

Monthly News Summary: People's Republic of China April 2007

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National People's Congress focuses on those left behind. Chinese Premier Wen Jiabao opened the Fifth Session of the 10th National People's Congress (NPC) on March 5, 2007 with calls for the country to focus on sustainable development rather than only on rapid economic growth. According to the *Guardian*, Wen intimated it was the responsibility of the Chinese Communist Party to focus the government on those left behind in the economic boom. "We must safeguard social fairness and justice, and ensure that all people share in the fruits of reform and development," Wen said as reported by the BBC. Ordinary people in the countryside, he said, were being sacrificed for "the rush for riches." Wen also attached greater emphasis on saving energy and protecting the environment. Two of the biggest moves taken by the NPC were laws enacted 1) that grant equal protection to public and privately owned properties, and 2) to raise the rate of taxation for foreign firms investing in China from 15 percent to an across the board 25 percent rate. Wen also promised a crackdown on corruption and equality in educational opportunities. The 3,000 member National People's Congress, the largest lawmaking body in the world, meets once a year in March. (Sources: "New property law shakes up China," *BBC News*, March 18, 2007; "Law strengthens China's property rights," *Guardian*, March 16, 2007)

First ever laws protect private property. The newly enacted 247-article law protecting private property, as voted on by China's National People's Congress in March, includes coverage for both rural farmers and urban home owners who have pushed urban private home ownership up to more than 80 percent. It is the first piece of legislation since the founding of the People's Republic of China (PRC) in 1949 to cover an individual's right to own property, said the BBC. In a move to better protect farmers from land seizures which have frequently caused public anger, the law stresses the protection of arable land and stipulates that the transformation of agricultural land into "land for construction, is strictly restricted," said the *People's Daily*. In the making for several years, the law has met resistance from academics like Professor Gong Xiantian of Beijing University Law School who most recently in an open letter accused the bill of being unconstitutional and betraying the basic principles of socialism, citing the current PRC constitutional clause "Socialist public property is sacred and inviolable." Other critics, reports the BBC, said it would worsen social inequalities and promote the sell-off of state assets by unscrupulous officials. (Source: "China's top legislature adopts landmark property law," *People's Daily Online*, March 16, 2007; "New law strengthens China's private property rights," *Guardian*, March 16, 2007; "China announces new property law," *BBC News*, March 9, 2007)

Donald Tsang re-elected as Chief Executive Hongkong. Incumbent Donald Tsang, received 80 percent of the votes cast by Hongkong's select 800 member Election Committee, to retain his position as Chief Executive of the Hongkong Special Administrative Region, People's Republic of China. His challenger was pro-democracy lawyer Alan Leong. Hongkong's Basic Law, which governs the territory until 2047—50 years after the return of Hongkong to Chinese sovereignty—ultimately promises a directly elected Chief Executive and Tsang, shortly after his re-election, indicated that he will try to introduce a system to begin that process. Prior to 1997 when Hongkong was a British territory, the highest office, Governor of Hongkong, was appointed by Britain's parliament and was never held by any Chinese. Ten years later, frequent polls suggest that 60 percent of Hongkong's population would like a democratic plan in place to ensure one-person-one-vote, said the *International Herald Tribune*. Analysts say that Tsang will concentrate the length of his term, five years, on producing a white paper on universal suffrage as well as turning his attentions to more practical problems that face Hongkong such as competitive markets, strengthening its medical and social-security programs, and planning for an aging population, according to the Associated Press. (Sources: "Beijing picks easy win in Hongkong," *Associated Press*, March 25, 2007; "Hongkong re-elects leader," *New York Sun*, March 25, 2007; "Hongkong re-elects Donald Tsang as chief executive," *International Herald Tribune*, March 25, 2007)

Taiwan's president encourages independence. Taiwan's president, Chen Shui-bian, offered his strongest public pro-independence speech to date. In early March the BBC said Chen called on Taiwan to "pursue independence, write a new constitution and change its official name from 'Republic of China' to Taiwan." The remark was met with swift condemnation from Beijing where China's Foreign Minister, Li Zhaoxing said to

split the Taiwan from the mainland was criminal. Chen Shui-bian spoke of a 'four-wants' policy for Taiwan which included independence, a new constitution, a change of names from the Republic of China to Taiwan, and further development. "Taiwan is a country," said Chen, "whose sovereignty lies outside the People's Republic of China." The BBC reported President Chen's latest pro-independence comments led to a fall in Taiwan's stock-market and a weakening of the New Taiwan dollar. Opposition leaders in Taiwan called Chen's remarks irresponsible, as they may put Taiwan at risk of war with the mainland. The mainland's *People's Daily* said Chen's remarks were counter to the 'four noes' which he pledged when winning the Presidential election in 2000: no declaration of independence, no incorporation of 'two states' into the constitution, no change of 'the province's name', and no referendum on Taiwan independence. (Source: "China fury at Chen's Taiwan call," *BBC News*, March 5, 2007; "Overseas Chinese denounce Chen Shui-bian's calls," *People's Daily Online*, March 31, 2007)

'One of the best' journals on religion in China. One of the most reliable journals on religion in China, the *China Study Journal*, continues its high standards and is a 'must' for serious scholars of religious policy and practice in China, according to the United Methodist China Program. One of the *Journal's* strengths is the quality of selection and translation, as many articles are reprinted from Chinese academic sources. Some examples are "Faith and values: case studies of Chinese intellectual Christians", "Islamic culture and the Uyghurs", "Indigenous Chinese Pentecostalism". The journal also includes several documentation sections such as General Religious Affairs, Catholic Church, Protestant Church, Buddhism, Tibetan Buddhism, Daoism, Sects which include statistics and reprints of Chinese source material. The *China Study Journal* is published twice a year and available by subscription through Churches Together in Britain and Ireland. For more information: www.ctbi.org.uk.

Massive protest in Hunan. Thousands of peasants and farmers lined the streets of Zhushan, Yongzhou, Hunan province, to protest a bus company that doubled its fares from 6 *yuan* (75 cents) to 14 *yuan* (US\$1.75). The protest was seen as one among thousands in China, where discontent is growing rapidly among rural communities who feel left behind as coastal areas reap the benefits of China's market economy. The overseas-based Boxun Chinese news website reported that the protest was small in the beginning, but rose to nearly 20,000 people as those from neighboring towns and villages joined in an increasingly violent confrontation. There were some injuries and several vehicles were burnt out. Official Chinese figures indicate that there are about 200 protests a day in China, and the Chinese government has made moves to address massive unrest by abolishing the 2,000 year old agricultural tax, insuring measures to rein in the seizure of farmland for development, and increasing farm subsidies. (Source: *Boxun News*, March 13, 2007; "Security tight in China riot town," *BBC News*, March 15, 2007)

Car sales soar in China. There are nearly 24 million privately owned cars in China, today, a vast difference from 15 years ago when there were nearly none. According to the BBC News, there are more car brands in China today, than in the United States. The Chinese car market has just eclipsed Japan, and is the second largest in the world, next to the United States. In the last 20 years China has added thousands of miles of national roads, improving its infrastructure as part of market reforms. Most cars produced in China are joint-ventures with foreign firms like General Motors, but increasingly China's own brands, like the Anhui-based Geely and Zhejiang-based Chery are gaining reputation, said the BBC, and may be soon exported. (Source: "China car firms gear up for booming sales," *BBC News*, March 2007)

Foreign firms: preferential tax rates ends. Preferential taxation for foreign firms doing business in China will end on January 1, 2008, when a law enacted by recent National People's Congress raises the current taxation rate for foreign firms from 15 percent to 25 percent, making it equivalent to the income tax rate of domestic firms. Since Deng Xiaoping's 1979 Open Door policy began, China's communist economic system has been transformed by both private enterprise and foreign investments. Last year alone China approved the establishment of 594,000 overseas-funded enterprises, said the *People's Daily*. The *Guardian* reports that 65 percent of China's gross national product now comes from the private sector. The new taxation law is an effort to wean China off of an export-driven economy 'dominated by cheaper goods,' claims the BBC. China's controversial tax break of 50 percent for foreign firms focusing exclusively on exports will be scrapped, a move welcomed by the United States who have maintained the law was anti-competitive. Under the new taxation laws foreign firms that specialize in high-tech are exempt. Intel, for example, has just signed a deal to build a \$2.5 billion computer chip plant in the eastern port city of Dalian which will focus on research, development and manufacturing. (Sources: "China plans business tax shake-up," *BBC News*, March 8, 2007; "China's parliament adopts enterprise income tax law," *People's Daily*, March 16, 2007; "China passes new law on property," *BBC News*, March 16, 2007)

China: \$1 trillion in reserves. China has the largest trade surplus in the world, valued at \$1 trillion. Currently it has mainly been invested in US treasury bonds, but the BBC reported that the Chinese government are looking to set up an investment company that would manage the account and diversify investments. China's finance minister, Jin Renqing, said China was exploring an example like Singapore's state investment firm, Temasek. How to handle China's currency reserves has been a popular topic of China's Internet bloggers and journalists. Many are calling on the government to use some of the reserve funds to fight poverty. Others call for greater foreign investment in companies and natural resources. (Source: "China makes \$1 trillion work hard," BBC News, March 9, 2007)

Links and sources for this issue

[Amity Foundation](http://www.amityfoundation.org)

[BBC News](http://www.bbc.co.uk)

[Beijing Review](http://www.bjreview.com.cn)

[China Christian Council](http://www.chinesechristiancouncil.org.cn/en/)

[China Daily](http://www.chinadaily.com.cn)

[China Development Brief](http://www.chinadevelopmentbrief.com)

[Churches Together in Britain and Ireland](http://www.ctbi.org.uk)

[General Board of Global Ministries, UMC](http://www.gb-gm-umc.org)

[People's Daily Online](http://english.people.com.cn/)

[Xinhua News Agency](http://www.xinhuanet.com)

www.amityfoundation.org

www.bbc.co.uk

www.bjreview.com.cn

www.chinesechristiancouncil.org.cn/en/

www.chinadaily.com.cn

www.chinadevelopmentbrief.com

www.ctbi.org.uk

www.gb-gm-umc.org

<http://english.people.com.cn/>

www.xinhuanet.com

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