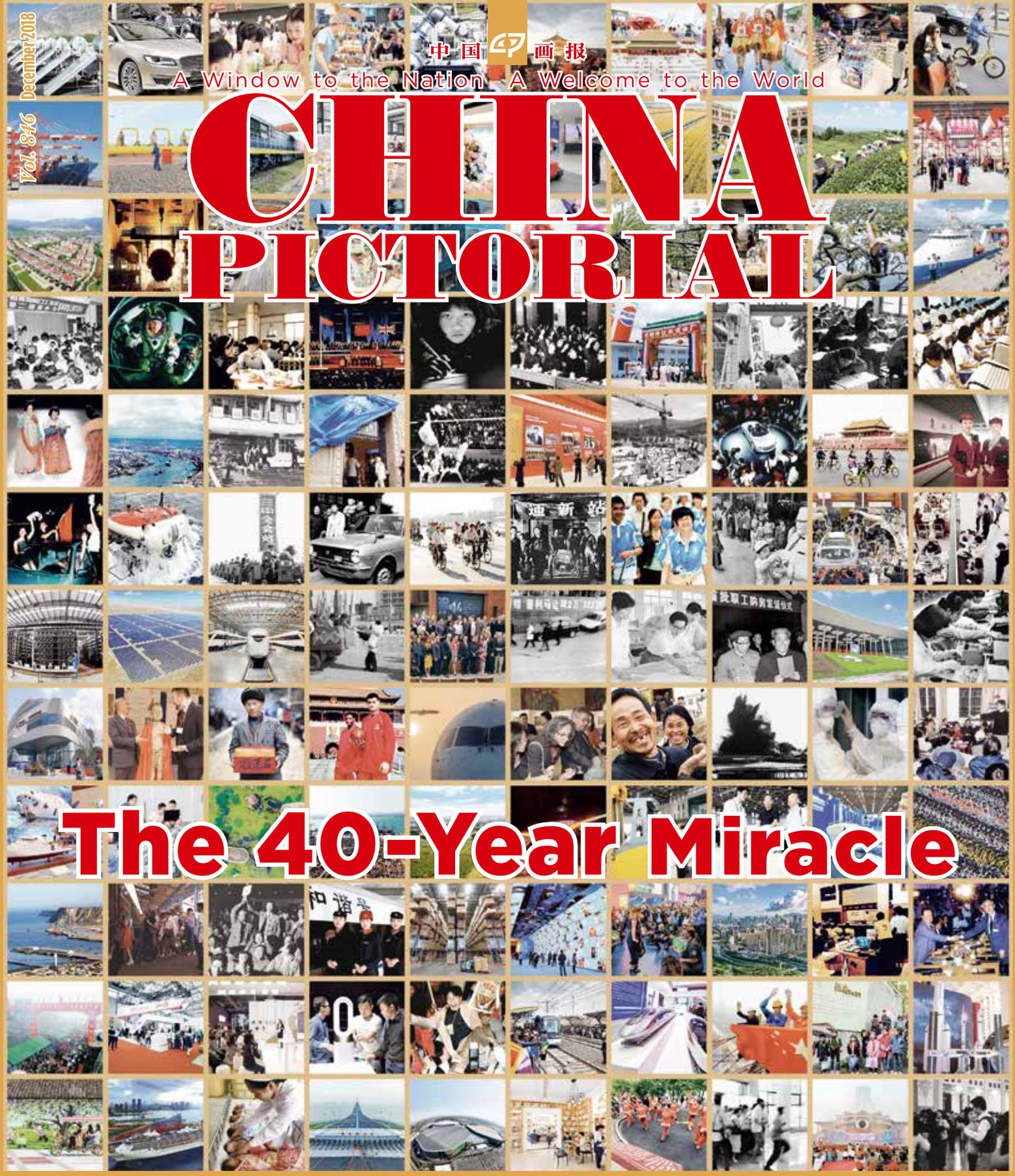
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Haidian, Beijing 100048 邮编: 100048  
Email: imagechina@chinapictorial.com.cn 邮箱: imagechina@chinapictorial.com.cn

**President:** 社长:  
Yu Tao 于涛

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**Design:** Alinea Productions 设计: 利雅法盛

**Web Maintenance and Graphic Design Specialist:** 网络总监、  
Andrey Malecev 数据设计师:  
安德烈·马列耶夫

**Advertising Department:** 广告部:  
Telephone: 86-10-88417354 电话: 010-88417354  
or 88417419 88417419

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by Ding Lin/Xinhua

## ➤ Closer Asia-Pacific Cooperation

November 18, Port Moresby, Papua New Guinea: Chinese President Xi Jinping (5th left, front) and other leaders and representatives from member economies of the Asia Pacific Economic Cooperation (APEC) pose for a group photo before the 26th APEC Economic Leaders' Meeting.

Underlining the trend of economic globalization, economic integration in the region, and an open

economy, Xi used his speech at the meeting to urge the economies to maintain the momentum of Asia-Pacific cooperation.

“We have reached a crossroads of history, when we must have a keen appreciation of the trend of our world and take the pulse of the world economy,” he said. “That is how we will be able to respond to the call of our time and chart our future course accordingly.”



by Wan Quan

## ➤ Extreme-Agility Flying

November 6, Zhuhai, Guangdong Province: A J-10B fighter jet performs an aerobatics display during the 12th China International Aviation and Aerospace Exhibition (Airshow China).

A J-10B thrust-vectoring demonstrator debuted at Airshow China. Equipped with a thrust vector control nozzle, the J-10B performed a series of gravity-defying aerobatic stunts at the air show's opening ceremony. The extreme-agility maneuvers in the skies over Zhuhai

prompted applause and cheers from thousands of spectators. The J-10B was widely considered one of the most impressive aircraft of the six-day show, which concluded on November 11.

Airshow China is an international aviation and aerospace trade show that has been held in Zhuhai every two years since 1996. This year, the event was attended by more than 700 exhibitors from over 40 countries and regions.



VCG

## ➤ Smooth Delivery

November 12, Hangzhou, Zhejiang Province: A delivery company employee sorts express boxes in a warehouse.

China witnesses a surge of express delivery parcels in the wake of the November 11 online shopping spree. Data from China's State Post Bureau showed that more than 1.35 billion parcels were ordered on major e-commerce platforms on November 11, 2018. Delivery companies across the country shifted into high gear to

smoothly deliver a massive number of parcels.

China's online shoppers have redefined the worldwide shopping binge in numbers as Alibaba's Singles' Day shopping festival completed its 10th year. Adobe data showed that China's e-commerce giant Alibaba set another record with 213.5 billion yuan (US\$30.7 billion) this year, nearly tripling the numbers of Cyber Monday and Black Friday in 2017.



VCG

## ➤ Fashionably Traditional

October 30, Beijing: Women dressed in Tang-Dynasty (618-907) costumes perform at a show by designer Chu Yan for the China Fashion Week Spring/Summer 2019 at Beijing Hotel.

This year's China Fashion Week opened on October 25 with the participation of 150 designers from home and abroad. The nine-day event included a total of 96

shows, a record volume.

Under the theme "Thriving towards the Sun," the event promoted Chinese fashion by showcasing Chinese spirit, values and strength. Once again, designers featured at this year's China Fashion Week took inspiration from the inheritance and innovation of traditional Chinese culture.

# Step Past the Trap

Text by Hu Zhoumeng

*The politics of two great powers are not destined for tragedy, unless they decide it so.*

U.S. Vice President Mike Pence's China-bashing speech in early October presented quite a show. In his talk at the Hudson Institute in Washington, D.C., he attacked China's domestic and foreign policies concerning trade, the South China Sea, Taiwan, human rights, religion and other issues. The decision to escalate the trade disputes and meddle in China's domestic affairs expectedly triggered a strong rebuke from Beijing. Most shockingly, Pence accused China of an "unprecedented

effort" to interfere in the U.S. elections. Playing the China card during U.S. election seasons is nothing new, but such dramatic accusations without evidence is a new low.

Framing China as a stiff rival is easy, but does nothing to help the U.S. address its internal problems and escalate friction between the two great powers. The inclination to design the country's China strategy as confronting a "competitor" is actually snaring the U.S. into the so-called "Thucydides Trap."

The Thucydides Trap theory

claims that a rising power causes fear in an established power which escalates toward war. Harvard political scientist Graham Allison coined the term based on a quote from ancient Greek historian Thucydides in reference to the current China-U.S. relations.

The Thucydides Trap seems to increasingly resonate with some American radical strategists alongside the Trump administration. Since Trump began waging a trade war against China, rounds of tariffs have been tit-for-tat at the expense of consumers in both countries.

The 14th Chinese American Film Festival and Chinese American TV Festival were held in the United States from October 28 to November 30, 2018. Here, guests at a November 11 press conference in Los Angeles pose for a group picture. VCG



## 无人冰站

### Unmanned Ice Station

Edited by Li Zhuoxi

From August 18 to 22, 2018, Chinese scientists installed the Arctic Ocean's first unmanned ice station system during China's ninth Arctic expedition, ushering in an "unmanned era" for scientific observation of the North Pole.

The new research station can perform unattended observation of multiple fluctuations in the ocean, sea ice and atmosphere of the North Pole. Currently, most countries use icebreakers in summer to explore the Arctic, resulting in a lack of understanding of key processes such as ice melting in spring and freezing in autumn, which are crucial to understanding changes in sea ice. The unmanned ice station is a valuable supplement to research in the absence of scientific expedition vessels.

Additionally, considering the harsh

natural environment of the Arctic and limited support for equipment installation, Chinese scientists designed a package plan comprised of two prototypes and four subsystems, an unprecedented effort globally. The unmanned ice station wields a number of independently developed core technologies such as long-term observation by light radiation inside sea ice, wind speed observation on ice surface to prevent frozen raindrops and long-term observation technology of towing profiles under the ice.



The unmanned ice station can perform long-term continuous gathering of data on the Arctic, which is helpful for monitoring its environment and climate change. VCG

## 岛主

### Island "Owning"

Edited by Li Zhuoxi



June 17, 2018: Fenjiezhou Island, an uninhabited island in Lingshui Li Autonomous County, Hainan Province. Any entity or individual wanting to develop uninhabited islands should first submit an application to the ocean administration authorities and pay a fee for usage of an uninhabited island. VCG

A document issued in July 2018 by the Hainan ocean and fishery authorities stated that any entity or individual seeking to develop uninhabited islands should first submit application to ocean administration authorities.

Uninhabited islands are scattered across the vast waters of China. These so-called "uninhabited islands" refer to is-

lands which are not listed in the resident household registration management system. According to a survey report on island resources issued by China's State Oceanic Administration (SOA), the country's uninhabited islands account for 94 percent of its total islands, yet cover only about two percent of total island area.

According to the SOA, development should happen based on paid usage. Charges for usage of an uninhabited island will be decided by the size, intensity and effect of exploitation. Another priority is whether the plan gives due consideration to protecting natural resources such as rare and endangered species, freshwater and beaches. This is a measure to prevent developers from damaging the ecosystems of the islands and their surrounding waters.

The dream of becoming an "island owner" may seem tempting. Yet doing so requires a lot of hard work. Developing an isolated uninhabited island is not easy. To develop an uninhabited island, a tenant needs to equip it with basic facilities such as docks, roads, buildings, fresh water and electricity, all of which cost two or three times as much as on the continent. It is estimated that developing a single uninhabited island would require at least one billion yuan.

# Give and Take Architecture and Cultural Footprints

Text by Nathan Bennett

*Nations leave footprints as they interact with each other, but it is up to each of them to decide what to preserve, what to eliminate and what to imitate.*

Last summer I visited Harbin in northeastern China's Heilongjiang Province. Harbin is something like an inland Shanghai. It is a nexus between Europe and China, and that connection gives it a modern shape. Accordingly, there is a preponderance of European architecture left over from long-term Russian presence in the city. Architecture can be a strong cultural footprint that nations leave as they interact with each other, but it is up to each country to decide what to preserve, what to eliminate and what to imitate.

Historically, Harbin, like Shanghai, supported a dynamic foreign community. Russians arrived during the Tsarist era and remained after the dissolution of the Russian Empire. Then, the community endured Japanese occupation for many years. However, most of them moved out after 1949 when decades of foreign control ended. Descendants of Russians who married Chinese remain, forming a contemporary expatriate community, but not one that will leave an architectural footprint like in years past.

Some parts of Harbin feel like a

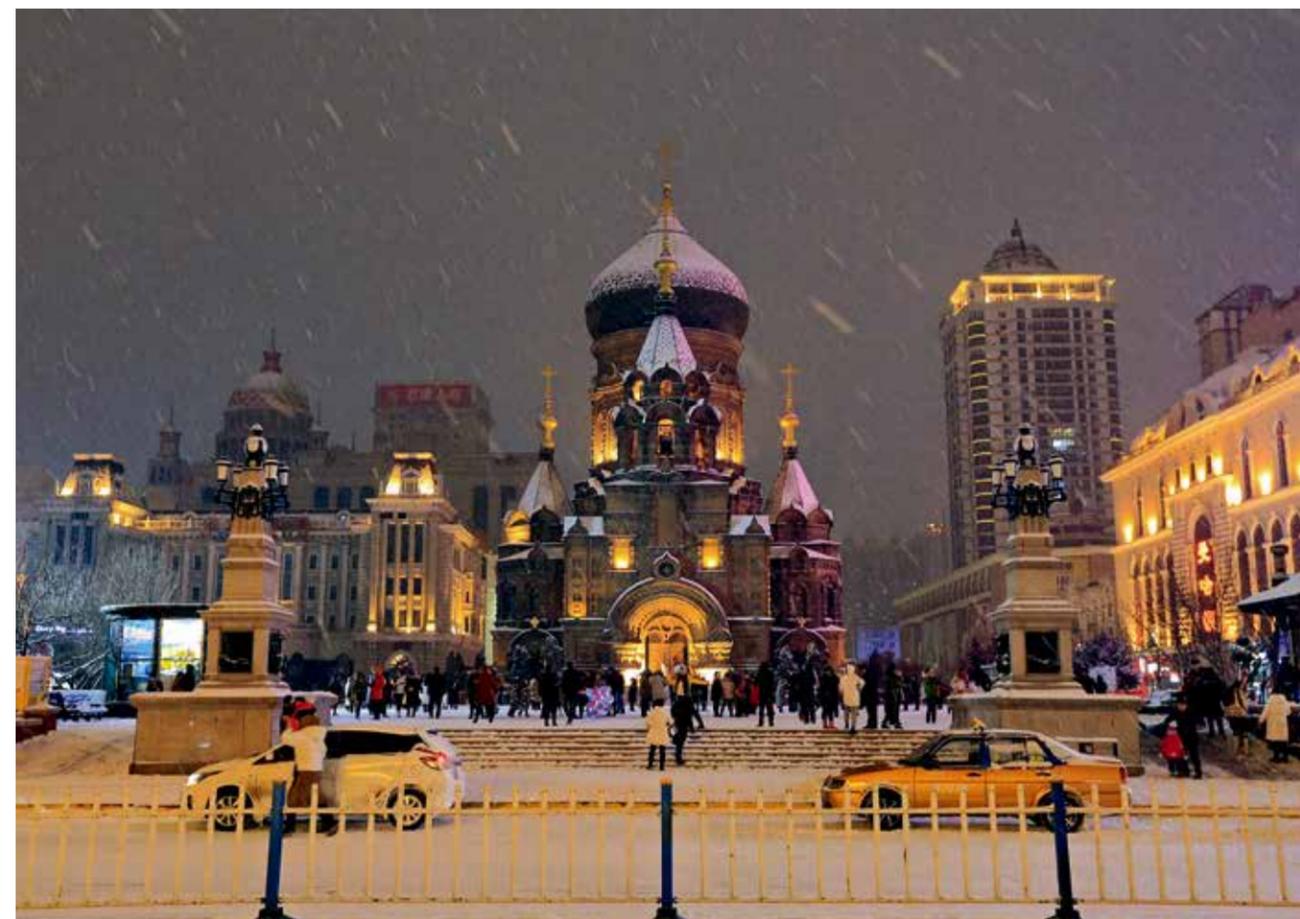
remote Beijing neighborhood. The Chinese spoken in the region is the most standard Mandarin, and one can find barbecued mutton and light beer just about everywhere. I don't know what the local cuisine is supposed to be, but the mutton and beer felt straight out of Beijing. An expat friend lamented that some restaurants were closing and being replaced with already ubiquitous *chuan* (barbecue sticks). My thought: Harbin people like what they like.

As I was traveling in Harbin, I certainly made use of Didi, a ride-sharing app. In Beijing where I live and work, many drivers hail from Harbin. Such is to be expected in the capital—people come from everywhere to find work opportunities. But it was interesting to meet Harbin drivers in Harbin where they were totally at home. One driver I met could speak a little English, which got me to think about other kinds of footprints that nations leave as they interact with each other: language and culture.

My 30-something Didi driver claimed that he had taken English classes in school all the way through college. Most of my time in China has been spent teaching English. He was too old to have been my

student, but at least a decade past his student days, he was still able to converse with me in English. I started thinking about what happened to many of my students: Some left to study abroad, and others were happy just to pass my class and graduate. Wherever they go in the future, they take a bit of the English language and American culture. Some such footprints are unavoidable because English is

Nathan Bennett in front of the Church of the Intercession of the Mother of God in Harbin, northeastern China. courtesy of the author



February 28, 2018: Visitors gather in front of the snow-covered Saint Sophia Cathedral in Harbin, northeastern China. The Russian-style cathedral, built in 1907, has become a tourist attraction on the Central Avenue in the city. VCG

the preferred international trade language, so modern education will always include it for at least some students.

The same is true for architecture: You can't construct a modern skyscraper with traditional building methods. Cities all over the world share similar blocks of concrete, steel and glass because the science is the same. If you want a really tall building, you have to build according to engineering rather than cultural nostalgia. China is making both modern architecture and the English language its own. On the flip side, greater numbers of American business students are studying Chinese because many of their future business partners will

be Chinese.

As our nations more intimately engage with each other, we will leave footprints, be them cultural, historical, technological or architectural. Footprints may be as large as cities. Some cities come into being because of interactions between nations—Harbin and Shanghai are examples that immediately come to mind. Yet, the two cities remain truly and overwhelmingly Chinese regardless of the strength of outside influence. Footprints may also be as small as individuals. I am here teaching English while many Chinese students are studying in America. Whatever I leave behind and whatever exchange students bring back from abroad, China will

process those contributions, deciding what to keep and what to let go.

One thing I most admire about China is its cultural stability. Whatever changes occur in the outside world, Chinese culture maintains a steady course. Although modern economics, geopolitics, technology, medicine, education and other realms differ from traditional Chinese models, China has taken things from the outside and made them truly its own. Whether the architecture is Romanesque, Art Deco or even a simple tower block, the architects and builders are Chinese. 

The author is an English teacher at Beijing University of Civil Engineering and Architecture.

# Shaking Hands and Strengthening G20 Cooperation

## Xi's Visits to Spain, Argentina, Panama and Portugal

*At the G20 summit, Chinese President Xi Jinping pledged that China will firmly continue a new round of reform and opening up, with greater focus on intellectual property rights protection and increased imports.*

November 30, 2018: Chinese President Xi Jinping at the 13th G20 summit held in Buenos Aires, Argentina. Xi delivered a speech titled "Look Beyond the Horizon and Steer the World Economy in the Right Direction" at the first session of the summit. by Li Tao/Xinhua



November 30, 2018: A group photo of G20 leaders in Buenos Aires, Argentina. Chinese President Xi Jinping (sixth right, front) and other G20 leaders gathered in Argentina to exchange in-depth views on building consensus for fair and sustainable development. by Li Tao/Xinhua





December 1, 2018: Chinese President Xi Jinping (right) meets with his U.S. counterpart Donald Trump in Buenos Aires. The two sides reached consensus on economic and trade issues and agreed to avoid escalation of trade restrictive measures. by Li Xueren/Xinhua

December 3, 2018: Chinese President Xi Jinping (left) and his Panamanian counterpart Juan Carlos Varela meet with entrepreneurs from the two countries for a China-Panama business forum in Panama City. by Rao Aimin/Xinhua

December 2, 2018: Chinese President Xi Jinping (left) receives Argentina's highest decoration, the Order of the Liberator General San Martín, from President Mauricio Macri in Buenos Aires, Argentina. by Li Tao/Xinhua

On November 30, Chinese President Xi Jinping urged the Group of 20 (G20) to adhere to openness, partnership, innovation and inclusiveness and steer the world economy responsibly.

Xi delivered the remarks while addressing the 13th G20 summit in the Argentinian capital of Buenos Aires. He warned G20 leaders of accelerated accumulation of risk in the global economy and pledged that China will firmly promote a new round of reform and opening up through greater focus on intellectual property rights protection and increased imports.

Noting that the G20 was born out of the international community's need to maintain stable growth of the global economy, Xi remarked that the group has overcome difficulties together, navigated the global economy out of recession and steered it back to a road of recovery and growth over the past decade.

"Ten years later, let us work with the same courage and strategic vision and ensure that the global economy grows on the right track," Xi said, presenting a four-point proposal to the summit. First, Xi called on G20 members to remain committed to openness and cooperation and uphold the multilateral

trading system. Second, Xi urged the G20 to forge strong partnerships and increase macro-policy coordination. Third, Xi noted that the G20 should stay committed to innovation and create new momentum for growth. Fourth, Xi urged the G20 to stay focused on win-win cooperation to promote inclusive global development.

On December 1, Xi met with his U.S. counterpart Donald Trump in Buenos Aires. According to Chinese State Councilor and Foreign Minister Wang Yi at a press briefing on the closely watched Xi-Trump meeting, the two presidents agreed to continue trade talks between the

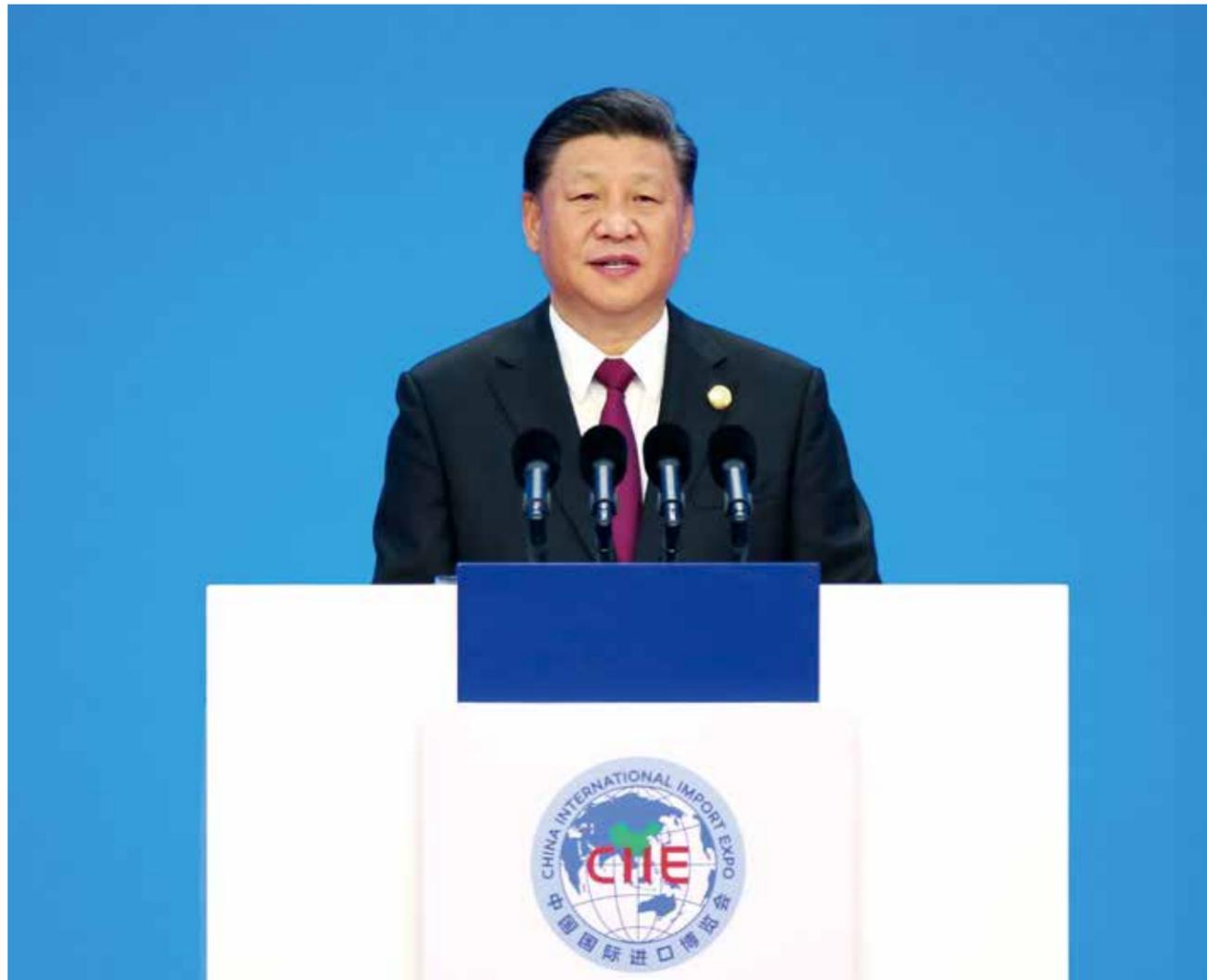
two countries and stop imposing new tariffs. Xi and Trump also agreed to have further exchange of visits at an appropriate time. According to Wang, the two presidents reached important common understandings and the meeting certainly has charted the course for China-U.S. relations for some time to come.

President Xi arrived in Buenos Aires on November 29 to attend the G20 summit and make a state visit to Argentina. Argentina is the second stop of Xi's Europe and Latin America trip from November 27 to December 5, which had taken him to Spain and also includes state visits to Panama and Portugal. His

visits to Spain, Argentina, Panama and Portugal intensified respective bilateral ties and G20 cooperation.

Against the backdrop of President Xi's visits to the four countries, China International Publishing Group (CIPG) hosted a series of related activities. On November 22, the "Beautiful China, Beautiful Panama" photo exhibition, organized by China Pictorial Publications, was held in Panama City. On November 20, the release ceremony for the Spanish versions of Xi's two works *Up and Out of Poverty* and *Zhejiang, China: A New Vision on Development* was held in Buenos

Aires. On November 21, "The Beauty of Artworks—Echoes of Civilization" exhibition and dialogue forum between Chinese and Spanish artists was held in Madrid. On November 22, a China-Spain readers' seminar on the book *Xi Jinping: The Governance of China* was held in Madrid days before Xi's state visit to the country. On November 26, a China-Portugal readers' seminar on the book *Xi Jinping: The Governance of China* was held in Lisbon. The same day, the exhibition "Wisdom of Confucius Culture" opened at the Confucius Institute of Lisbon University in Portugal. CP



November 5, 2019: Chinese President Xi Jinping delivers a keynote speech at the opening ceremony of the first China International Import Expo in Shanghai, in which he stressed that the current situation calls for openness and cooperation to foster steady global recovery, which remains essential for continued human progress. Xinhua

# Chinese Solutions for Promoting Open Global Cooperation

Text by Zhong Feiteng

*How can better opening up be achieved? The key is continuous promotion of domestic reform to motivate importing potential and inspire all countries to join in global cooperation.*



November 5, 2018: Russian Prime Minister Dmitry Medvedev introduces the Country Pavilion of Russia to Chinese President Xi Jinping as he and foreign leaders tour the exhibition venue of the first China International Import Expo in Shanghai. courtesy of *China Daily*

At his keynote speech at the opening ceremony of the first China International Import Expo (CIIE) in Shanghai on November 5, 2018, President Xi Jinping mentioned the phrase “opening up” 53 times. His entire speech was focused on why countries around the world should open up and how to better promote opening up. This speech, alongside President Xi’s speeches at the 2017 annual meeting of the World Economic Forum in Davos and at

the 2018 annual conference of the Boao Forum for Asia in April, lays a milestone marking a new stage of China’s reform and opening up and a new trend for China’s relations with the outside world.

Why should every country open up? President Xi stressed that the current situation calls for openness and cooperation to foster steady global recovery and that openness and cooperation will remain essential for continued human progress. After he took office, U.S. President

Donald Trump adopted an “America First” doctrine, stirring up doubt about the benefits of opening up. Many once doubted opening-up policy in the past. However, after witnessing the advantages of opening trends pushing development towards higher levels, a return to seclusion and isolation can never be appealing.

As the world’s second-largest economy, China is presenting Chinese solutions for opening up to the world. First, China will

continue pushing forward domestic reforms and stimulating potential for increased imports. More than just a big market with a population of more than 1.3 billion, China has the world's largest middle-income group.

China's coastal areas inhabited by 500 million people boast strong consumption capacity. In this sense, it was understandable to hold the CIIE in Shanghai, which is playing a lead role in China's reform and opening up. President

Xi announced that the government supports integrated development of the Yangtze River Delta region and will make it a national strategy. It is actually one of five "pillars" bolstering China's high-quality development. The other four are the Belt and Road Initiative, the coordinated development of the Beijing-Tianjin-Hebei region, the Yangtze River Economic Belt and the Guangdong-Hong Kong-Macao Greater Bay Area.

Constantly broadening market

Japan's NACHI Group displays its SRA spot welding robots at the intelligent and high-end equipment exhibition zone of the first China International Import Expo (CIIE) in Shanghai. The CIIE offered an ideal platform for global cutting-edge high-tech equipment manufacturers to showcase their products to China and the world at large. by Xu Xun



Models of China's Fuxing bullet train on display at the China Pavilion during the first China International Import Expo (CIIE) in Shanghai. Themed "innovative, coordinated, green, open and shared development," the China Pavilion at the CIIE demonstrated China's remarkable achievements in development over the four decades of reform and opening up as well as the new opportunities brought by the Belt and Road Initiative to the world. by Chen Jian

access and fostering a world-class business environment have become two core Chinese strategies to promote high-quality development. The continuous increase in China's per capita income is fueling a boom in its service industry with healthcare and education at the center, becoming a new driving force for the country's development. This shift has drawn intense scrutiny from the international community, especially developed economies. In particular, President Xi emphasized the importance of protecting intellectual property rights and said that China will enact a punitive compensation system to significantly raise the costs for offenders. Constantly improving human resources can serve as one of the most important driving forces for a country's development. Undoubtedly, it is vital for

China to pay attention to education, healthcare and the protection of intellectual property rights on the road towards high-quality development centered on innovation. These are the key to attracting high-caliber talent and fostering core competitiveness.

The CIIE has definitely become a new platform for open cooperation. Before it, China already presented some global governance concepts and plans with Chinese characteristics, all of which feature a high degree of inclusiveness and openness and encourage all countries to participate. 

The author is director and research fellow of the Major Countries Relationship Research Department under the Institute of Asian-Pacific and Global Strategy, Chinese Academy of Social Sciences.

# Togetherness Leads to Prosperity

Text by Ma Bin

*Facing new tendencies and challenges in the global economic landscape, China hopes to cooperate with countries around the world to lay a foundation for open and inclusive global economic governance.*

On November 5, 2018, the first China International Import Expo (CIIE) opened in Shanghai. At the opening ceremony, Chinese President Xi Jinping delivered a keynote speech titled “Work Together for an Open Global Economy That Is Innovative and Inclusive,” manifesting China’s determination and action to open wider and pursue common development in the world.

Firstly, Xi’s speech evidenced China’s determination to further open and shined light on its future action plan.

Forty years ago, China launched its reform and opening-up policy. Thanks to persistent exploration and experimentation, China has achieved great progress in various fields. But amidst profound changes in domestic and international situations, China’s reform and opening up is also undergoing a new round of challenges and opportunities. Against this backdrop, Xi’s speech emphasized that China would stimulate the potential for increased imports, broaden market access, foster a world-class business environment, explore new horizons of opening up and facilitate multilateral cooperation, showcasing China’s

determination to open wider to the world and shining light on its future plans.

Secondly, Xi’s speech exhibited China’s willingness and efforts to promote shared and inclusive development.

Because of economic globalization, different countries across the world band together to improve their living standards in different sectors to varying degrees. But today, the global economy is undergoing major adjustments characterized by rising protectionism and unilateralism. Economic globalization featuring multilateralism and free trade has met serious setbacks: A handful of countries over-emphasize and fixate on relatively minor losses while refusing to recognize net gains. These countries have taken unilateral action to pursue excessively narrow national interests, causing a negative impact on economic globalization and serious damage to the economic and institutional foundation for international trade cooperation. In this gloomy context, by hosting the import expo, China hopes to showcase its strong will to safeguard the overall interests of various countries and promote shared and inclusive development.

Thirdly, Xi’s speech outlined

China’s aspirations and related measures for peaceful coexistence.

After the founding of the People’s Republic of China in 1949, conforming to common aspiration of the international community, the country proposed the principles of peaceful coexistence in international relations. For a long time, by upholding the Five Principles of Peaceful Coexistence, China has greatly enhanced its relations

with other countries and made great contributions to regional and world peace. Although China’s national strength is much stronger than before, safeguarding peace and driving development are still the fundamental principles of the country in terms of international affairs. Facing the increasing unprovoked doubts and negative editorials, China chose to organize the CIIE to make clear that China

favors cooperation over confrontation and peace over conflict in terms of relationships with other countries.

Finally, Xi’s speech showed that China will further advance the implementation of the Belt and Road Initiative.

In May 2017 when the Belt and Road Forum for International Cooperation was held in Beijing, Xi announced that China would hold the CIIE to inject new impetus into the development of the Belt and Road Initiative and create a new platform for world development. A year and a half later, the first CIIE arrived on schedule and immediately began providing a practical platform for participating countries to learn about and access the Chinese market to realize common prosperity. The CIIE is a major measure taken by China to advance the Belt and Road Initiative—it blazes a path to prosperity characterized by extensive consultation, joint contribution and shared benefits.

In the nutshell, the CIIE is a major step China has taken to shoulder global responsibility and promote the building of a community with a shared future for humanity. Xi’s speech demonstrated to the world that China’s fundamental pursuits remain peace and development. Facing new tendencies and challenges in the global economic situation, China hopes to cooperate with countries around the world to lay a foundation for open and inclusive global economic governance. 

November 13, 2018: Greenland Global Commodity Trading Hub opens. This trading platform emerged as a result of the spillover effect of the “6+365” trading service of the China International Import Expo. VCG



The author is an associate research fellow with the Institute of International Studies at Fudan University.



Brazilian band Batuque Digital performs in Brazil's Country Pavilion at the China International Import Expo, drawing a large crowd. by Guo Shasha

# New Beginnings for a Shared Future

Text by Xu Feibiao

*An innovative and pioneering effort from China marking a historic leap in international trade development, the launch of the CIIE provides new hope for the gloomy global environment after the rise of anti-globalization and protectionist sentiments.*

From November 5 to 10, the China International Import Expo (CIIE) was held in Shanghai, featuring more than 3,600 enterprises and institutions, over 400,000 purchasers from China and abroad and 1,500 representatives from around the world. President Xi Jinping personally raised the curtain on the event with a keynote speech

titled "Work Together for an Open Global Economy That Is Innovative and Inclusive." As an innovative and pioneering effort made by China marking a historic leap in international trade development, the launch of the CIIE provided a new ray of hope in the gloomy global environment after the rise of anti-globalization and protectionist sentiments.

## A Sign of China's Further Opening Up to the World

The year 2018 has witnessed an upsurge in trade protectionism never seen in recent decades, especially after the U.S., in the name of "America First," launched a large-scale trade war against China as well as against its closest allies. Hundreds of billions of dollars worth of goods from China and other countries

have been stuck with heavy tariffs, followed by retaliation from the affected countries. In fact, more and more multinational corporations are worried about the policy trends of China, and the IMF recently warned that the world economy is facing downturn pressure due to the policy uncertainty from some major countries. The latest report from the WTO pointed out that the world trade index in the third quarter of 2018 was wavering at 100.3, a warning that means world trade is in the danger of decline.

Now, the first-ever import-themed state-level expo sent a strong signal that China will not close its door to the world, but will only become even more open. China attributes its economic miracle to the reform and opening up over the past 40 years. Aiming to build a stronger, higher-quality economy in the new era, China will hold steadfast to its opening-up policy, as stipulated in the Party Constitution.

## Reinforcement of Chinese Solutions for Common Development

Xi said in his speech that a great vision, simple and pure, requires credible actions. China has continuously presented its solutions to achieving the UN's Sustainable

Development Goals (SDGs) by 2030 while promoting world economic growth and common prosperity. And those solutions are deeply rooted in China's past 40 years of experience in economic development which took place in an era of reform and opening up, with focus now tightening on innovation, cooperation and sustainability. Among these factors, reform and opening up are the fundamental and endogenous driving forces of economic growth, according to the belief and ideology of the ruling party of China. However, China advocates independent development based on every country's own situation and opposes imposing so-called "ultimate standards" or "fixed modes" on others.

At the opening ceremony of the CIIE, Xi also announced five tasks China would undertake in the near future to further open up and promote world development: lower tariffs and other market barriers and accelerate trade facilitation to expand imports, further opening up service industries and simplify the negative list on investment to relax market access, promote openness and a transparent system to improve the business environment, accelerate exploration of free trade ports with Chinese characteristics, and promote multilateral and bilateral

cooperation in pursuit of development. These are the concrete strategies which are certainly far from final solutions for world development, but are good starting points for a march to common prosperity.

## Welcoming a Community with a Shared Future

With the slogan "New Era, Shared Future," the CIIE represents a new landmark project for China's higher-level opening up, while serving as a new platform for international cooperation for all countries to showcase their development achievements and discuss global economic and trade issues. But most importantly, the expo is another grand gesture from China to reinforce its commitment to build a community with a shared future for humanity. It is a new vision in the sphere of international relations and human development, which was first outlined by President Xi in 2011. The Belt and Road Initiative (BRI), proposed by China in 2013, fully embodies the idea of a community with a shared future for humanity. The BRI emphasizes shared interests, shared responsibility and a shared future for different entities in the world, which transcends the capacity of explanations in the classical theory of realism or idealism.

The CIIE, like the BRI, is an initiative sponsored not solely by China itself, but by many countries and international entities together. It is a chorus sung by the international community as China aims to share its development opportunities with other members of the big global family and work together to build a beautiful world of sustainable peace and development.

In the section for exhibiting apparel, accessories and consumer goods during the China International Import Expo (CIIE), a staffer from the French L'Oreal Group offers a marketing lecture. The group took up an area of 600 square meters and displayed 21 product series at the CIIE. by Guo Shasha



The author is an associate professor of China Institutes of Contemporary International Relations (CICIR).

# CIIE

## A Global Beacon of Opening Up

Text by Jia Jinjing and Guan Zhaoyu

*The CIIE has calmed nerves around the world amid widespread trade turbulence.*

The first China International Import Expo (CIIE) kicked off on November 5 in Shanghai with a keynote speech from Chinese President Xi Jinping at the opening ceremony. Xi's speech conveyed an important and inspiring message to the world: China remains steadfastly committed to expanding its opening up.

### Five Major Measures to Ease Global Pressure

Trade protectionism has been on the rise around much of the world, leaving multilateral trade rules under threat. Uncertainty and instability still abound, which creates risks and challenges for global economic development. Against this backdrop, China organized the CIIE at just the right time. As President Xi pointed out in his speech, the CIIE is the world's first import expo at the national level, marking an innovation in the history of global trade. It is an important move by China to pursue a new round of high-level opening up, and represents a major Chinese initiative to continue widening its

domestic market for the rest of the world. It testifies to China's consistent position supporting the multilateral trading system and promoting free trade. It is concrete action by China to advance an open world economy and support economic globalization.

In 2018 alone, China reduced tariffs several times. The country accelerated the reform of customs clearance facilitation and promulgated a number of policies to expand opening up. By the end of January 2018, China had already offered tariff exemptions to more than 8,000 kinds of imported goods. Cross-border e-commerce has further developed, and the account settlement procedure has been simplified. Furthermore, thanks to development and innovation in technology and digitization, global trade patterns are expected to evolve in a way that makes services even more tradeable.

As Xi mentioned in his speech at the CIIE, China will step up efforts in several ways to broaden its opening up. First, China will stimulate potential for increased

imports. Second, China will continue to broaden market access. Third, China will foster a world-class business environment. Fourth, China will explore new horizons for opening up. Fifth, China will promote international cooperation at multilateral and bilateral levels. These measures have helped calm nerves as global trade undergoes severe turbulence.

### New Era for China's Imports

When its reform and opening up began in 1978, China was a modest importer and a freshman student in the world trading system. After

40 years of development, China has become the world's second-largest importer and developed into a key contributor to the global trade network from a mere participant.

In recent years, China's per capita disposable income has increased steadily and the purchasing power of Chinese people has witnessed remarkable improvement. Per capita GDP of Chinese mainland residents averaged only 385 yuan (US\$55) in 1978, and the figure soared to 59,660 yuan (US\$8,583) in 2017. And now the country is undergoing a nationwide consumption upgrade. Expenditures related to livelihood

have grown slowly while spending on development and leisure has made a big jump. Clearly, the Chinese market has a huge potential for imported consumer goods.

Since it proposed the Belt and Road Initiative in 2013, China has been expanding its circle of friends in trade. By the end of March 2018, China had signed a total of 16 free trade agreements with 24 countries and regions. The country is becoming an important trading partner for an increasing number of countries along the Belt and Road. In the future, China will continue to advance the Belt and Road Initiative

Spectators at Germany's Country Pavilion at the first CIIE in Shanghai. The expo has become a platform for exhibition and sales of global products, attracting dealers from all over the world.  
by Chen Jian



through international cooperation in the spirit of extensive consultation, joint contribution and shared benefits. China will work with other participating countries on major projects, set up more trade promotion platforms and encourage more well-established and capable Chinese companies to invest in countries along the routes to enhance cooperation in various areas. By so doing, China hopes to set up a platform for open cooperation worldwide.

The first CIIE, an important and pioneering move made by China to expand opening up and strengthen economic and trade cooperation with other countries, has created a new opening-up model for various countries and promoted healthy economic development for China and the world alike.

Author Jia Jinjing serves as assistant dean of the Chongyang Institute for Financial Studies at Renmin University of China. Author Guan Zhaoyu serves as an associate research fellow at the Chongyang Institute for Financial Studies at Renmin University of China.



# Yangtze River Delta Integration

## Breaking Barriers for Connectivity

Text by Chen Jianjun

*Integration of the Yangtze River Delta aims not only to create a world-class industrial cluster with global competitiveness but also to explore a new path for transforming governance modes while advancing urbanization characterized by coordinated development of small, medium and large cities.*



A panoramic view of the Shanghai-Nantong Yangtze River Bridge under construction. With a total length of 11,072 meters, the bridge features a 1,092-meter main span and is the world's first highway and railway cable-stayed bridge with a main span exceeding 1,000 meters. When completed, it will effectively bolster integration of the Yangtze River Delta region. VCG

The Yangtze River Delta on China's east coast, radiating from the alluvial plain near the estuary of the Yangtze River, is a region of key economic importance involving Shanghai Municipality and Jiangsu, Zhejiang and Anhui provinces.

Integration of the Yangtze River Delta refers to a strategic plan to break administrative barriers impeding product and commodity flows between different cities and provinces in the region, form a unified market, promote cooperation and exchange, and achieve infrastructure connectivity, unified governance and shared benefits. The ultimate aim is to shift the Chinese economy from high-speed growth to high-quality development.

### Connectivity Strategy

The Yangtze River Delta region has a combined population of 220 million, accounting for one-seventh of China's total, and its GDP reaches US\$3.5 trillion, about one-fourth of the nation's total. In 2017, per capita GDP of the 16 cities in the core area of the Yangtze River Delta hit US\$11,000. The region is home to 26 cities including Shanghai, Hangzhou, Nanjing, Hefei, Suzhou, Wuxi and Ningbo, which comprise one of the world's largest city clusters and China's leading economic center in terms of overall strength. It is also considered the most open and dynamic economic region in China.

Today, the Chinese economy has entered a "new normal" period. The international situation China faces is undergoing drastic changes, and the domestic economy has reached a crucial stage of restructuring and upgrading. To achieve higher-level reform and opening up, optimize economic structure and align with development strategies

such as the Belt and Road Initiative, the Coordinated Development of Beijing, Tianjin and Hebei, the Yangtze River Economic Belt and the Guangdong-Hong Kong-Macao Greater Bay Area, China needs to accelerate its advancement of integration of the Yangtze River Delta with an eye on optimizing the region's role in leading national economic development.

Integration of the Yangtze River Delta represents a pioneering step in implementing a strategy of innovative, coordinated, green, open and shared development with the purpose of continuously promoting opening up at a higher starting point through advancing the reform of an economic system featuring market-oriented resource allocation. Based on integrated development schemes, the region is expected to create a world-class industrial cluster with global competitiveness, explore the path for urbanization characterized by coordinated development of small, medium and large cities, and build an international metropolis cluster of global influence. The importance of integration of the Yangtze River Delta is breaking administrative barriers, promoting regional cooperation and blazing a new path for transforming governance modes.

Integration of the Yangtze River Delta is also a significant move by the world's second-largest economy based on its national conditions to help its people lead better lives. It shares similarities with the economic integration of Europe after World War II in terms of breaking down barriers and building a unified market. Of course, the two cases also have differences. Integration of the Yangtze River Delta is a process of system and development integration between different regions within a sovereign



September 21, 2014: Staffers from Nanjing Customs test the integrated customs clearance system at the Yangtze River Economic Belt Integrated Customs Clearance Emergency Coordination Center in Suzhou City, Jiangsu Province. The following day, the reform on integrated customs clearance of the Yangtze River Economic Belt was formally launched. Xinhua

country, implemented under the unified leadership of the central government. In contrast with the intergovernmental integration of politics, economy, currency, trade and foreign relations of European countries under the banner of the European Union, integration of the Yangtze River Delta places greater emphasis on removing institutional and mechanism barriers impeding China's economic development and reform and opening up, promoting free flow of various factors and optimizing industrial layout to enhance the efficiency of social and economic development. With the rapid urbanization of China, the Yangtze River Delta has become an increasingly important beacon of economic development.

**All-round Development**

Over the years, the integrated development of the Yangtze River Delta has provided important experience and set a good example for China to develop a socialist market economy with Chinese characteristics. A forerunner in

the country's reform and opening up, the Yangtze River Delta region boasts a higher marketization level, thriving private enterprises and plentiful entrepreneurs. Based on such advantages, the region is



August 27, 2018: A helicopter transports a patient with an acute cerebral hemorrhage from Taixing People's Hospital in Jiangsu Province to Shanghai, where he is then driven by ambulance to Ruijin Hospital for further treatment. Xinhua

working to promote industrial transfer and transregional development of enterprises through market-oriented reforms, gradually remove administrative barriers to enable free, orderly flow of various factors, and advance coordinated development of different areas.

Integration of the Yangtze River Delta has advanced smoothly in recent years. Regional cooperation mechanisms such as the Mayor/Governors' Seminar, the Meeting of Vice Executive Governors, the Regional Partnership of Provincial Development and Reform Commissions and the Forum for the Coordination of Urban Economy of the Yangtze River Delta Region are already taking shape. Documents such as the *Development Plan of the Yangtze River Delta Region*, the *Development Plan for the Yangtze River Delta City Cluster*, and the *Three-year Action Plan for the Integrated Development of the Yangtze River Delta* were promulgated and enacted, providing

solid institutional guarantee for the integrated development of the region.

Within the city cluster in the Yangtze River Delta region, Shanghai plays a lead role, other major cities like Hangzhou, Nanjing, Hefei, Suzhou, Ningbo and Wuxi provide key support with their advanced development, and medium and small cities such as Yiwu in Zhejiang Province and Kunshan, Taicang and Zhangjiagang in Jiangsu Province contribute with their respective industrial strengths.

In recent years, Shanghai has remained committed to becoming a global technological innovation center. In support of Shanghai's goal, Jiangsu Province announced plans to build a global industrial innovation center and Zhejiang Province set the goal of creating a "digital greater bay area." An innovation system is taking shape in the Yangtze River Delta region. Moreover, green development has become consensus in the area, with focus on removing regional barriers and making joint efforts to protect the environment in the process of promoting economic development.

**Breaking Bottlenecks**

The Yangtze River Delta region is still working hard to realize the goal of high-quality integrated development. Now that integration of the region has been elevated to a national strategy, the Yangtze River Delta should seize the opportunity to break bottlenecks hindering its integrated development.

First, the region needs to improve coordinated governance and enhance integration efficiency. Presently, most mechanisms for integrated development of the Yangtze River Delta remain a closed loop from "decision-making to implementation" by relevant governments. To enhance the efficiency of its



November 7, 2018: The booth of the "Internet+ Chinese Civilization" action plan provides visitors with an immersive traditional Chinese culture experience using technologies such as image layering and virtual reality at the fifth World Internet Conference in Wuzhen, Zhejiang Province. The Yangtze River Delta region has reached consensus to promote technological innovation. VCG

coordinated governance, the region needs to further merge governmental efforts with market-oriented resource allocation systems and encourage enterprises to advance regional integrated development by optimizing industrial chain layout. Also, measures need to be taken to strengthen relevant legislation.

Second, the region needs to quicken the shift from market integration to social policy integration and from basic public services integration to livelihood services integration. Although the Yangtze River Delta region, especially Shanghai, Jiangsu and Zhejiang, has basically realized equalization in terms of economic development and per capita income, different cities still sharply contrast each other in terms of living standards, technology, education, cultural and healthcare facilities and urban

infrastructure. The promotion of connectivity, joint management and sharing of social development resources between different cities in the region is sorely needed.

Finally, the region needs to address homogenized development and excessive competition between different areas, cities and development zones. The integration of the Yangtze River Delta should prioritize institutional and mechanism innovation and build a rule-based, controllable cooperation and competition system. Cooperation aims to achieve more standardized and efficient competition, and competition will further enhance cooperation.

The author is a professor and executive director of the Research Center for Urban and Regional Development at Zhejiang University.

# 40 Years of Achievements and Experience

Text by Hu Biliang



The Third Plenary Session of the 11th CPC Central Committee, held from December 18 to 22, 1978, decided to shift the focus of the Party and the government's work to economic development and adopt the reform and opening-up policy. CFB

*Rethinking the achievements and lessons of China's reform and opening up over the past four decades will help enlighten and inspire the future development of China and the world at large.*

Shanxi farmers drive tractors holding a banner with the slogan of "Great Third Plenary Session of the CPC Central Committee". From December 18 to 22, 1978, the Third Plenary Session of the 11th CPC Central Committee was held in Beijing, opening the prelude to China's reform and opening up. by Liu Yinqing



Forty years ago, Chinese leader Deng Xiaoping launched China's reform and opening up, pushing the country's development into a new historical period. Today, the times call for a careful review of the nation's achievements and experiences over the past four decades, which will enlighten and inspire the future development of China and even the world.

### Achievements and Experiences

The achievements China has made in its 40 years of reform and opening up are mainly evidenced by institutional innovation and economic development.

Institutional innovation includes five key aspects: First, China has explored a path of socialism with Chinese characteristics that meets the country's national conditions. Soon after the founding of the People's Republic of China in 1949, it introduced the development mode of a planned economy used in the Soviet Union. In 1984, China presented the idea of building a "system of planned commodity economy," and then set the goal of building a "system of socialist market economy." After decades of explorations, the nation has established and constantly improved the system of socialist market economy with Chinese characteristics, laying the basic institutional foundation for its rapid economic growth.

Second, socialism with Chinese characteristics has entered a new era. From reform to comprehensively deepening reform, from opening up to creating a new landscape for all-round opening up, China's reform and opening up has also entered a new era.

Third, the persistent urban-rural dual structure has been basically broken, and breakthroughs have been made in forging a framework



1981: Chinese young people read under the street lights at Tian'anmen Square in Beijing. Since China resumed the collage entrance examination in 1977, the country's higher education has developed rapidly with the reform and opening up. by Liu Heung Shing



The reform and opening up has enabled many Chinese farmers to become wealthy. Here, Sun Guiying, a chicken farmer in Beijing's Changping District, poses for a picture with her family beside a car they just bought in 1984. Sun was the first farmer to own a private car in the history of the People's Republic of China. by Li Xi/CFB



Back in the 1980s, Bu Xinheng (center), director of a state-owned T-shirt factory in Zhejiang Province, introduced management methods of a market economy that led to a wave of enterprise reform. For this reason, he was dubbed a "pioneer in China's urban economic system reform." The picture shows Bu working on a new design with employees at a workshop in 1984. by Dai Jiming/Xinhua



China's first KFC restaurant opened in Qianmen, Beijing in 1987, becoming the first Western fast-food brand to enter the Chinese market. CFB

for urban-rural integration.

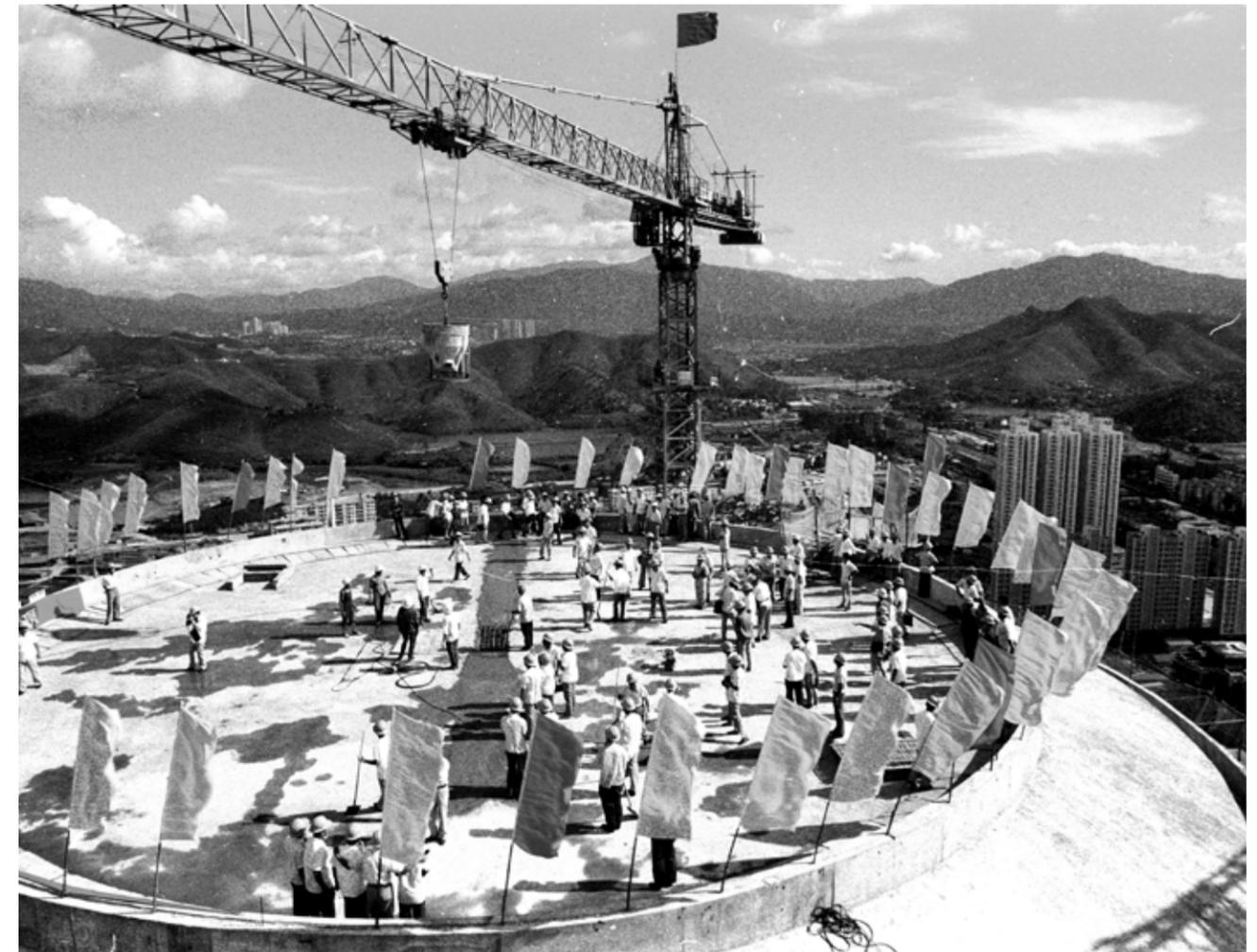
Fourth, based on its national conditions, China has established and improved a poverty eradication system with Chinese characteristics, which has been proven effective in reducing poverty. To date, nearly 800 million impoverished people in the country have been lifted out of poverty.

Fifth, the new type of urbanization has been increasingly progressing. China's urbanization rate rose from 18 percent in 1978 to 59 percent at the end of 2017. Moreover, its urban service level

and capacity, energy utilization efficiency, and social governance capacity have constantly improved.

China's achievements in economic development are demonstrated in the following five aspects: First, its overall economic strength has been remarkably enhanced. In 1978, its GDP was only US\$150 billion, ranking 11th in the world. The figure rocketed to US\$13 trillion in 2017, second in the world. Second, the added value of its manufacturing industry ranks first globally after increasing from US\$60 billion in 1978 to today's nearly

US\$4 trillion. Third, its cargo trade volume ranks first in the world after rising from US\$21 billion in 1978 to US\$4 trillion in 2017. Fourth, its foreign exchange reserve ranks first in the world after increasing from US\$170 million in 1978 to more than US\$3 trillion at the end of 2017. Fifth, food security in China is now guaranteed. In the early days of its reform and opening up, China's total grain yield was about 300 million tons—300 kilograms per capita. In 2017, its total grain output exceeded 600 million tons, and per capita output reached 450 kilograms.



1984: The topping-out ceremony of the International Trade Center Building in Shenzhen. Independently designed by China, the 150-meter-tall building was the highest structure across the country at that time and dubbed an "icon of China's reform and opening up." by Jiang Shigao/CFB

Ten key lessons can be drawn from China's remarkable achievements: First of all, China's profound history and culture have been converted into driving forces for its development. Second, China has chosen the right, unique development road suited for its national conditions, which is a road to socialism with Chinese characteristics. Third, China adheres to market-oriented reform. Fourth, China has constantly pushed forward its opening up to the world. The country's opening up can be roughly divided into four

phases: introducing foreign investments through building Special Economic Zones (SEZs) starting in 1979, joining the World Trade Organization in 2001 to align China's trade and investment rules with the world, developing pilot free trade areas (FTAs) since 2013 to facilitate international trade and investment, and introducing the Belt and Road Initiative in the autumn of 2013 to take bolder and wider steps in opening up. Fifth, China has always placed economic work at the top of its agenda. Sixth, China has maintained political and social

stability. Seventh, China has taken active measures to facilitate and protect benign competition. Eighth, China places priority on the development of education. Ninth, China has formulated and enacted a series of development plans. Tenth, the Chinese people are diligent and enterprising.

Another secret behind the success of China's reform and opening up has been taking gradual steps along the road of reform and opening up. For instance, the household contract responsibility system started in Xiaogang

The important speeches made by Deng Xiaoping, "chief architect" of China's reform and opening up, during his 1992 inspection tour to southern China pushed the country into a period of fast economic growth. The picture shows pedestrians in front of a huge portrait of Deng Xiaoping, on Shennan Avenue in downtown Shenzhen. by An Ge/CFB



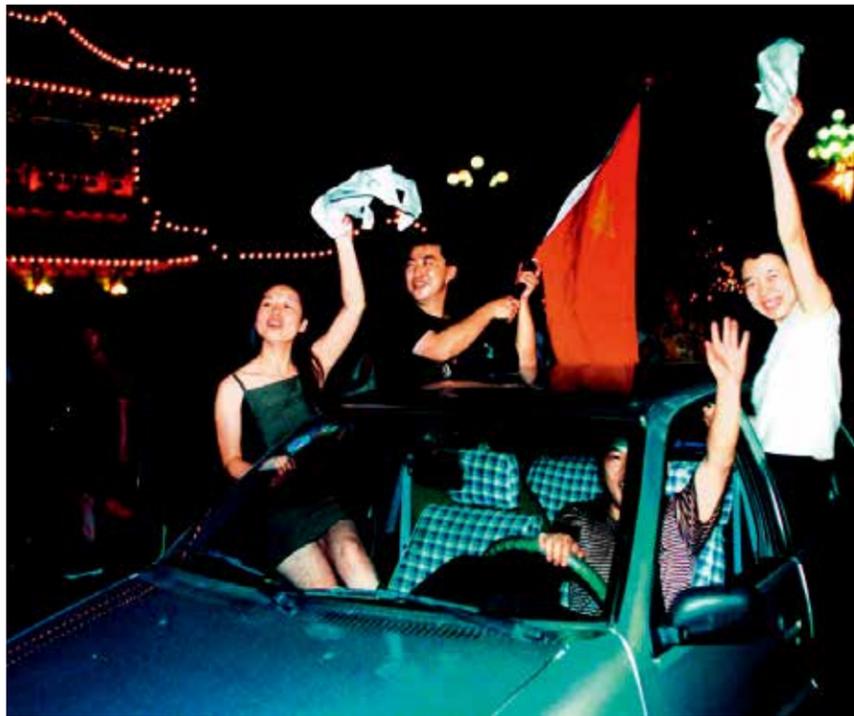
A central part of the reform in China's economic system, the reform of state-owned enterprises has constantly advanced, making great contributions to the country's economic development. The picture shows employees of Shanghai Diesel Engine Plant signing labor contracts to turn from permanent workers into contracted workers in March 1992. by Yu Wenguo/VCG



Since the opening up of Shanghai's Pudong New Area began in 1990, it has played a leading role in China's reform and opening up. The picture shows investors from both home and abroad looking for business opportunities in front of the building of the government of Pudong New Area in September 1992. by Yu Wenguo/VCG



April 13, 1992: An executive from a foreign-funded enterprise talks to jobseekers at a career fair at the People's Square in Shanghai. by Yu Wenguo/VCG



July 13, 2001: People celebrate on the street after Beijing wins its bid to host the 2008 Olympics. After decades of reform and opening up, China has witnessed impressive economic growth and showed a new look to the world. by Zou Yi/CFB



October 1, 2010: A national flag-raising ceremony is held in front of the China Pavilion at Shanghai Expo 2010. The 2010 World Expo in Shanghai showcased China's remarkable achievements since the beginning of its reform and opening up in the late 1970s, and pushed the country to further open its door to the outside world. by Chen Fei/Xinhua



November 28, 2018: The first train departs from Handan to Moscow, one of the routes of China Railway Express, carrying 41 compartments and traveling 9,500 kilometers in 15 days to arrive in the Russian city. Xinhua

Village in Anhui Province, where it was standardized and institutionalized before becoming nationwide practice via the formulation and implementation of relevant policies after it was proven effective in raising grain yield by a large margin. Just like reform in rural areas, urban reform, SEZs and FTAs all followed a similar progressive process.

### Global Significance

The success of China's reform and opening up has been globally significant.

China's economic strength has greatly improved due to its reform and opening up, so the country is now able to provide more and better public goods and services

for people all over the world and make greater contributions to accelerating global economic growth and safeguarding world peace. In recent years, China has contributed more than 30 percent of the world's economic growth.

Specifically, over the five years since it proposed the Belt and Road Initiative, China has invested a large volume of funds in infrastructure construction around the world, including a railway project in Tajikistan, a tunnel project in Uzbekistan, power plant projects in Pakistan, a railway project in Laos, high-speed rail projects in Indonesia and Thailand, port projects in Myanmar and Sri Lanka, an industrial park project in Belarus, and highway

and railway projects in Africa. All of these projects have made direct contributions to improving infrastructure connectivity around the world.

Presently, China imports about US\$2 trillion of goods and US\$500 billion of services from around the world annually and has become a massive commodities and services market. In recent years, China's outbound investment has surpassed its inbound investment, making it a major net capital exporter of the world. China also took the lead in the establishment of the Asian Infrastructure Investment Bank and the BRICS New Development Bank, which have provided remarkable amounts of development funds for less-developed countries.

Moreover, China has carried out international production capacity cooperation with global partners and built industrial parks in many countries. These measures represent great contributions to promoting the industrialization process of developing countries and helping them create more jobs and revenues.

China is also making greater contributions to improving global governance. Starting in 2019, China will become the second-largest contributor to the UN regular budget, after the United States. Of all of the five permanent members of the UN Security Council, China has dispatched the largest number of personnel to UN peacekeeping missions. China has moderately increased its investment in the International Monetary Fund and the World Bank according to needs. All of these are conducive to improving the global governance system and enabling international organizations to play a more positive role.

On the other hand, the successful experiences China has accumulated across the past 40 years of its reform and opening up, especially those concerning development path suited for national conditions, poverty alleviation, governance and energy structure transformation, will provide useful references for other countries in the world, especially developing nations. 

The author is dean of the Emerging Markets Institute at Beijing Normal University.

# Reform and Opening Up Milestone Events

Concept by China Pictorial

Photographs courtesy of CFB unless otherwise credited

## 1977

### College Entrance Examination Resumes



In September 1977, China decided to resume the national college entrance examination that had been suspended for 10 years during the “cultural revolution” (1966-1976). Millions of young people from all walks of life took the exam, among whom many passed and were admitted to colleges. These students’ lives were totally changed, and they became the foundation of human capital that was needed for the nation’s fast growth.

## 1978

### Third Plenary Session of the 11th Central Committee of the Communist Party of China

From December 18 to 22, 1978, the Third Plenary Session of the 11th Central Committee of the Communist Party of China (CPC) was held in Beijing, which passed the historic decision to shift the focus of the Party and country’s work to economic development. This meeting marked the start of China’s reform and opening up and socialist modernization.

## 1979

### Shenzhen Special Economic Zone



Shenzhen was designated as a Special Economic Zone along with Zhuhai, Shantou and Xiamen. On July 8, 1979, an infrastructure project in Shekou Industrial Zone in Shenzhen began construction. The idea of innovation and the pioneering spirit of looking to the accomplishments of others exerted a major influence on China’s reform and opening up and spread to the whole nation. China’s opening accelerated thereafter.

### Diplomatic Ties between China and U.S. Established



After U.S. President Richard Nixon’s visit to China in 1972, which broke the ice between the two countries, the People’s Republic of China (PRC) and the United States formally established diplomatic relations at the ambassadorial level in 1979. This

milestone event opened the door for China’s exchange with the West and its gradual absorption of trends of the world.

## 1980

### First Private Restaurant Opens

In 1980, the first private restaurant, Yuebin, opened. Despite its humble space and relatively simple decoration, it was still something new. It benefited from the policy of opening up and invigorating the economy proposed at the Third Plenary Session of the 11th CPC Central Committee.

## 1981

### Resolution on Certain Questions in the History of Our Party since the Founding of the PRC

In June 1981, the Sixth Plenary Session of the 11th CPC Central Committee approved the *Resolution on Certain Questions in the History of Our Party since the Founding of the PRC*, correctly summarizing the major historical events of the Party since the founding of the PRC, particularly the “cultural revolution.” The Resolution realistically evaluated the historic role played by Mao Zedong in the Chinese revolution and fully elaborated on the great significance of Mao Zedong Thought as the guiding ideology of the Party, laying critical political foundation for China’s development.

## 1982

### Household Contract Responsibility System

On the evening of November 24, 1978, 18 farmers from Xiaogang Village in Anhui Province signed a contract, according to which its farmland would be separated and contracted to each household. This was the start of what was then called the Household Contract Responsibility System, and the village reaped a good harvest the following year. The Household Contract Responsibility System unleashed the productive forces in rural areas and greatly aroused the enthusiasm of farmers, making it the most important reform of rural production management systems in the early stage of China’s reform and opening up.



## 1982

### Constitution Amended

In 1982, the Constitution was amended extensively and approved by the Fifth Session of the Fifth National People's Congress. The amendment stated that the basic task of the nation in the years to come would be to focus its effort on socialist modernization, especially economic development. It also stated that all citizens in China are equal before the law and that no organization or individual is privileged above the Constitution and laws.

## 1984

### Miracle of Bu Xinsheng and Reform of Planned Economy

During the 1970s and 1980s, pioneers such as Bu Xinsheng, director of a state-owned T-shirt factory in Zhejiang Province, introduced management methods of a market economy, which led to a wave of enterprise reform. On October 20, 1984, the *Decision of the CPC Central Committee on Reform of the Economic Structure* was approved by the Third Plenary Session of the 12th CPC Central Committee. The Decision defended reform of the planned economy and argued that a full-fledged market economy was a necessary phase of social and economic development that couldn't be skipped and was necessary for China's modernization.

## 1985

### Disarmament

From mid-1985 to the end of 1987, under the leadership by Deng Xiaoping, then chairman of the Central Military Commission, the Chinese People's Liberation Army cut one million soldiers. All types of institutions devoted to national defense were merged or

closed as 40 percent of personnel were discharged. The former 11 military regions were reorganized into seven.

### Superman Visits

In 1985, the Hollywood movie *Superman* was screened in Guangzhou, capital of southern China's Guangdong Province. Many posters for the movie were hung in front of local cinemas. Since then, more and more Hollywood movies have entered China and become a major channel for the Chinese to interact culturally with the world.

## 1986

### 863 Program Implemented

China launched the State High-Tech Development Plan (863 Program) in March 1986 in hopes of improving the country's ability to innovate. Many technological achievements including Super Hybrid Rice with an average yield of 760 kilograms per *mu* (equal to 0.067 hectares), genetically modified cotton resistant to pests, and a home-built super server with world-leading functions have benefited from the program.

## 1988

### Hainan Becomes a Province



On April 26, 1988, the People's Government of Hainan Province was established at No. 59 Haifu Avenue. Hainan Island was designated as a Special Economic Zone the same year. A great number of investors and entrepreneurs headed for the southern island. Thanks to their efforts, the formerly underdeveloped island has become a major draw across all seasons. In April 2018, China made a further step on reform and opening up by supporting Hainan to become a pilot free trade zone across the entire island. Hainan will continue to play the role of a window of reform and opening up.

### "Science and Technology Constitute a Primary Productive Force"

On September 5, 1988, during a meeting with then-president of Czechoslovakia Gustav Husak, Deng Xiaoping remarked that "science and technology constitute a primary productive force." The remark turned out to be crucial for improving Chinese people's scientific literacy and the country's development of science and technology.

## 1989

### Housing System Reform



In 1989, citizens in Beijing who purchased publicly owned apartments first collected their real estate certificates, marking the start of housing system reform in the city. The welfare housing program that had been implemented since the founding of the PRC in 1949 was gradually abolished, and reform towards commercialization of housing was launched across the nation.

## 1989

### Project Hope

A program aiming to help children in impoverished areas receive school education was launched by the China Youth Development Foundation in 1989, and is called "Project Hope." By building primary schools, funding children's return to school and improving the conditions of schools in rural areas, the program changed the lives of millions of children.



## 1990

### 11th Asian Games

From September 22 to October 7, 1990, the 11th Asian Games were held in Beijing. It was the first time that the Asian Games came to China and the first time China hosted an international comprehensive sports event.

## 1990

### China's Stock Market Born



In March 1990, Shanghai and Shenzhen were allowed to pilot public offering of shares. The two cities issued regulations on the issuance and trading of securities. In December of the same year, both Shanghai Stock Exchange and Shenzhen Stock Exchange opened.

## 1992

### Deng's Southern Tour



From January 18 to February 21, 1992, Deng Xiaoping visited southern cities including Wuchang, Shenzhen, Zhuhai and Shanghai and made important remarks. He proposed that China seize the opportunity to accelerate progress of reform and opening up to lift the economy to a new level. His remarks laid the ideological foundation for the path of socialist market economy with Chinese characteristics and injected

new impetus into the country's reform and opening up.

### Shanghai Leads Breaking the "Iron Rice Bowl"

In March 1992, workers of Shanghai Diesel Engine Factory signed a labor contract. Employees of the factory transformed from permanent workers to contract workers, effectively losing the "Iron Rice Bowl" offered by state-owned enterprises. As the reform of state-owned enterprises deepened, China began to combine the basic system of socialism with the development of a market economy to build a socialist market economy.

### First McDonald's Opens in Beijing



On April 23, 1992, the first McDonald's in China opened on Wangfujing Street in Beijing. It was then the world's largest, with 700 seats and 29 checkout counters, and attracted over 40,000 diners on its first day of operation.

## 1993

### Wang-Koo Meeting

In April 1993, the first "Wang-Koo Meeting" was held in Singapore. Based on the "1992 Consensus," Wang Daohan, then head of the Chinese mainland's Association for Relations Across the Taiwan Straits



(ARATS), and Koo Chen-fu, then chairman of the Taiwan-based Straits Exchange Foundation (SEF), met in Singapore, which was the first meeting across the Taiwan Straits after four decades of severance, a historical progress of cross-strait relations.

## 1995

### Invigorating China through Science and Education

In May 1995, China issued the *Decision of the CPC Central Committee and the State Council Concerning the Acceleration of Advancement of Science and Technology*, launching the Strategy of Invigorating China through Science and Education. It aimed to accelerate the advancement of science and technology and implement the idea that "science and technology constitute a primary productive force."

### End of Foreign Exchange Certificates

In the early stage of its reform and opening up, China welcomed an increasing number of foreign visitors as well as trips from overseas Chinese and compatriots from Hong Kong, Macao and Taiwan. By then, the daily supplies for the Chinese people were still rationed. For convenience, the Bank of China issued foreign exchange certificates, which was equivalent in value to the RMB and could be used in designated places. Circulation of those certificates ended on January 1, 1995.



**1997**  
**Hong Kong's Return to the Motherland**

From midnight on June 30 to the early morning of July 1, 1997, the handover ceremony of Hong Kong from the British government to the Chinese government was held in Hong Kong. The return of Hong Kong marked the beginning of the formal implementation of China's "One Country, Two Systems" policy, an innovative practice in national governance.

**1998**  
**Streamlining Government Institutions**

In 1998, to promote the development of the socialist market economy, the Chinese government launched the fourth institutional reform since the reform and opening up, aiming to establish a government administration system with high efficiency, coordinated operation and standardized performance. Leaner and more efficient government institutions and administrative systems provided new impetus for economic and social reforms in various fields.

**1999**  
**Western Development Strategy**

Since the beginning of reform and opening up, the economic gap between eastern and western

parts of China became increasingly glaring, so in 1999, China launched the Western Development Strategy and continuously strengthened support of the western region by providing planning instructions, preferential policies, investment, projects and personnel exchange, which effectively promoted the development of the western region and narrowed the regional development gap.

**Macao's Return to the Motherland**  
On December 20, 1999, the Chinese and Portuguese governments held a handover ceremony for Macao at the Macao Cultural Center. The Chinese government resumed sovereignty over Macao, and the Macao Special Administrative Region (SAR) was established, ending Portugal's colonial rule over Macao since 1553.

**Birth of Alibaba**



In September 1999, Jack Ma founded Alibaba with 18 partners at his apartment in Hangzhou, Zhejiang Province. By seizing the opportunity of internet development, they set up Taobao and other third-party sales platforms, which drastically changed China's internet economy.

**2001**  
**China Joins WTO**



On September 13, 2001, China completed bilateral market access negotiations with 36 of the 138 members of the World Trade Organization (WTO). On December 11, China formally became a member of the WTO. Since then, China has remained deeply involved in globalization by promoting openness, competition and economic integration as it has gradually shared the fruits of prosperity and development with Asia and the world.

**2002**  
**Yao Ming**



On June 25, 2002, Chinese basketball player Yao Ming was drafted first overall by the Houston Rockets. As a milestone figure of basketball history in China and the development of the NBA in the United States, Yao Ming inspired Chinese fans to engage in the sports culture of other countries. Not only did he stimulate the pride of the Chinese people, but also provided Westerners with a different perspective to understand China, building a bridge for exchange between the East and the West.

**South-to-North Water Diversion Project**

On December 27, 2002, the inaugural ceremony of the South-to-North Water Diversion Project was held simultaneously at the Great Hall of the People in Beijing and construction sites in Shandong and Jiangsu provinces. The project aims to solve the water shortage in northern China, especially in the Haihe River, Huaihe River and Yellow River basins, which is expected to benefit a population of 438 million. Today, the middle route project and the east route project (Phase I) have been completed and are now diverting water to the north.

**2003**  
**Shenzhou V Manned Spacecraft Launched**



The Shenzhou V manned spacecraft was launched at 9 a.m. on October 15, 2003 from the Jiuquan Satellite Launch Center. The spacecraft lifted astronaut Yang Liwei and a Chinese flag into space. It made China the third country after the former Soviet Union (Russia) and the United States to send a human into space.

**2006**  
**Qinghai-Tibet Railway Opens to Traffic**



On July 1, 2006, the Qinghai-Tibet Railway was completed and opened to traffic. With a total length of 1,956 kilometers and a highest point of 5,072 meters above sea level, it is the world's longest plateau railway and the first railway leading to the hinterlands of Tibet.

**Three Gorges Dam**

Construction of the Three Gorges Dam was completed on May 20, 2006. With a total length of 3,335 meters and a height of 185 meters, the dam is considered the world's largest hydroelectric power project. With an installed capacity of 18.2 million kilowatts and an annual power generation capacity of 84.7 billion kilowatt-hours, which both rank first in the world, it plays an important role in flood control, power generation and shipping development.

**Agricultural Tax Abolished**



In 2006, China abolished the agricultural tax which had been collected for 2,000 years, marking the country's entry into a new period of reform and opening up. The agricultural tax was levied by the state on all units and individuals engaged in agricultural production earning agricultural income. As an important measure of the government to solve the problems related to agriculture, farmers and rural areas, the abolishment of the agricultural tax not only reduced the burden on farmers and increased their rights, but also demonstrated the principle of fairness in modern taxation.

**2007**

**Chang'e-1 Launched**

On October 24, 2007, China's first lunar orbiting satellite, Chang'e-1, was successfully launched and put into orbit, which admitted China into

the club of the few countries in the world with deep-space exploration capabilities.

**2008**

**Beijing Olympics**



The Chinese capital of Beijing hosted the 29th Olympic Games from August 8 to 24, 2008. It marked the first time that China hosted an Olympics, showcasing China's national strength under a global spotlight and presenting a brand new posture to opening up through a window for the rest of the world to better understand the country.

**2010**

**Shanghai World Expo**

Themed "Better City, Better Life," the 2010 World Expo was held in Shanghai from May 1 to October 31, 2010. It was the first comprehensive world expo held in China and the first registered world exposition held in a developing country. Exhibitors from 246 countries and international organizations participated, drawing unprecedented attendance of more than 70 million visits to the World Expo.

**2011**

**Chinese Nationals Evacuated from Libya**

In February 2011, China retrieved 35,860 nationals and 2,100 citizens from 12 other countries from Libya,

after it tumbled into domestic political chaos. The 12-day retrieval, the largest of its kind performed by China since 1949, was a model case for the country to protect its nationals overseas, testifying to its growing military, economic and diplomatic strength.

**2012**

**18th CPC National Congress**

The 18th CPC National Congress was held in November 2012 as the world was undergoing major development, transformation and adjustment. The Congress added the Scientific Outlook on Development to the Party Constitution, set a course to unwaveringly walk the path of socialism with Chinese characteristics and designed the goal of building a moderately prosperous society in all respects. The Congress elected the new Chinese leadership with Xi Jinping at the core, lifting Chinese people to a new historical point to pursue national rejuvenation, world peace and common development.

**China's First Aircraft Carrier**



China's first aircraft carrier, the Liaoning, was commissioned into the People's Liberation Army Navy in 2012. The vessel is a refurbished former Soviet aircraft carrier that went through eight years of retrofitting. The aircraft carrier deployed in the North Sea Fleet manifests China's emerging naval power and comprehensive national strength.

**2013**

**China Proposes the Belt and Road Initiative**



Chinese President Xi Jinping announced the proposals to build the Silk Road Economic Belt and the 21st-Century Maritime Silk Road in September and October 2013, respectively, which together became known as the Belt and Road Initiative. The Initiative aims to promote coordination of developing strategies along the Belt and Road routes, unleash market potential in the region, facilitate investment and consumption, boost demand and employment, and strengthen people-to-people and cultural exchanges. The Initiative helps enhance mutual understanding and trust and share peace and prosperity.

**Targeted Poverty Alleviation Proposed**

In late 2013, Chinese President Xi Jinping visited a remote village in central Hunan Province, where he met only seniors, children and women, as most young men had left to work in cities. During the visit, he proposed the idea of precision poverty relief. More than 68 million people have been lifted out of poverty since then.

**2016**

**RMB Added to SDR Basket**

On October 1, 2016, the Chinese yuan was included in the IMF's Special Drawing Rights (SDR) basket, following the U.S. dollar and the Euro. This signaled that the international community acknowledged China's increasing significance in the international financial market, and would drive domestic financial reforms and opening of capital accounts in China.

**2017**

**19th CPC National Congress**

The 19th CPC National Congress was held in Beijing from October 18 to 24, 2017. The Congress enshrined Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era into the Party Constitution, and called for securing a decisive victory in building a moderately prosperous society in all respects and striving for the great success of socialism with Chinese Characteristics for a new era. The Congress also formulated plans and policies that follow the tides of the times and respond to the wishes of the people. The Congress upheld the banner of socialism with Chinese characteristics and reviewed the strong vitality of scientific socialism within China's development and governance achievements.

**2018**

**First Session of the Thirteenth NPC**

From March 5 to 20, 2018, the First Session of the Thirteenth National People's Congress (NPC) was held. During the session an amendment to the country's Constitution was adopted, enshrining Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era into the Constitution. Xi Jinping was

elected Chinese president by a unanimous vote.

**Extended Fuxing Bullet Train**

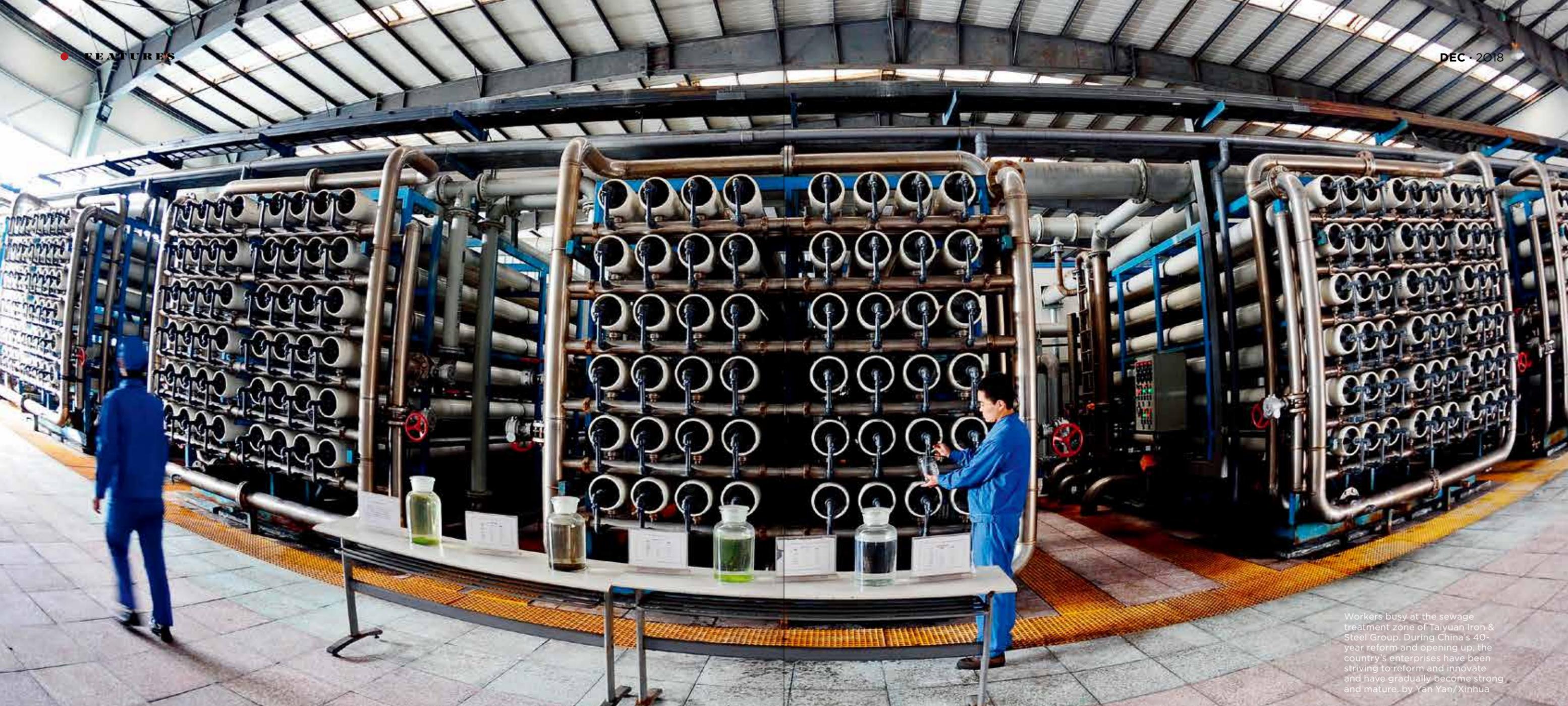


On July 1, 2018, the extended version of the Fuxing bullet train rolled down the tracks for a trip from Shanghai Hongqiao Railway Station to Beijing South Railway Station. The Fuxing is a world-class bullet train with independent Chinese intellectual property rights. China has become a forerunner around the world in terms of high-speed railway technology.

**China International Import Expo**



The first China International Import Expo (CIIE) was held from November 5 to 10, 2018 at the National Exhibition and Convention Center in Shanghai. As the world's first import-themed expo at the national level, it welcomed more than 3,600 enterprises including over 200 Fortune Global 500 companies. The CIIE evidenced China's strong commitment to further opening up. 



Workers busy at the sewage treatment zone of Taiyuan Iron & Steel Group. During China's 40-year reform and opening up, the country's enterprises have been striving to reform and innovate and have gradually become strong and mature. by Yan Yan/Xinhua

# Opening Up a Chinese Miracle

Text by Justin Yifu Lin

*Compared to developed countries, China's experience and theory on reform and opening up present a more significant reference for other developing countries.*

This year marks the 40th anniversary of China's reform and opening up. Just as Chinese President Xi Jinping pointed out in the report delivered at the 19th National Congress of the Communist Party of China (CPC), Chinese people today are closer, more confident, and more capable than ever before of making national rejuvenation a reality. The major reasoning for

President Xi's statement is China's achievements over the past 40 years.

In 1978, China's per capita GDP stood at only US\$155, and more than 80 percent of its population lived in rural areas. At that time, China's imports and exports accounted for only 9.7 percent of the country's total GDP. Essentially, 90 percent of the country's GDP was not related to the international economy. However, over the 40

years since China's historic reform and opening up, the country's GDP has averaged an annual growth rate of around 9.5 percent in comparable prices. In human history, never has a country with such a huge population and weak foundation been able to realize such a high-speed and long-term growth. It is more than appropriate to call China's progress over the last 40 years a "China miracle."



March 11, 2014: Builders of the Shanxi-Shaanxi Yellow River Super Large Bridge. Over the past 40 years, China has attached great importance to infrastructure construction. IC

In the 1980s and 1990s, almost all developing countries, socialist countries included, carried out reform and opening up. However, instead of prosperity, these reforms caused economic collapse, stagnation and crises in most places. Some economists dubbed the 1980s and 1990s the “lost 20 years” for developing countries. However, in the same international circumstances, how was China able to realize consistent high-speed economic growth?

The rapid growth has primarily been attributed to China’s “latecomer’s advantage” and flexible

developmental mentality enabling it to adapt to changing situations. A country’s economic growth mainly depends on technological innovation and industrial upgrading. Technological innovation involves the introduction of technologies that improve on current technologies, and industrial upgrading refers to greater added value in a certain industry. Thus, technological innovation and industrial upgrading can be achieved by imitation, importing or integration of existing and mature technologies and industries from other countries. This avenue was dubbed the

“latecomer’s advantage” in economics. When its economic foundation was weak, China capitalized on its latecomer’s advantage to achieve faster economic growth than developed countries.

Due to a contrasting developmental mentality, China’s economic performance was totally different from other countries during the transition. Back in the 1980s and 1990s, the popular idea then was that since the market economy was superior to the planned economy, all countries’ reforms should point towards a market economy. This trend advocated shock therapy to

promote immediate trade liberalization, large-scale privatization and marketization within a country coupled with sudden release of governmental control as well as withdrawal of state subsidies and protections.

This practice totally overlooked a large group of capital-intensive state-owned enterprises of great scale. Overnight reform removed almost all protections and subsidies fueling these enterprises, which forced them to shut down immediately, leaving a great number of people out of a job and creating social instability. During its 40 years of reform and opening up, China has placed great importance on emancipating the mind, seeking truth from facts and “crossing the river by feeling for stones,” which calls for prudence and pragmatism in navigating forward in unfamiliar territory. Large state-owned enterprises were given necessary protections during China’s transition period. At the same time, market access for China’s labor-intensive processing industry which had advantages over many countries opened. Optimizing the available circumstances, China’s labor-intensive processing industry embraced development at a breakneck speed. Rapid development amassed capital which gradually transformed China from a capital-scarce country to a capital-rich one. Many industries in China which previously lacked comparative advantages became competitive quickly. Enterprises improved their viability by leaps and bounds. Due to these changes, the Third Plenary Session of the 18th CPC Central Committee held in 2013 made the decision to comprehensively deepen reform and pointed out that China must deepen economic system reform by focusing on the decisive role of the market in allocating resources.



Workers at a clothing factory. In the early stage of China’s reform and opening up, the labor-intensive processing industry played an important role in terms of helping the country realize high-speed economic growth. by Zhang Heping

Looking back across the 40 years, experience that will enhance China’s future development is providing guidance. First, to realize high-quality development, comparative advantages must be optimized to create competitive advantages. China is now a middle-income country. Its per capita GDP at market exchange rates is around US\$8,100, compared to the United States’ figure of around US\$57,000. The big gap illustrates China’s comparatively backward labor productivity compared to developed countries, and China is still sitting on abundant latecomer’s advantages yet to be explored. Second, China should continue to emancipate the mind and seek truth from facts. As the largest developing country in transition on the planet, China must steadfastly promote the emancipation of mind and the value of truth. It should keep innovating in practice rather than simply copying experiences or theories from developed countries.

If China can achieve both of the two points as mentioned above, its economic development can improve in quality while maintaining a relatively high speed. By 2035, the country will basically realize socialist modernization, and by the middle of this century, China will become a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious and beautiful. National rejuvenation is a dream for all Chinese people. And presumably every developing country has the dream of becoming a modern, industrialized and high-income country. Compared to developed countries, China’s experience and theory carry more referential significance for other developing countries.

■ A renowned economist, the author is honorary dean of the National School of Development and dean of the Institute of South-South Cooperation and Development at Peking University.

# From Volume to Value

Text by Xu Jiabin

*China's manufacturing industry not only contributes greatly to its high-speed and high-quality economic development, but also plays an indispensable role in the stability and growth of the world economy.*

March 23, 2018: Staff of CRRC Tangshan Co., Ltd. on the production line of Fuxing bullet trains. In March 2018, Fuxing, China's first bullet train designed for a top speed of 350 kilometers per hour, started a test run. Over the past 40 years of reform and opening up, China has embraced the spirit of craftsmanship to facilitate a magnificent transformation from volume to value. by Yang Shiyao/Xinhua

The year 2018 marks the 40th anniversary of China's reform and opening up. Driven by the policy, both traditional and modern manufacturing industries have expanded. China is the only country with manufacturing capacity in all industrial categories listed in the International Standard Industrial Classification of All Economic Activities (ISIC) and has been the world's largest manufacturer since 2010. Over the past 40 years, the added value of China's manufacturing industry has increased from 119.5 billion yuan to 24.3 trillion yuan, accounting

for nearly 30 percent of the nation's economy in 2017. The manufacturing sector has undoubtedly become the central driver of China's economic development.

## Transformation and Upgrading

Ever since the reform and opening-up policy was launched in the late 1970s, China's manufacturing industry has accomplished tremendous achievements as the country has gradually transformed from a manufacturer of quantity to one of quality. Not only does manufacturing contribute greatly

to the high-speed and high-quality development of China's economy, but it also plays an indispensable role in maintaining the stability and growth of the world economy. Especially in recent years, even as exchange rate disorder causes chaos in the global financial market, prices of bulk commodities fall, overall international trade shrinks and global demand drops, China continues to maintain a positive prospect in manufacturing, and its industrial output value has only increased every year. By 2014, China's manufacturing industry accounted for about 25 percent of the world's

manufacturing output, and more than a quarter of the world's real economy was created by China.

China's manufacturing achievements were heavily influenced by its action plans which include transformation of the industrial development model, optimization of supply-side structural reform, improvement in innovation-driven growth strategies and deepened market-orientated reform, among others.

In terms of changing the development model of manufacturing, China has gradually transformed from extensive to intensive development in the process of reform and opening up, moving towards reduced material and energy consumption per unit of GDP and greater pursuance of green development.

In terms of optimizing supply-side structural reform, in the early stage of its reform and opening up, China readjusted the strategy of prioritizing development of heavy industry in favor of comprehensive development based on consumers' demand. Since then, China's manufacturing sector has been meeting demand to upgrade social consumption, and the development of the manufacturing industry has responded appropriately to residents' needs for food, clothing and travel. Consumers' demand has guided major shifts in leading industries in the manufacturing sector, effectively transforming the traditional manufacturing sector and cultivating new emerging industries.

In terms of improving innovation-driven growth strategies, ever since the reform and opening up began, China has been increasing its R&D investment and updating its technologies for manufacturing. As its manufacturing industry climbs towards the middle- and high-end, China is accomplishing

breakthroughs in independent innovation in key areas.

In terms of deepening market-orientated reform in the manufacturing industry, since the reform and opening up began, China has gradually given the market a decisive role in resource allocation, which has greatly strengthened enterprises' ability to respond and adapt to changes in market demand both at home and abroad. In the domestic market, private economy has established a fair competitive position across the aisle from the state-owned economy. In the international market, development of the manufacturing industry has absorbed advanced technology and management experience and once-scarce resources, which have greatly boosted the growth of China's manufacturing sector.

## Future Development

China is now embracing a rare historic opportunity as it reaches for middle- and high-end manufacturing. The historic convergence of a new round of global technological revolution and industrial revolution has promoted the integration of next-generation information technology and advanced manufacturing technology. Flexible manufacturing, network manufacturing and intelligent manufacturing have increasingly become the future orientation of global manufacturing development.

In this context, China considers intelligent manufacturing the heart of its manufacturing sector. It strives to promote deep integration of the internet, big data and artificial intelligence with manufacturing and accelerate development towards advanced manufacturing. China is a manufacturing power as well as an internet power. It boasts a rational industrial system and a

solid manufacturing base catering to the huge domestic market, and it is spawning emerging technology and industry, which has enabled China to seize favorable opportunities offered by the ongoing technological change and industrial revolution.

China has already embraced some positive outcomes in the development of intelligent manufacturing. The basic system has been formed, and breakthroughs have been achieved in key areas. Positive results from pilot demonstration areas are creating a number of new models worthy of promotion. Openness and cooperation have been further advocated, and practical cooperation with other countries has been carried out in a variety of realms.

However, alongside these rare historic opportunities, China's manufacturing sector has also encountered difficulties. Instead of an industrialization process under traditional economic conditions, the manufacturing system upgrade in China is now happening amid the context of information economic conditions. It is a "new type of industrialization" led by the integration of informatization and industrialization. China had previously begun to respond strategically to the development trends of world industrialization and adopted intelligent manufacturing as its main approach. Through promoting innovation, intelligence, a strong industrial foundation, green development and high-end equipment, the ten key areas of China's manufacturing industry have found a pathway to transform the country from a manufacturer of volume to one of value. 

The author is a member of the National Manufacturing Strategic Advisory Committee and a professor of industrial economics at Renmin University of China.



January 27, 2016: Li Rongyuan (second from left), chief cooperation officer of UnionPay International, performs the first transaction in New Zealand with a UnionPay card. That day, UnionPay International and ANZ Bank executives met to announce a cooperative project in New Zealand. All ANZ automatic teller machines and POS machines in New Zealand would offer services for UnionPay cards for accounts beginning with the digits 62. Xinhua

# What's Next for Financial Opening Up?

Text by Huang Yiping

*China's financial opening up over the past four decades has created valuable experience and lessons for implementing financial policies in the next phase.*

In the early 1990s, China's financial system covering commercial banks, insurance companies and capital markets began to take shape after reconstruction across a decade since 1978, when the financial sector was in ruins.

Following the rapid development of the financial market, China launched two major measures on financial opening up: First, it adopted a policy to welcome foreign direct investment in 1993, which ultimately made China

the biggest benefactor of foreign direct investment over the subsequent two decades. Second, the combination of the dual exchange rate in 1994 marked the launching of a system of managed floating exchange rates.

During the second half of 1996, Dai Xianglong, then governor of the People's Bank of China, wrote to the International Monetary Fund (IMF) that China had realized RMB convertibility on its current account and planned to realize

convertibility on capital account in next five to ten years.

The financial crisis in East Asia in 1997 postponed China's plans to open up the capital account, but the opening up of China's financial sector did not stop. At the end of 2001, China joined the World Trade Organization and clearly pledged to open up its financial service sector. China's economy has enjoyed robust growth since then. Although the country's exports increased and foreign exchange reserves

accumulated fast, China's financial sector endured fierce global competition.

On January 1, 2004, Central Huijin Investment Ltd. was established to execute the power and fulfill the obligation of an investor on behalf of the government for major state-owned financial enterprises, which evidenced that reform had influenced all types of financial institutions. This reform continued all the way to 2012, when China Everbright Bank went public in China. This round of reforms has led Chinese financial institutions operating at their own risk and shouldering responsibility for their own profits or losses. They have improved significantly in business philosophy, operation modes, capital adequacy ratio, and risk management.

The financial crisis of 2008 accelerated China's progress on interest rate liberalization and RMB globalization. As the RMB's proportion steadily increased in global payment and reserve, it was included in the new Special Drawing Right (SDR) basket of the IMF, manifesting the RMB's arrival as one of the major reserve

currencies in the world. RMB globalization has made new contributions to the reform of the international monetary system and will lead the integration of China's financial sector with that of the world.

China has been progressing in reform and opening up for four decades. Its financial opening up has made remarkable achievements based on macro indicators. The huge inflow of foreign direct investment has made significant contribution to China's exports and economic growth. Additionally, China's relatively stable financial system and sound international balance of payments have boosted the confidence of investors. The opening up of China's financial sector has taken place alongside the dramatic changes in the country over the four decades of reform and opening up. It offers valuable experience and lessons for implementing financial policies in the next phase. Meanwhile, it may also serve as references for other emerging economies that are opening up.

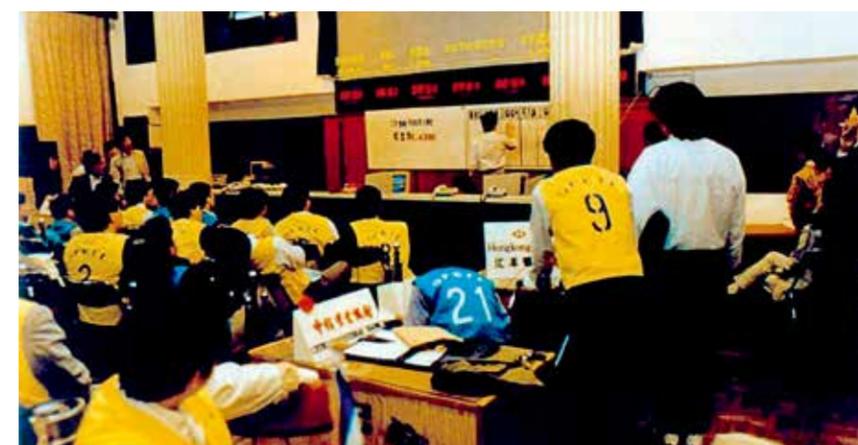
First of all, China needs to make the right choice on the sequence of reform policies. It

is universally agreed that the sequence of measures is important for financial reform. Without sound reform policies, opening up can generate risks. Therefore, China should combine measures to promote reform through opening up and those facilitating opening up through reform. Cross-border capital flows should not be further unleashed until the liberalization of interest rates is finished and the flexibility of exchange rates significantly improves.

Second, the trial opening up of the financial service sector can be launched. The opening up of financial services doesn't involve major flow of capital and is still regulated domestically, so it has low risk. At the same time, participation of foreign-funded financial institutions will create more competitions and improve the quality of the industry. Those institutions shall bring new operational techniques and management. These are conducive to economic growth.

Moreover, it is crucial to set a pragmatic target for the opening up of capital accounts. There has been a consensus in the international policy circles after the American subprime mortgage crisis that major capital flows in a short term can cause major risks. Therefore, the IMF has also changed its policies, allowing regional and temporary limits by countries on cross-border capital flow for the purpose of maintaining financial stability or the independence of a currency. In the case of China, as it cannot withstand the aftermath of fully opened capital flow in the foreseeable future, opening up at a basic level is a rather pragmatic goal. 

On November 26, 1990, the Shanghai Stock Exchange was established, marking a significant breakthrough in the reform and opening up of China's capital market. Since then, the growth of this institution has manifested the birth and expansion of China's capital market. CFB



The author is deputy dean of the National School of Development at Peking University.

# China's Successful Experience in Poverty Reduction

Text by Zheng Fengtian

*The core factor in China's successful poverty alleviation campaign has been a sound national governance structure ensuring in-depth promotion of national strategies, effective implementation of national policies and rapid economic and social development.*

China's reform and opening up originated in rural areas with adjustment of the relationship between farmers and land. Before 1978, hundreds of millions of Chinese people were struggling to meet their basic daily needs. After 40 years of development, more than 700 million people in rural areas of China were lifted out of poverty. This not only laid a solid foundation for China to build a moderately prosperous society in all respects, but also made great contributions to poverty alleviation and development for all mankind.

In 1978, farmers from 18 households in Xiaogang Village of Fengyang County, Anhui Province took the lead in signing a secret agreement to divide communal farmland into individual plots, which inadvertently gave birth to the household responsibility system and lit the torch for China's rural reform.

Rural reform laid a solid foundation for the country's development in the next stage. From 1978 to 1985, the profound reform of China's rural economic system provided a strong impetus for unconventional

economic growth and dramatic reduction of the poverty-stricken population. According to the standards at that time, 50 percent of the rural population in poverty met their basic needs during this period.

From the 1980s to the 1990s, township enterprises developed rapidly in the Yangtze River Delta and the Pearl River Delta, which brought tremendous influence to the development of China's rural areas and greatly promoted the progress of national poverty alleviation.

To eliminate poverty, China promulgated and implemented the *Seven-Year Priority Poverty Alleviation Program* in 1994. During the seven years, the central government invested 124 billion yuan in poverty alleviation, and the rural poverty-stricken population dropped from 80 million to 32 million.

To improve basic production and living conditions and consolidate the achievements of meeting basic needs of people in poverty-stricken areas, from 2001 to 2010, China's poverty alleviation policy narrowed its target from county level to village level and implemented the strategy of developing the whole village

instead of individuals.

In 2011, China launched the *Outline for Development-Oriented Poverty Alleviation for China's Rural Areas (2011-2020)*. A dozen of contiguous poor areas were designated as the main battlefield for poverty alleviation and development, and the poverty alleviation standard was raised by 92 percent. According to the new standard, by the end of 2012, the number of people defined as living under the poverty line had risen to 98.99 million.

Since the 18th National Congress of the Communist Party of China in 2012, China has comprehensively deepened reform in the field of poverty alleviation, innovated ideas, measures and institutional mechanisms, and established the basic strategy of target poverty relief, optimizing achievements in poverty alleviation in the country to levels never seen before.

From 2013 to 2017, the poverty-stricken population in China's rural areas was reduced from 98.99 million to 30.46 million, according to the current poverty alleviation standards, with average annual poverty reduction of 13.7 million people. A solid step has been taken to solve overall poverty in rural China.

Living standards and quality have generally improved in rural areas of China, and even production and living conditions in the poorest areas have seen tremendous changes. The rate of illiteracy and semi-illiteracy has continued to decline, the completion rate of compulsory education has risen, and the quality of the labor force has improved significantly. Furthermore, due to the implementation of the new rural cooperative medical system and other systems, healthcare conditions and service capabilities have continued to



March 23, 2018: Students of Bayi Primary School head home after class in Wenchuan County, Sichuan Province. A decade ago, a devastating 8.0 magnitude earthquake rocked Sichuan Province, decimating several counties including Wenchuan and Beichuan. After ten years of reconstruction and poverty alleviation efforts, the quake-stricken areas now have a new look. by Guo Shasha/CFB

increase in rural areas.

According to the poverty alleviation standard of per capita annual net income of 2,300 yuan, the poverty-stricken population in rural China decreased from 770 million in 1978 to about 30 million in 2017, with more than 700 million people lifted out of poverty.

According to the US\$1.9 a day standard that the World Bank uses for global poverty monitoring, the global poverty-stricken population decreased by 1.1 billion during the period from 1981 to 2012. In contrast, the poverty-stricken population in China dropped by 790 million during the same period, accounting for 71.82 percent of the global number. China created a miracle in global poverty reduction history and contributed Chinese wisdom and a Chinese approach to global poverty alleviation

undertakings.

China's sound national governance structure has ensured the in-depth promotion of national strategies, effective implementation of national policies and rapid economic and social development, which has been a core factor in China's successful poverty reduction.

China considers targeted poverty alleviation an important measure to tackle key problems in poverty reduction work. It involves finding the root causes of poverty before prescribing a suitable remedy and delivering targeted treatment.

The days of general poverty alleviation efforts have given way to a compound poverty alleviation governance system. Led by the government and focused on the poverty-stricken population as well as the grassroots rural communities,

it has attracted enterprises, non-governmental organizations and volunteer groups to participate in poverty reduction efforts, which effectively promotes targeted poverty alleviation.

Since its reform and opening up began in the late 1970s, China's economy has maintained high-speed growth for a long time. Alongside letting some people get rich first, the country has also handled the issue of equity and development well by improving the social security system and subsidizing the poor with tools to escape poverty.

The author is a research fellow at the Beijing-based Research Center for Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and a professor with the School of Agricultural Economics and Rural Development at Renmin University of China.

# Social Governance on Demand

Text by Wei Liqun

*Responding to China's realities, adhering to a people-centered philosophy and exploring improvement of governance at all levels have been the core values of China's social governance reform over the past 40 years of reform and opening up.*

As China has implemented the reform and opening-up policy for 40 years, the Chinese road and experience in the new era have become successful references for the world. Over the four decades, the reform and opening up has liberated the Chinese economy from its shackles, raised productivity, greatly promoted and accelerated the overall development of Chinese society, and extensively and

profoundly changed social governance in China.

Over the 40 years of China's reform and opening up, developments and changes in social governance can be roughly divided into three stages:

The first stage, from the Third Plenary Session of the 11th Central Committee of the Communist Party of China (CPC) in 1978 to the 14th CPC National Congress in 1992, saw key breakthroughs in changing

the highly centralized and planned economic system and social governance system by relaxing control of social governance and allocating resources to activate social development.

During the second stage, from the 14th CPC National Congress in 1992 to the 18th CPC National Congress in 2012, China mainly built a framework of social governance compatible with the socialist market economy and actively explored new ways of social governance with Chinese characteristics to enhance the vitality of social development and build a harmonious society.

The third stage, from the 18th CPC National Congress to present, is guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. China is comprehensively deepening social governance reform, modernizing the national governance system and capability, and promoting vigorous, harmonious and orderly operation of society.

With other countries' experience as reference when modernization accelerates, the evolution of the social system and structure is often complicated and full of contradictions and variables. During the four



May 1, 2003: Medical staffers prepare for the new Xiaotangshan SARS Hospital to receive its first patients. The outbreak of SARS led to a comprehensive reflection on the public governance system by the Chinese government. The structure of public power in China targets openness, transparency, accountability and efficiency. Xinhua

decades of rapid and profound social changes, China has consistently maintained stability and comprehensive development. Chinese people feel they are well-served and happy with life. This is the most important and remarkable achievement in the field of social governance in China.

While seizing success, China has accumulated rich experience in social governance.

One important lesson is to persistently free the mind and work with China's national conditions. The CPC holds the courage to examine society with global vision and the requirements of the era, and reform of social governance always reflects innovative trends of the times. China insists on responding to national conditions and exploring a road of social governance with Chinese characteristics. Like the reform concerning economic development and governance, the

reform of social development and governance also involves self-improvement and development of Chinese socialism. China has always attached great importance to studying and drawing on the useful practices of other countries, but it has avoided blindly copying their models.

The people-centered approach relies on the people to innovate the concepts and modes of social governance. This is the fundamental reason China has achieved a series of achievements in social governance reform. Protecting legitimate rights and interests of the people and creating an environment that encourages creativity and innovation are key to truly achieving effective social governance.

At the same time, we should insist on overall and coordinated advancement and deepen modernization of social governance. In

the information age, China has formed a large-scale and diverse network society with complexities and risks that make social governance more difficult. Experience in governance in this respect is that the CPC leadership always provides overall direction and coordination and plays the role of a leading core. While using modern information technology to improve the quality and efficiency of social governance, the Party highlights the accumulation of corresponding material and economic strength in line with socialist economic, political, cultural and ecological governance with Chinese characteristics, with an eye on achieving mutually complementary and interactive development.

The author is president of the China Society of Administrative Reform and dean of the Institute of Social Management, Beijing Normal University.

Back to 1994, Wenzhou International Economic Law Firm was the only law firm engaged in international legal services in Zhejiang Province. Since the 14th CPC National Congress, some basic aspects of China's social and economic life have gradually become law-based, providing an important guarantee for the country's reform and opening up. Xinhua



# Belt and Road

## Reconstructing and Nourishing Globalization

Text by Chu Yin

*China is striving to enhance opening up in all areas and promote connectivity. By doing so, it hopes to pay forward the dividends the country has received from its reform and opening up to facilitate the process of globalization.*

China's reform and opening up first started in 1978. Regardless of ups and downs in domestic and international situations and fluctuations in the world economy over the past 40 years, China has steadfastly adhered to the path of reform and

opening up. In retrospect, it is easy to see that the more development China's economy seizes, the more open China becomes and the more channels to participate in globalization it finds.

In 2013, Chinese President Xi Jinping proposed the Belt and

Road Initiative, which turned a new page on China's opening up to the outside world. After advancing steadily for years, work within the initiative has progressed from the top-level design to planned practice and now all-round development. In the long term, the step-by-step

2007: Foreign visitors board a classical-style train in Xi'an, Shaanxi Province. As a Chinese terminus of the Silk Road Economic Belt, the city is now linked with many other cities and towns by high-speed rails. CFB



implementation of the initiative will further deepen China's reform and opening up and in particular update the mode of the country's opening up, facilitating a wider embrace to the world.

The Belt and Road Initiative helps reconstruct patterns of China's opening up to the outside world.

At a meeting commemorating the initiative's fifth anniversary, Xi pointed out that the implementation of the Belt and Road Initiative has greatly promoted the liberalization and facilitation of China's trade and investment and made new ground for opening China further through links running eastward and westward, across land and over sea. The new patterns represent not only achievements of the initiative over the past five years, but also the direction of China's future opening up. In the early days of China's reform and opening up, limitations in terms of natural resources, geographical condition, economic development level and industrial distribution caused China's western and central parts to severely lag behind the eastern regions in terms of the degree of openness. So, connectivity of infrastructure, which is underlined by the initiative, plays a key role in solving this imbalance. Advancement of the initiative, led by infrastructural links, will open a channel from China's western and central regions to central Asian countries, promoting a smooth flow of trade, capital and personnel, which can help balance China's various regions in the degree of openness to the outside world.

The Belt and Road Initiative represents an upgraded version of China's opening up to the outside world.

Over the past five years since the initiative was proposed, trade in goods between China and other



November 18, 2018: At Cambridge University, Philip Rose-Neil (right), member of the Governing Board of the British Acupuncture Council, and Ma Boying, chairman of the Federation of Traditional Chinese Medicine in the UK, talk near an ancient wooden dummy used for practicing acupuncture. A campaign was held there to promote communication on traditional Chinese medicine and acupuncture along the Belt and Road routes. VCG

countries along the Belt and Road routes has amounted to US\$5 trillion accumulatively, while China's outward foreign direct investments in those countries have exceeded US\$60 billion. Compared to 40 years ago when China merely earned foreign exchange from exports, the country's opening up has now been largely independent from exported commodities. Especially since the introduction of the principles of "policy coordination, infrastructure connectivity, unimpeded trade, financial integration and closer people-to-people ties," China has transformed from a simple exporter to the global nexus as it has become more closely connected to the world in various ways. More importantly, after 40 years of reform and opening up, China has evolved from a "world factory" to a "world market." The

enormous market of 1.3 billion consumers provides countries along the Belt and Road routes and even the world with historic chances to expand export and investment to China.

The Belt and Road Initiative has redesigned the concept of China's opening up to the outside world.

On many occasions, Xi has emphasized that the initiative does not aim at a geopolitical or military alliance, nor will it establish a small bloc or set up a "China club." Over the past five years, the initiative has achieved fruitful results, which evidences that China's ongoing reform has undergone a paradigm shift and idea reconstruction. More than encouraging economic cooperation, the initiative serves as an important path to improve global growth modes and governance as well as promote the healthy development of economic globalization.

With increasing infrastructural connectivity, China will engage in greater economic and trade communication, wider policy coordination and more solid strategic alignment. The Belt and Road Initiative will no doubt tighten the connection between China and the world. In contrast with the past, China now has the ability to offer original programs such as railway construction, cross-border e-commerce platforms like Tmall Global, worldwide logistics networks such as Cainiao Global Logistics and mobile payment titans like Alipay. China is striving to enhance opening up in all areas and promote connectivity. By doing so, it hopes to pay forward the dividends the country received from its reform and opening up to facilitate the process of globalization. 

The author is a professor at the University of International Relations and a researcher with China Digital Economy Institute.

# From a Beneficiary to a Contributor in 40 Years

Text by Chen Qiqing

*During its four decades of reform and opening up, China has evolved from a beneficiary of globalization to a contributor, becoming a major engine for world economic growth and a driver of economic globalization.*

In 1978, China embarked on a historic journey of reform and opening up. Ever since, the country's economy has become increasingly connected to the world market and integrated with the global economic system. Over the past 40 years, China has benefited greatly from world economic growth, and its achievements couldn't have been realized without the support from the international community. So today, China is enthusiastic about making greater contributions to the world.

## Engine for World Economic Growth

Since China's reform and opening up began in the late 1970s, the contributions that the country's economic development made to world growth have been constantly increasing. In 2006, China overtook the United States to become the largest contributor to global economic growth. During the 2008 global financial crisis, when many major economies including the United States and Japan experienced negative growth, China remained a major contributor to the global economy.

In recent years, the contribution rate of the Chinese economy to world growth has remained steady at around 30 percent. China has played an increasingly important role as a stabilizer and driver of global economic growth.

Since its reform and opening up began, China has been one of the world's most competitive exporters and top destinations for foreign direct investment (FDI). After the 2008 global economic downturn, the Chinese government made strategic adjustments demonstrating its ability to smoothly adapt to new situations. Equal importance was attached to both import and export, and enterprises were encouraged to invest abroad as well as attract FDI. Previously, emphases of the country's reform and opening up were placed on increasing export and attracting FDI. For about a decade, China's imports and investments abroad have been playing a bigger role in global economic growth.

China's import growth has influenced the whole world. The country has become the fastest-growing major import market globally in recent years. In 2017, the total value

of goods imported by China stood at US\$1.8 trillion, accounting for 10.2 percent of the world's total, second only to the United States. Over the next 15 years, China is expected to import goods and services worth more than US\$30 trillion and US\$10 trillion, respectively. From November 5 to 10, 2018, China hosted the China International Import Expo (CIIE), the world's first import expo at the national level. The CIIE has created a more convenient platform for goods to access the Chinese market and for various countries to share China's fast-growing consumer market.

China's investments have benefited the world at large. After the 2008 global financial crisis, cross-border investments slumped. However, China's outbound direct investments have seen a steep increase and are becoming an important capital source for world economic growth. By the end of 2017, the stock of China's outbound direct investments reached US\$1.48 trillion, and the total assets of China's enterprises abroad exceeded US\$5 trillion, which have become key drivers promoting economic development in host countries.



People read the news about China's accession to the World Trade Organization (WTO) at Tian'anmen Square, Beijing, in 2001. Since China joined the WTO, it has been actively fulfilling its WTO commitments and making greater contributions to the world economy. CFB

China's outbound investments are improving infrastructure in host countries, facilitating economic takeoffs and creating more jobs globally.

## Advocate of Economic Globalization

While China has benefited from globalization, its development is also conducive to globalization. At present, economic globalization is enduring twists and turns, with protectionism and unilateralism on the rise. Against this backdrop, China has remained steadfastly committed to economic globalization and strives to be an advocate and promoter of the process.

China explicitly opposes protectionism and defends the multilateral trading system. The multilateral trading system, with the World Trade Organization (WTO) at the core, serves as the cornerstone for current international trade and the pillar supporting its healthy and orderly development. China believes the rules of the WTO should be upheld firmly and its necessary reforms should be sought. The country wants to make economic globalization more open, inclusive,

balanced and beneficial for all.

China will resolutely expand its opening up. In the face of rising protectionism, instead of closing its door as a reflex, China is embracing the world with an even more open attitude. The country has been committed to implementing a management system based on pre-establishment national treatment and a negative list. It will broaden market access by a large margin, expand the opening up of its service industry, further lower tariffs and promote trade and investment liberalization and facilitation. In general, a more open China will inject stronger impetus into the economic globalization process which is currently facing headwinds.

## Driver of World Development

China is now committed to contributing wisdom and solutions to address the world's development problems. And China's development ideas are gradually becoming accepted by more countries in the world.

The path forward for developing countries has been a long-standing issue. China's rapid economic

rise opens two new windows for developing countries to consider. First, it has provided a new model for developing countries to realize rapid economic development. Second, China's achievements have reinforced the confidence of some countries in their own unique development paths which were designed according to their respective national conditions. China's experience illustrates that every country can choose a developmental path suitable for its own national conditions based on the historical context and practical needs.

China's achievements in poverty alleviation lead the world's poverty reduction cause. China has become the largest contributor to the global fight against poverty. According to 2010 criteria, from 1979 to 2017, the poverty-stricken population in China's rural areas dropped by 740 million, and the poverty incidence rate in the country has fallen to 3.1 percent. China's accomplishments in the global effort to combat poverty are impressive. Furthermore, China's targeted poverty alleviation efforts have provided the global poverty reduction battle with examples of Chinese solutions and wisdom.

New concepts proposed by China such as pursuing innovative, coordinated, green, open and shared development are guiding China's new development, and they are also becoming more widely accepted by the international community. These trends have become developmental concepts adopted in a wide variety of countries as they realize coordinated social and economic progress and promote common prosperity.

The author is a professor with the Department of Economics, Party School of the CPC Central Committee (Chinese Academy of Governance).

# China Will Complement, Not Supplant

Text by Jusuf Wanandi

*The Belt and Road Initiative is not meant to supplant the existing order but rather to complement it.*

At the close of the 20th century, in an interview with Singapore's Channel News Asia network, I was asked who was the most important person in changing Asia. My answer was late Chinese leader Deng Xiaoping who opened up China 40 years ago in December 1978. He made it possible for China to become what it is now, and created a chance for Asia, and even the world, to develop peacefully together.

Now China has become a great power and the world's second-largest economy. Domestically, China had seen popular pressures to stand up to imperialist powers that caused so much suffering from the Opium Wars 180 years ago, until China managed to overcome the painful legacy of the past and embrace its current success as a global power.

Since the early 1980s, China has participated in regional affairs and development initiatives sponsored by the Association of Southeast Asian Nations (ASEAN) such as the ASEAN Regional Forum (ARF), the ASEAN Defense Ministers' Meeting Plus (ADMM+) and the East Asia Summit (EAS). Currently,

China has bilateral trade agreements with every ASEAN member state as well as one with ASEAN as a whole. Additionally, China has been an active member of the Asia-Pacific Economic Cooperation (APEC) and the Pacific Economic Cooperation Council (PECC) for economic cooperation and a member of the Council for Security Cooperation in the Asia Pacific (CSCAP), a Track Two regional organization on security.

China also pioneered a new initiative to establish the Asian Infrastructure Investment Bank (AIIB) to finance and cooperate in infrastructure construction across the Asian continent. On the global level, China created the Belt and Road Initiative to establish global strategic cooperation in the sectors such as infrastructure, finance, trade, culture and people-to-people exchange by sea and by land. This program is not meant to supplant the existing international order, but rather to complement it. China is not a revisionist power as a country that has benefitted so much from the current order. China basically remains a status-quo power as



November 3, 2004: The opening ceremony of the first China-ASEAN Expo, is held in Nanning City, capital of southern China's Guangxi Zhuang Autonomous Region. The annual expo is co-sponsored by ministries (departments) of commerce or industry and trade of China and the ten ASEAN member states as well as the ASEAN Secretariat. Xinhua

evidenced by its membership in trade regimes such as the World Trade Organization (WTO) and APEC.

Lately China has been dealing with several challenges. Allegations have been made that China is unfair on issues like intellectual property rights and state subsidies. Other countries such as Japan have faced similar complaints. China must carefully examine these issues. The country is also reforming its trade and investment policies. President Xi Jinping has promised to open China's market wider and grant greater foreign access to the country's financial sector.

As a member of the international community, China can follow the

rules as others do, and it has been active in participating in UN efforts such as peacekeeping, environmental programs, MDG/SDG and others.

To defend its interests in the South China Sea, China has been quite assertive as demonstrated by its reaction to the UN Tribunal on the South China Sea in 2016. The Chinese rejected the tribunal results because they knew it was driven by U.S. and Japanese players, but the assertiveness created some doubt about China's peaceful rise. ASEAN and China now

have a chance to reach a conclusion on the Code of Conduct (CoC), and slowly but surely content acceptable to both sides can be formulated in an agreeable time frame. The CoC is important in establishing regional order in the South China Sea.

As China has mentioned, it would like to maintain corrected globalization, multilateralism and open economics. These principles are clearly key to keeping international order in place capable of balancing the unilateralism of the U.S. while at the same time sustaining peace and development globally

and regionally.

Every country should do its part in keeping its economy open and promoting regional cooperation to overcome whatever President Trump might throw at them. It is crucial today to maintain economic openness in the Asia-Pacific region, and the world. **EP**

The author is a senior fellow and co-founder of the Centre for Strategic and International Studies (CSIS), and vice chairman of the Board of Trustees CSIS Foundation in Jakarta, Indonesia.

# China's Development Path Opportunities and Challenges

Text by Faten Bahjat Yousef Zanaa

*Chinese solutions have strengthened world civilization and enriched its development theories.*

From 1978 to 2018, China achieved continuously high economic growth under controllable inflation pressure. Over the past four decades, the average annual GDP growth in the country has been around nine percent.

This remarkable economic achievement did not happen following the Western world's favored developmental tools, but rather through China's unique path.

## Chinese Solutions

As China celebrates the 40th anniversary of its reform and opening up, analysts around the world have been pondering how the country developed so quickly. And the term "Chinese solutions" emerged, which has become even more attractive after the conclusion of the 19th National Congress of the Communist Party of China (CPC) in Beijing in October 2017. The report to this congress instilled more confidence in the Chinese people that their country would embrace a bigger and brighter vision by following a path with Chinese characteristics.

Yuen Yuen Ang described the economic development as "directed

improvisation" in her famous newly published book *How China Escaped the Poverty Trap*. Sifting through so many different theories on the reasons for China's rise, the author emphasized: "It was the introduction of some democratic qualities through bureaucratic reforms and Beijing's willingness to allow and direct local improvisation that enabled the nation's economic dynamism. Instead of relying on top-down commands, the country leveraged local knowledge and resources, promoted diversity, and motivated people to contribute their ideas and effort."

Many Chinese scholars focusing on labor economics and demographic economics have pointed to the Lewis turning point theory, which is estimated to have taken place in China in the early 2000s. China's success can be attributed to a huge demographic dividend. China could realize an almost double-digit development speed for years due to surplus cheap labor driving manufacturing industries kindled by foreign investment. To sustain fast development despite losing the demographic dividend after the Lewis turning point, China should change its development

mode by upgrading its technology and human capital to explore a new demographic dividend based on human capital.

In the political arena, Chinese solutions are even more enticing considering historical ideological differences between Western and Eastern countries. Before China's reform and opening up, the situation was totally different from now. Deng Xiaoping, the "chief architect" of China's reform and opening up, emphasized that China's political reform could not veer away from socialist democracy. He emphasized "one central task and two basic points," of which the "one central task" refers to economic development and the "two basic points" refer to the four cardinal principles (insisting on walking on the socialist road; insisting on the people's democratic dictatorship; insisting on the leadership of the CPC; insisting on Marxism-Leninism and Mao Zedong Thought) and the policy of reform and opening up, during which balance in choosing a development road neither "too far left" or "too far right" was emphasized as well.

A big historic milestone in the reform took place in 1992, when Deng highlighted the market



In the 1990s, China carried out the reforms of state-owned enterprises, which resulted in a large number of laid-off workers. In order to help those people find new jobs or start new businesses, governments at all levels set up various organizations to guide or train them. Pictured are the sign plates for various organizations related to solving employment issues. CFB

economy in the country's development. The ideological identification of what is capitalism and what is socialism has loomed ever since then. The private economy prospered, and the Western style of living became popular among many young Chinese. The pattern seemed to be "small government" and "big market."

Yet the central government never abandoned macro-control over the economy and only strengthened the leadership of the CPC, which has been raised to unprecedented levels in the Xi Jinping era thanks in no small part to the extensive anti-corruption campaign. This anti-corruption campaign is still ongoing. And the Belt and Road Initiative proposed by President Xi in 2013 has helped bring China's development to a new phase.

Xi once noted that China's greatest advantage is that its socialist system can effectively pool resources to address major problems and raise working efficiency, which is key to the accomplishment of the country's ambitious goals.

## Challenges

Although China is now the world's second-largest economy, it remains a developing country considering that its per capita income is still a fraction of that in developed countries. According to China's current poverty standard (per capita rural net income of 2,300 yuan per year in 2011 prices), about 55 million poor people remained in rural areas as of 2015.

Rapid economic development has also brought many problems such as inequality with a shockingly high Gini index, rapid urbanization, environmental pollution and challenges to sustainable development. China also faces demographic pressures due to an aging population and internal migration of labor.

Significant policy adjustments are required for China's growth to be sustained. Experience shows that transitioning from middle-income to high-income status can be more difficult than moving from low to middle income. And history has seen many examples of the "middle-income trap."

Yet, China's 13th Five-Year Plan (2016-2020) has outlined guidelines to address these issues, highlighting the development of services and measures to cope with environmental and social imbalances and setting targets to reduce pollution, increase energy efficiency, improve access to education and healthcare and expand social protection. The annual growth target during the 13th Five-Year Plan period is set at 6.5 percent.

"China is still transforming its economic development mode, shifting from the old traditional extensive development mode to an intensive one through deepening reforms," said Dr. Han Fangming, chairman of the Charhar Institute, one of China's leading think tanks. Han added that when facing the huge challenge of the so-called "middle-income trap," Chinese people show no fear. They are determined to overcome all roadblocks through further reform.

As celebrations for the 40th anniversary of China's reform and opening up unfold, reflections on the country's development miracle are currently enriching world civilization. It provides new answers and a new path forward in terms of development theories. Studying China's experience could indeed provide insights to many other developing countries or even developed countries on how to build a better country. Yet, every country still needs to seek its own path for development. China isn't looking for other countries to copy the "China model" or establish hegemony by exporting its values. The world is still a diverse place, and it should stay that way. 

The author is a senior fellow from the New Zealand-based OCEANIA Silk Road Network established in March 2017 during Chinese Premier Li Keqiang's visit to New Zealand.

# Forty-Year Efforts Pay Off

Text by Wali Zahid

*Economic development is not a sprint, but a marathon. Only long-term sustainable economic policies with available mid-course correction could yield the results that China has been reaping all these years.*

**B**ack in 2013, I was conducting a training module on aviation leadership for a newly recruited, smart group of officers with Pakistan's Civil Aviation Authority (CAA) at their residential campus in the city of Hyderabad. I presented them the case of the Commercial Aircraft Corporation of China (COMAC), commissioned to manufacture Chinese passenger planes to compete with the 100-year-old Boeing and Airbus. I asked if this capability was achievable in five to ten years. Most shook their heads,

arguing it was impossible. One said it would take a miracle. I said the miracle would happen, and indeed it did. In May 2017, COMAC's C919 completed its maiden flight.

This is just one story of China's 40-year reform and opening up. Pick any area—from technology and education to culture—and China has surprised the world. And especially in poverty reduction and economic development, China's miracles have been unparalleled.

Lifting more than 700 million out of poverty in four decades was once unthinkable in the eyes of

many global economists, but China changed the game. In 2018, only about 30 million people in China were categorized as poor.

In 1978 when the reform and opening up began, China's share in the world economy measured merely 1.8 percent before its economy took off with the introduction of four Special Economic Zones (SEZs). By 2017, the figure had risen to 15 percent of the global economy, and China had become the world's second-largest economy.

China beat all other countries by achieving the maximum growth in

a 40-year period. Per capita income in the country has increased from US\$155 in 1978 to nearly US\$9,000 in 2018. In 2017, China's foreign trade volume exceeded US\$4 trillion, 200 times the size of 1978. Since 2006, China has held the world's largest foreign exchange reserves, which stood at US\$3.14 trillion at the end of 2017. In 1978, China's foreign exchange reserves had been a measly US\$167 million.

According to the 2018 Forbes ranking of the world's biggest public companies, five of the top 10 are Chinese with Industrial and Commercial Bank of China Ltd. at the top, with a market value of US\$311 billion. Tech firms like Alibaba and Tencent also rank among the world's largest conglomerates. Furthermore, half of the world's top 20 container ports are located in China. Shanghai is the world's busiest container port, moving about 40 million TEUs in 2017. Chinese tourists are already the world's largest group of outbound tourists. In 2016, they spent over US\$260 billion, 21 percent of the world market, according to the United Nations World Tourism Organization.

China's economic rise has brought yuan into the IMF's Special Drawing Rights (SDR) basket as the fifth global currency. After unprecedented economic development, China could carry out reforms of the global financial system currently led by the World Bank and the IMF. The Asian Infrastructure Investment Bank and the BRICS New Development Bank are examples of initiatives that signaled to the world that rather than remain a bystander, China seeks to play a more active role in global economic governance.

The Belt and Road Initiative, introduced in 2013 to connect Asia, Africa and Europe, has enhanced connectivity through infrastructure



The Chinese part of the Karakoram Highway opened on October 1, 1988. The 415-kilometer road connects Kashgar and Khunjerab pass in Xinjiang Uygur Autonomous Region. This photo shows a Pakistani caravan at the China-Pakistan border waiting to pick up passengers. Xinhua

projects. It is a landmark initiative.

Other countries in the world can learn a great deal from China. For instance, countries such as India and Pakistan, with large percentages of population still below the poverty line, can learn from China's anti-poverty mechanisms to better serve their people. They can learn how to increase productivity and efficiency and create job opportunities for a massive semi-skilled and semi-literate workforce. They can learn from China's commitment to improving the business climate for small and medium enterprises, which could serve as the backbone for economic growth.

Creating an export-driven economy through SEZs modeled after Shenzhen and with initiatives similar to the "Made in China 2025" plan could help such countries pay off global debt, increase foreign exchange reserves and improve their trade balance with other countries.

By creating sustainable GDP growth, they can become more attractive to foreign direct investment (FDI) inflows. Since its reform and opening up in 1978, China has received more than US\$2 trillion worth of FDI.

In agriculture, China's accomplishments are worthy of

replication in many African and Asian countries. Agricultural yields can be increased, and loss and waste can be reduced. China has shown that modern rural agriculture can be introduced and sustained.

Above all, economic development is not a sprint but a marathon. Only long-term sustainable economic policies with available midcourse correction could yield the results that China has been reaping all these years.

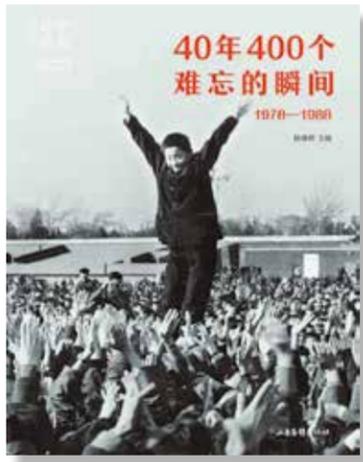
In November 2018, the first China International Import Expo was held in Shanghai. With a new spotlight on imports to China, this development could serve as an indicator to the rest of the world that they can confidently produce goods and services targeting Chinese consumers, especially the rising middle-income group.

With China's stronger desire to work with other countries as partners and stakeholders, every country can benefit from China's economic rise. Win-win dynamics like these are precisely what the world needs. 

The author is president of the Institute of Media and Communications in Pakistan and a longtime China watcher. An award-winning journalist, he formerly worked for *The News*, Pakistan's most widely read daily newspaper.

November 13, 2004: Gwadar Port in southern Pakistan is under construction. The following day, Chinese and Pakistani officials and workers celebrated the arrival of ships for harbor operation and other equipment provided by China, which signaled completion of Phase I of the Gwadar Port project. Xinhua





## People, Turning Points and Great Progress of a Country

—400 Unforgettable Chinese Moments over 40 Years

Edited by Chen Xiaoming, Published by Shandong Pictorial Publishing House, October 2018

*By focusing on key moments, developments and scenes from ordinary people's lives, the book series attempts to document the images of an era and express how the reform and opening up reached the people's hearts.*

In 1978, China made a great decision in launching the reform and opening-up policy, ushering in the most important and far-reaching social change for the country in modern times.

Published to commemorate the 40th anniversary of China's reform and opening up, this book series comprises four volumes, each covering a decade, with 400 timeless photographs alongside interpretive text. From the perspective of characters and scenes, it traces the development process across four decades in China.

Chen Xiaoming, chief editor of the work, wrote in the preface that the book series was compiled based on the recognition that the reform and opening up really actualized the political concept of "the people being the masters of the country."

By focusing on key moments, developments and scenes from ordinary people's lives, the book series attempts to document the images of an era and express how the reform and opening up reached the people's hearts.

"China's reform and opening up over the past 40 years seems to have



A huge blasting precluded the construction of Shenzhen Shekou Industrial Zone in 1979. Over the past four decades, the look of Shenzhen and people's lives in the city have been completely changed, setting a "Shenzhen model" for China's reform and opening up. by He Huangyou

been a process in which history was injected with new dynamism and constantly revitalized and developed," noted Chen Xiaoming. "Every Chinese person, as an individual, has joined in the process of creating history and shared the vitality of the times. This book series

aims to provide a few pieces and sides of the big picture through stories of those individuals and shine the great light of the reform and opening up through a variety of prisms."

By consulting millions of words of news reports, political commentary and chronicles of events and



December 1989: Workers at a production line of an enterprise in Huli Industrial Zone in Xiamen, Fujian Province. In 1980, with the establishment of Xiamen Special Economic Zone, various foreign-funded enterprises and private enterprises sprouted, attracting many young people from rural areas to work in town. This kind of employment model has greatly promoted the integration and development process of the urban and rural areas in China. by Jiang Duo



1990: People rush into the stock exchange to buy shares in Shenzhen, Guangdong Province. The scene reflects the economic vitality brought by China's implementation of the reform and opening-up policy and people's confidence in the future development of the society. by Zhang Xinmin

In 2002, democratic elections were held at a village of the Qiandongnan Miao and Dong Autonomous Prefecture in southwestern China's Guizhou Province. Since the beginning of the new century, China has paid great attention to the construction of democratic politics at the grass-roots level, which ensures the further promotion of reform and opening up. by Guo Jianshe



March 21, 2002: The Citibank Puxi Branch officially opens in Shanghai, becoming the first foreign bank approved to operate in China. It witnesses the process of China's financial opening up after the country's entry into the WTO in 2001. by Jing Wei



digging through tens of thousands of documentary photographs and news pictures, compilers finally settled on typical works from nearly 300 well-known contemporary Chinese photographers including Li Xiaobin and He Yanguang as well as works from some famous foreign photographers and media institutions such as Yann Layma, Corbis and Getty.

"Browsing the various pictures collected in the book series creates visual rhythm and beat for China's reform and opening up composed of the faces, smiles and colorful life stories of ordinary people," said Wang Xuedian, a renowned Chinese historian, member of the Standing Committee of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and executive dean of the Advanced Institute for Confucian Studies at Shandong University.

# Great Display of Reform

Text by Yi Mei

*An exhibition celebrating the 40th anniversary of China's reform and opening up highlights the fruitful results the country has achieved.*



The "Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform" was adopted at the Third Plenary Session of the 18th Central Committee of the Communist Party of China, held from November 9 to 12, 2013. The plenum also decided to establish a central leading group for comprehensively deepening reform with Xi Jinping as its head. by Zou Yi

“Great Reform,” an exhibition celebrating the 40th anniversary of China’s reform and opening up, is now showing at the National Museum of China in Beijing. It is not a traditional exhibition by any means considering the wealth of media it adopted to help visitors understand what happened in China over the past 40 years. Exhibits on display range from more traditional methods like painting, photography, installation and video to more avant-garde ones such as VR, arciform movie and immersive experience. The exhibition is a futuristic photo gallery with more than 10,000 pictures depicting the changes that have taken place in China’s economy, society and environment. It is a high-end tech show, displaying China’s most cutting-edge work in scientific research, deep dives under the sea and rockets carrying people into space. It is a time machine capable of whisking patrons to the past with profound nostalgia.

Already, the exhibition has attracted 700,000 visitors from across China and around the world to celebrate this important year for China’s reform and opening up. The show will last through the end of this year.

## Photo Gallery

Pictures are one of the best ways to showcase China’s significant changes over the past 40 years since the country began implementing the reform and opening-up policy. Especially in the early days when little technology was available to record national important events or ordinary lives, the film camera played an important role.

An image of Deng Xiaoping, “chief architect” of China’s reform and opening up, was captured on a film as he presided over



An LED screen shows hundreds of portraits of ordinary Chinese people, freezing a moment in their lives. Each milestone China has achieved can be attributed to ordinary Chinese people from all walks of life and their hard work. by Zou Yi

the Third Plenary Session of the 11th Central Committee of the Communist Party of China (CPC), a milestone meeting in China’s history when the reform and opening up was set as the key tone for the development of China. Since then, shelving the struggle of ideology, China has focused on economic development and marched forward. After Deng, subsequent generations of Chinese leaders carried the torch of reform and opening up forward. Time passed, and today has arrived. We have a digital image of Xi Jinping, now president of China, delivering a keynote speech at the first China International Import Expo, organized in November 2018, and declaring “China will not close its door to the world and will only become more and more open,” echoing the essence of the reform and opening-up policy when it was first proposed.

Chinese people are no doubt the most devoted contributors to China’s remarkable changes. In black-and-white pictures, ordinary

Chinese people build skyscrapers from the ground, reclaim wilderness, construct roads across the plateau and mine in desolation, all striving for a better life. Each milestone China has achieved can be attributed to ordinary Chinese people from all walks of life and their hard work.

## A Time Machine

The exhibition hits nostalgic nerves for every Chinese adult. In one section of the exhibition hall, an old-fashioned store is open, offering old commodities once popular with Chinese people including snacks, home appliances and toys.

“This watch is the same as the one my friend gave me as a wedding gift,” exclaimed visitor Fu Shuguang, in his seventies. “Back in the 1970s, this stuff was precious. But with improving living standards, such wristwatches were soon rendered obsolete by new technological gadgets in a wide array.”

A small black-and-white television set drew special attention from visitors. Back in the 1970s,

television was a luxury for most Chinese people. If any family had one, often a Japanese brand, its neighbors would be drawn to the living room. Due to limited technology and unstable signals at the time, television programs often ended by 10 p.m., which became the go-to-bed signal for Chinese people for many years. By 2017, China was the world's largest producer of television sets, reaching 170 million, with many of its homegrown brands sold all over the world. Last October,

China Central Television (CCTV) launched the country's first 4K satellite ultra HD channel, covering cable television subscribers in 22 provinces, municipalities and autonomous regions. At the exhibition, the audience can also experience the 4K technology.

Also at the exhibition, the audience can see the food ration tickets that prevailed during the period of the planned economy as well as the license for China's first private business and the

certificate for China's first stock, which symbolized China's turn to a market economy. The exhibition hall even features a catwalk, on which models trot wearing clothes from different periods over the past four decades. In the early days of China's reform and opening up, Chinese people, female and male, wore identical clothes featuring three primary colors of grey, military green and black. But today, custom-made garments are widely popular in China.



A model of Jiaolong (top), a manned deep-sea submersible developed by China along with China's other homegrown diving devices. by Zou Yi



The models of the Long March carrier rocket series. by Zou Yi



A space suit displayed. China has sent manned spacecraft into space five times since 2003. by Wan Quan



Two visitors look at the tapes they were familiar with on a wall built with tapes from the 1990s. by Wan Quan



At the exhibition, a living room decorated in the old style of the 1980s sends many Chinese people down the memory lane. Back then, the sewing machine, telephone and television set were considered symbols of an affluent life. by Wan Quan

### High-end Tech Display

"Amazing!" gasped a spectator experiencing a manned simulator of Warrior. "What a beautiful fish!" Warrior is China's second manned deep-sea submersible, capable of diving as deep as 4,500 meters. Liu Yeyao, operator of the vessel, has been on-hand to share his experience in the six deep-sea exploration missions in which he participated.

Alongside the submersible are models of the Fuxing bullet train that visitors can attempt to "drive." Since China's first high-speed rail opened in 2008, a decade of

development has brought the total length of its high-speed railways past 25,000 kilometers, linking most major cities in the country.

Models of lunar vehicles, the Long March carrier rocket series and the BeiDou Satellite Navigation System are also on display at the exhibition. "China has made great progress in technology over the past four decades," notes Shan Zijin, a researcher at China International Nuclear Fusion Energy Program Execution Center. "We have seen a strong effort to become an innovation-oriented nation, and great

resources have been devoted to technological research, human resource development and intellectual property rights protection."

The exhibition arranged many interactive activities for visitors to make the experience more immersive. "I didn't know what to expect with such a big theme spanning 40 years on display," said Yuan Xiaohu, a university freshman. "After I went to the exhibition, I realized our lives have thoroughly changed thanks to the reform and opening-up policy, which to me is no longer just a top-design guideline." 

## LOVE: Intimate

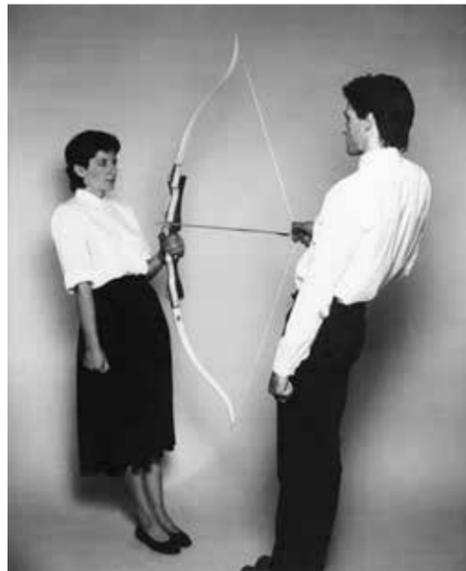
November 24, 2018 - February 24, 2019  
Today Art Museum, Beijing

The exhibition presents the love stories of four female artists—Yoko Ono, Marina Abramovic, Tracey Emin, and Yayoi Kusama—together for the first time. Cheng Ran, Huang Bin and other six artists' works explore new tendency of intimacy under new historical conditions.

Divided into five chapters, this exhibition is organized around “Action,” “Monologue,” “Energy,” “Eternity” and “Future,” leading the audience to experience, explore and evoke love.



Montreal Bed-In by Yoko Ono and John Lennon, 1969, Queen Elizabeth Hotel, Montreal, Canada. Photo by Ivor Sharp. © Yoko Ono. courtesy of Studio One



Rest Energy by Marina Abramović and Ulay, 1980 © Marina Abramovic.

An episode from *Lust, Caution* (2007) by Guo Chuxi, single channel video, color, silent, 47 seconds, 2017. courtesy of the artist



Random Walker - Alone, Together by Liu Chang, double-screen interactive video installation, 2 screens, 38.8 x 22.3 x 2.3 inch each, Edition AP of 5+1 AP © Liu Chang. courtesy of Fou Gallery



## Wandering Land: Solo Exhibition of Su Wong-shen

November 16 - December 30, 2018  
Long Museum (West Bund), Shanghai



Poster for “Wandering Land: Solo Exhibition of Su Wong-shen.”

This exhibition presents 60 pieces, primarily oil paintings and sculptures, by Taiwanese artist Su Wong-shen over the last decade, as well as the installation work *Bridge* specially designed for the Long Museum (West Bund) in Shanghai.

Su's works, characterized by self-reflection and echoes of real life states, often contain dogs, balloons, trees, clouds and other elements. Born in 1956 in China's Taiwan, Su lives and works in Tainan City. Previously, he already held several solo exhibitions including “Animal Farm: The Paintings of Su Wong-shen” at Taipei Fine Arts Museum in 2015.

## Floating World: International Exhibition of Contemporary Art

October 20, 2018 - January 20, 2019  
Xuanzhi Art Museum, Fuzhou

The exhibition focuses on more than 100 works by 15 artists from China, Germany, Canada, Finland, South Korea and Mexico. The works cover various types of art such as easel painting, installation, sculpture, photography, animation and mixed media.

The theme of this exhibition is “Floating World.” It aims to demonstrate the transformation of traditional space and the artists' analysis of self and traditional space. It explores the meaning of spatial deconstruction and reconstruction from multiple perspectives and presents a differentiated spiritual space.

Poster for “Floating World: International Exhibition of Contemporary Art.”



## He Duoling: Self-Selections (1986-2018)

November 8, 2018 - February 18, 2019  
He Duoling Art Museum, Chengdu

The exhibition features more than 20 oil paintings by He Duoling, a famous contemporary Chinese painter, presented in a three-story space. These paintings include enlightenment works based on his mother's teaching during his childhood, heroism complex works of the 1990s, paintings about the fragility of man and nature, and detailed and sensitive portraits of his understanding of the essence of life after 2000.

He Duoling, born in Chengdu, southwestern China's Sichuan Province in 1948, is a representative contemporary lyrical realist Chinese oil painter. He currently lives in Chengdu. He has won various awards at home and abroad and his works have been featured in several exhibitions.

Poster for “He Duoling: Self-Selections (1986-2018).”





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