

CHINA INSIGHT

Fostering Business and Cultural Harmony between China and the U.S.

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Delegation from Loudi visits Minnesota and Sister City

By Greg Hugh, Staff Writer



City of Ramsey Mayor Tom Gamec, center, with Delegation from Loudi, China and Councilmember Mary Jo Olson

A delegation of officials from Loudi City in Hunan Province of the People's Republic of China recently visited Minnesota. Their brief 3-day visit included a hectic schedule that was filled with an agenda that had them meeting with many groups that included education, business, cultural organizations and the City Council of Ramsey which is Loudi's Sister City in Minnesota. The delegation of 8 representatives was lead by Vice Mayor Xintao Xiao. Xiao directs education, science, health and other social services in this rapidly growing municipality with an estimated population of 4.1 million.

According to a press release, The World Poker Store (WPKS), a Nevada corporation with corporate offices in St. Paul, MN, welcomed the delegation of government and tourism officials from Loudi, China to St. Paul. As WPKS continues its expansion into China through its wholly owned China subsidiary Shenzhen WPS Entertainment Development Co. Ltd. (SWEDCL), the city of Loudi has been selected to debut the company's first upscale Executive Entertainment concept. SWEDCL is bringing the full Las Vegas entertainment experience to China through upscale "Executive Entertainment Centers" offering affluent Chinese and international clients the opportunity to enjoy world-class hospitality, Las Vegas style shows, VIP amenities, and live Free Roll Texas Hold 'em tournaments. The proposed 25,000 to 50,000 square ft. Loudi location is scheduled to open early in 2008 through alliances with local businessmen and the support and cooperation of the Loudi government and the Municipal Tourism, Foreign & Overseas Chinese Affairs Bureau. WPKS has enjoyed the hospitality of the city of Loudi through special invites over the past year and is now returning the favor as host to the Loudi delegation in St. Paul.

Also in St. Paul, the delegation met with Bud Nornes, State Representative, Fergus Falls regarding transforming the Regional Treatment Center in Fergus Falls into a cross-cultural college campus. As reported in the October edition of *China Insight*, a private firm proposes turning the main structure of RTC into a college for Chinese language immersion and business studies. According to Rep. Nornes, this visit strengthens the bonds and friendships towards developing working relationships that

will be instrumental in transforming the RTC with another Chinese delegation planning to visit the RTC early in 2008. This group will include some leading academic figures, including the President of Hunan Normal University and the senior Vice President of Changsha City University who, according to Rep. Nornes, have indicated a strong interest in the Fergus Falls project.

Also on the delegation's agenda was a

visit to Eden Prairie High School that continued to expand on the exchange program that has developed between the two cities and their schools. This past summer, Eden Prairie hosted 18 teenage students from Loudi as part of this exchange program. *China Insight* did an extensive report on this visit and the article which appeared in the September issue can be found at www.chinainsight.info.

In addition to the visit to the high school, the delegation also met with Neal Scott, Eden Prairie City Manager, who reported on their meeting in his internet blog, The Blog from City Hall:

"I don't get to do much international diplomacy in my capacity as Eden Prairie's city manager, but occasionally the opportunity presents itself and yesterday was just such an opportunity. I had the opportunity to welcome Loudi City (China) Vice Mayor Xintao Xiao and her traveling delegation to

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CAAM combines business and pleasure at 40th Annual Banquet

By Greg Hugh, Staff Writer



Vincent Mar and officers of CAAM

The main dining room of Jun Bo Restaurant in Richfield, MN, was filled to capacity when the Chinese American Association of Minnesota (CAAM), held its 40th annual banquet. Vincent Mar, CAAM President, started the evening by welcoming the gathering and then introduced CAAM board members and staff to provide their respective reports and handle other business matters of CAAM.

In his opening remarks, Mar noted that this past year was a transitional year for CAAM and that the organization needed to focus its attention on some restructuring so that it would be in a better position to serve its members and the community in the future. Thus CAAM decided not to schedule

an event to celebrate Chinese New Year but intends to hold something next fall and plans to work more cooperatively with other organizations in the community.

First to report was Wendy Tai, Chair of the Chinese Dance Theater and then followed by Chen-Fu Chen, Chair of the Chinese Language School and then the Financial Report by David Wang, Treasurer of CAAM.

Five CAAM/Stanley Chong scholarship awards, US\$1,000 each, then were presented by this year's CAAM Scholarship Committee, Mingjen Chen and David Wang. The award winners were Alex Chen (Eastview High School), Andrew Mar (Eastview High School), Jordan Wang (Burnsville High School),

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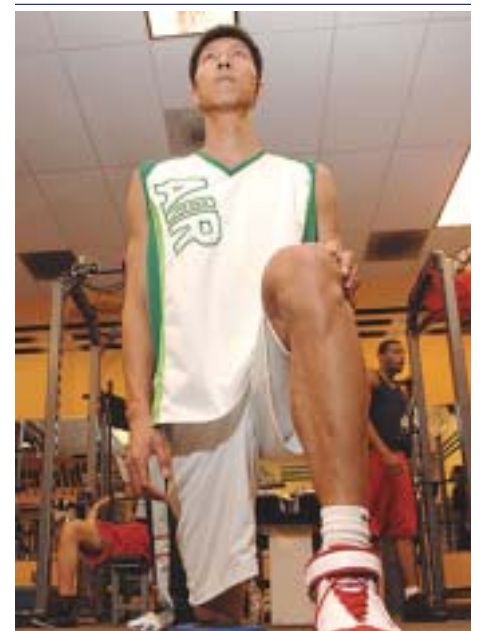
ROGER FRISCH IN CHINA

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YI JIAN LIAN

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Happy New Year!

from the staff and contributors of **CHINA Insight**

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Publisher's Pronouncements

As we begin our seventh year of publication, *CHINA Insight* is pleased to announce the promotion of Jennifer Nordin to the position of Editor. Jenny has served us well for years as Associate Editor and we are pleased that she has accepted the responsibilities of Editor. She will be aptly assisted by Dawn Murphy, our Production Editor, who has, for many years, provided us with creative graphics and patience in the production of the paper. Our most recent addition to the staff, Will Ahern, Director of Marketing and Communications, has enabled us to revitalize our Web site that now features streaming videos and has provided us with the opportunity to develop an e-commerce feature that will allow us to market items that we feel will be of use to those that choose to obtain such items in their desire to better understand Chinese culture and business. Also, our thanks to Albert Leung, Staff Writer, for his writing contributions. We also appreciate the support of the many other writers throughout the community who have contributed material to us and look forward to their continued support.

We anticipate that these changes will make *CHINA Insight* much more efficient and allow us to continue and expand our service to the community in our quest to foster business and cultural harmony between China and the U.S. We look forward to working more closely with the many community and business organizations to collaborate and promote these interests within all of these groups. Towards this goal, you are encouraged to contact either Richard He, President and Co-founder of *CHINA Insight*, or I, to discuss how we may best work more closely to serve our community and together provide awareness to the community of the many contributions being made by the Chinese that dramatically affects the quality of life for all of us.

As always, your continued support is appreciated.

Sincerely,

Greg Hugh

Gregory J. Hugh
Publisher

Letter to the Editor

In early 2006, the Hopkins School district closed the school my daughter was to attend. I started school shopping to find out what other possibilities were available to us. In March of 2006 I learned that Hopkins was planning to offer a Chinese Immersion program through the district. I was instantly excited.

We spent several days discussing what the potential benefits and risks might be. We realized we should not have worried, after attending the parent information session all of our concerns were put to rest. Dr. Rosemary Lawrence, the principal of XinXing Academy and Eisenhower Elementary, is completely focused on the success and happiness of the children. Molly Wieland, Curriculum Coordinator of World Languages for the Hopkins Public Schools and parent of current XinXing kindergartener, gave us wonderful information about the areas of the brain that are tapped into by learning another language as a child. Zhining Chin, Coordinator of Assessment, Evaluation and Research, informed us about the credentials of the teachers and the format for the curriculum. We got to meet the teachers, Donghong Wang and Qiuyue Wang and the assistants. All of these people were fabulous! **All questions asked were answered.** I still had one still small concern that I couldn't pinpoint. If it was a language with an alphabet and standard structure, I could handle that. The Chinese characters are so different. I finally realized that I was worried about how I would handle it. With that settled, we enrolled.

The year is 3 months under way and we could not be happier with our decision. It is the end of November, the kids are recharged from the break and really progressing. My daughter, Chloe, loves her school and her teachers. She sings in Chinese all the time at home. She does her best to teach us what she's learning but there's no way for us to keep up. We are doing our best and have learned some key words. The funniest part is when our pronunciation is off she corrects us and repeats it for us until we get it right. She has also begun writing characters. We passed a restaurant whose name was in English and in Mandarin Chinese characters and Chloe said, "Mommy, Da Poa." I asked her what she was talking about and she said, "That restaurant, it's called Big Bowl. Didn't you see those characters?" It was wonderful.

I really couldn't be more pleased with the decision we made for our daughter. We are enjoying bringing more culture (of all nations) into our home. Whether it is food, movies, plays, music or clothes, our whole family is growing in ways I'm sure we wouldn't have without this program.

I encourage any parent considering an immersion program for their child to attend one of the XinXing informational meetings. Information on these meetings can be found in *China Insight* or <http://www.hopkins.k12.mn.us/pages/district/commun/kindergarten.htm>. You can also check out the XinXing parent Web site at <http://xinxingacademy.blogspot.com/>.

Sarah Bennett

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China's 17th Party Congress: maintaining delicate balances

David Shambaugh, Nonresident Senior Fellow, Foreign Policy, Center for Northeast Asian Policy Studies

Brookings Northeast Asia Commentary

The Chinese Communist Party's (CCP) 17th Congress, which convened from October 15-21, resulted in a series of delicate personnel and policy balances struck among the new leadership. Indeed, the selection/election of the most senior leaders themselves—comprising the Politburo, its Standing Committee and Secretariat, and Central Military Commission—reflects careful compromises among institutional and factional interests. On behalf of the 73.4 million strong CCP membership (the largest political party in the world), the 2213 Congress delegates elected 204 new Central Committee members.

The Congress itself was a meticulously scripted event, with all decisions taken in secret behind closed doors. The public sessions were carefully stage-managed political theater (including the “press conferences”). The much-anticipated changes in the leadership hierarchy were held until the final day, when the new nine-member Politburo Standing Committee was unveiled. Such cautiousness reflects both the personal style of preeminent leader Hu Jintao, and also the institutional nature of the CCP system.

The policy substance of speeches and documents released at the Congress was not notable for bold new visions or policy pronouncements—being more a series of slogans and regurgitation of policies undertaken over the past five years since the 16th Congress. While not necessarily new, these policy documents nonetheless evince a party-state that is aware of its many problems and challenges, and has developed a series of programs to address these issues.

Personnel Changes at the Congress

In the run-up to the Congress, foreign observers waited in heated anticipation (perhaps more than Chinese citizens, who often displayed disinterest) for the new Politburo leadership to be identified. Rumors had swirled for weeks about who would be in or out, up or down, with the changing of the guard. Of particular interest was whether CCP General Secretary, PRC President, and Central Military Commission Chairman Hu Jintao would anoint his successor.

The elevation of Shanghai Party Secretary Xi Jinping to the No. 6 position on the Politburo Standing Committee (PBSC) hierarchy and putting him in charge of the Politburo's Secretariat (which manages the day-to-day affairs and “Central Leading Groups” of the Central Committee), tips Xi as Hu's de facto heir apparent. If, between now and the National People's Congress next March, Xi succeeds outgoing political heavyweight Zeng Qinghong in the positions of PRC Vice President and President of the Central Party School, it will be a sure sign.

Xi's rapid elevation surprised most for-

ign analysts, as they surmised that Li Keqiang (Liaoning Province CCP Secretary) was Hu's preferred choice—given their longstanding ties to the Communist Youth League leadership 25 years ago. However, Li was also catapulted on to the PBSC, just one rank order place below Xi Jinping. This indicates that Li has the inside track to succeed Wen Jiabao as Premier of the State Council in five year's time. Of course, five years is a long time in Chinese politics and things can easily change. Both men must “prove” themselves during this apprentice period—if they slip up there are several others waiting in the wings. Noteworthy among them are He Guoqiang (the No. 7 ranking PBSC member, who has served the past five years in the sensitive and critical position of Head of the CCP Organization Department, and has now been put in charge of the Central Discipline Inspection Commission) and Li Yuanchao (just elevated to the Politburo from his role Jiangsu Province Party Secretary, and appointed to take over the CCP Organization Department).

Other than the speculation about who may succeed Hu Jintao in five years time, several other aspects concerning personnel changes at the top merit mention.

First, the vestiges of Jiang Zemin's “Shanghai faction” have been rooted out of the senior leadership as a result of retirements (Zeng Qinghong is the most noteworthy example), death (Huang Ju), and purge (Chen Liangyu). While the presence of this group did not result in the factional rivalry that many expected five years ago at the 16th Congress—when Jiang packed the leadership with his men—their presence nonetheless did cut into Hu's and Wen Jiabao's authority. In their absence, Hu was able to promote to the ruling Politburo seven younger provincial Party leaders whom he has cultivated (provincial management experience is now de rigueur for promotion to the senior leadership).

Second, if one examines the educations and backgrounds of the new Politburo, it is apparent that technocratic engineers are no longer dominant. To be sure, 12 of the 25 new Politburo members were still trained in engineering or the natural sciences—but this is a decrease of six from the previous Politburo. Instead, newly promoted members have university degrees in the social sciences, business, law, journalism, and the humanities. This intellectually more diverse group of leaders may approach policy decisions in a more holistic and systemic manner than the engineers, whose training inclines them toward incremental problem solving. This group is also younger—representing the transition to the “fifth generation” of Party leadership—with the average Politburo member's age now 61.5 years.

Third, the new leadership appears quite well-balanced—what the CCP likes to de-

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scribe as “collective leadership.” No deep policy cleavages or factional splits are evident, a number of new reformist faces have been promoted, and the institutional portfolios of the leadership seem appropriate. Indeed, the Politburo Standing Committee nowadays is constituted more by statutory position than personalities or political favoritism. This is a sign of the increased institutionalization of the party-state.

Finally, this new leadership should prove to be businesslike and capable interlocutors for the United States and other governments. These are practical and experienced men (and one woman, Liu Yandong). There will certainly be some adjusting to new positions and running new bureaucracies (and we will not know the full scope of the government until the National People's Congress meets in March), and some of these individuals are not too experienced in international diplomacy, but one would not expect significant disruptions in China's domestic or foreign affairs. The one question mark—of particular importance to the U.S. and European Union—is the replacement for retired Madam Wu Yi, who has managed China's foreign trade portfolio for over a decade. Zhang Dejiang (currently Party Secretary of Guangdong Province) is tipped to replace her, but he is an unknown commodity abroad.

Policy Issues

As noted above, the documents that emerged from the Party Congress—principally Hu Jintao's Report and the Resolution on the Amended CCP Constitution—broke little new ground. A careful reading of Hu's 2 ½ hour-long opening address reveals essentially a summary of policies initiated and undertaken over the past five years, while the Resolution adds Hu's “Scientific Outlook on Development” (Kexue Fazhanguan) to the ideological canon in the Party Constitution along with “Marxism-Leninism-Mao Zedong Thought, Deng Xiaoping Theory, and the Important Thought of the Three Represents.”

Hu's report merits reading (http://news.xinhuanet.com/english/2007-10/24/content_6938749.htm) insofar as it describes the Party's program and vision for the nation. Divided into twelve sections, it covers a wide range of issues—including economic development, social development, political development, military modernization, foreign policy, “reunification” with Taiwan, Marxist theory, and Party reform.

As would be expected in such a speech to the Party faithful, Hu dwelt at some length on inner-party affairs and “theories of socialism with Chinese characteristics.” This included a long discourse on enhancing “so-

cialist democracy,” “inner-Party democracy,” “consultative democracy,” “democratic oversight and supervision of cadres,” and “developing grass-roots democracy and democratic rights.” Altogether, Hu mentioned “democracy” more than sixty times in his speech. All of this is commensurate with the CCP's attempts, over the last few years, to invigorate the Party from within and without. Learning the negative lessons of the former Soviet Communist Party, Hu has been trying to inject a greater measure of feedback and transparency into Party deliberations. These feedback mechanisms are supposed to come from Party members themselves, from non-Party members associated with the Chinese People's Political Consultative Congress (CPPCC), and from ordinary citizens.

In his discussion on “Innovation and Reforming the Party,” Hu launched a strong attack on corruption and improving the competence of cadres from the top to bottom of the system. The entire cadre recruitment, training, appointment, and evaluation systems have been a central policy priority in recent years—overseen by outgoing Party leader Zeng Qinghong and his protégé He Guoqiang (newly-appointed Director of the watchdog Central Discipline Inspection Commission).

In other sections of his report to the Congress, Hu candidly assessed many challenges and problem areas—particularly environmental degradation; social inequalities; the urban-rural and coastal-inland development gaps; stagnant rural incomes; predatory local officials; corruption; and a wide range of problems affecting ordinary citizens—such as inadequate medical and health care, housing, educational opportunities, poverty alleviation, public order, rule of law, social security, and administration of justice. While noting these maladies, other than energy conservation and environmental protection, Hu's report was short on measures to address these pressing problems.

Hu's discussion of military modernization was fairly standard prose and predictable, except his call for the People's Liberation Army (PLA) to “...ensure preparations for military struggles and enhance the military's capability to respond to various security threats....” He also made the case to “...enhance our capacity for independent innovation in research and development of weapons and equipment with better quality and cost effectiveness”—a fairly transparent reference of the need for the PLA to wean itself of dependence on imported Russian weapons and technologies.

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Loudi from Page 1

Delegation from Loudi visits Minnesota and Sister City



The Loudi Delegation poses with group after dinner in Ramsey

City Center yesterday. A little over two years ago the City of Eden Prairie and Loudi City made an agreement called the 'strategic community partnership'. The agreement encourages both cities to keep in contact to help increase the level of political and economic understanding between the people of our respective cities and countries. The Vice Mayor and her delegation were in Eden Prairie yesterday to meet with city and school officials as part of her official travels in the United States on behalf of the Loudi City municipal government. Most of their time in Eden Prairie was dedicated to meetings with School District officials to discuss the results of recent student and teacher exchanges and to plan additional exchanges in the future.

"Vice Mayor Xiao is the Vice Mayor in the Loudi City municipal government in charge of education. K-12 education is the responsibility of the city government in Loudi. Vice Mayor Xiao serves the Mayor of Loudi almost as a Superintendent of Schools/School Board chair for Loudi city schools. She is a physician by training is still the Chairwoman of The Red Cross Society of Loudi City. She is an engaging internationalist. She wants to learn how education is managed in the United States. As much as we are amazed by the proficiency of Chinese students to master the rigors of math and science, the Chinese are amazed by the abilities of our students to solve complex multifaceted problems both as teams and as individuals.

"Our visit was short. She had time to exchange gifts and stand for photos in our Council Chambers. Vice Mayor Xiao invited the Mayor and I to visit Loudi City. I told her that we would discuss her invitation with the City Council and that we both hoped we might travel to Loudi someday as official representatives of Eden Prairie."

The final item on the Loudi delegation's agenda was a visit to their Sister City of Ramsey, MN. The city of Ramsey was privileged to host a visit from their sister city, Loudi, China. A contingency of eight distinguished delegates, led by Vice Mayor Xintao Xiao, were greeted by city council member Mary Jo Olson and assistant city administrator Heidi Nelson. A number of city residents, local college officials and members of the business community spent an interesting afternoon exchanging information and ideas about education, tourism and commerce with their guests. A tour of the new Ramsey municipal center and police station followed. The afternoon was capped off with a most entertaining and educational tour of Paradise Roasters, a Ramsey coffee roasting company that is interested in establishing a presence in China.

Representatives of Ramsey City, Anoka County and the Hunanese Association of Minnesota along with other invited guests than hosted a dinner for the delegation later

that evening. As is customary at such dinners, a great meal was enjoyed by all and the requisite gift exchange was conducted and Vice Mayor

Xiao made sure no one went home empty handed as she bestowed gifts on all that attended as a sign of her appreciation for the hospitality extended to this delegation.

Although the delegation was scheduled to depart the next day, the delegation expressed an interest to attend a Minnesota Timberwolves basketball game so Richard He, President of China Insight and Loudi native, was asked to assist them in getting tickets which he was most happy to comply and the delegation extended their stay by one day to take in a professional NBA basketball game. Could basketball now replace Ping Pong as the universal game of diplomacy? ■



Mary Jo Olson, Council member of Ramsey greets Vice Mayor Xiao



Delegation from Loudi, China and Eden Prairie City Manager Neal Scott



Neal Scott and Vice Mayor Xiao

Academic scores: chief demon in the adolescent nightmare

By Hou Ruili, China Today

Nan Nan is a student at the Beijing No.4 Middle School. At this year's college entrance examinations he scored 565, a full 100 points less than the school average. The highest score of all his fellow students was 698 – only 52 points short of the maximum 750 point score. The Beijing No. 4 school has a century-long history, and is generally regarded as the best middle school in China. It has a sound hardware environment as well as a profound cultural accumulation. Graduates who have since become leaders within the Party, the government and the armed forces, as well as prominent scientists, writers and artists, have given the school an illustrious reputation.

Upon being informed of his academic scores, Nan Nan refused to talk to anyone. To his parents he promised, "I will retake my third-year high school classes and take next year's college entrance exams, with the sole intent of entering Tsinghua University." Tsinghua ranks 167th on the 2007 World University Academic Level list published by the Higher Education Research Institute of Shanghai Jiaotong University. Assessments are made on the basis of quality of education and teachers, research results and scale of the school. As Tsinghua rates number one on the entire Chinese mainland, Nan Nan's parents worried about the psychological effect on their son of his self-imposed quest.

Erstwhile "Model Student"

Nan Nan's mother, a senior high school graduate, resigned from her job after giving birth to Nan Nan. She has since stayed at home to take care of her parents-in-law as well as rear her child. An inveterate perfectionist, she spoon-fed Nan Nan until he was three years old, and devoted all her spare time to supervising his education.

Nan Nan did not let his mother down. He was a good student, of good character and fine scholarship. At primary school he was voted the "three-goods" student (morally, intellectually and physically) for six consecutive years. Prior to graduating he was voted the municipal-level "three-goods" student of Beijing. Nan Nan told this reporter, "Since early childhood, my mother's most frequent exhortation has been to 'seize every minute to study.' She would repeat it several times a day."

After he graduated from primary school, Nan Nan's parents decided to send him to the Beijing No. 13 Middle School branch, known for its strict approach to schoolwork. Their intention was to give him every advantage towards achieving the highest possible academic scores. Nan Nan was elected monitor in his new school. As previously, all his teachers, classmates, neighbors and friends regarded him as the student most likely to succeed.

Following the onset of adolescence, however, Nan Nan's attitude towards his mother, who had given up everything for him, changed to one of rebellion. When-

ever she stopped her household chores to see how he was doing, Nan Nan would say before she could utter a word, "Leave me alone."

By that time both of Nan Nan's grandparents had died. His mother found cleaning work at a foreign company, a job that was physically exhausting. Fatigue, along with her conservative outlook born of negligible social interaction, made her even stricter with her son. She regarded academic scores as paramount, and would berate Nan Nan if his scores fell even slightly. Consequently, from the second year of junior middle school, Nan Nan refused to talk to his mother. But his attitude towards his father, who does computer-related work at the Chinese Academy of Sciences, was quite different. Nan Nan's father never put pressure upon him to achieve high scores, instead giving him practical guidance on how best to proceed in his studies.

After Nan Nan entered his third year at junior high, his parents attended a parent-teachers meeting at the school. His mother recorded the teachers' speeches for Nan Nan to listen to. With the psychological, as well as academic, support of his father, Nan Nan studied hard enough to satisfy his teachers' stringent requirements. This was at the price of troubled, nightmare-plagued sleep, and the loss of five kilograms in weight. This was hardly surprising, in view of his studying late, often till midnight, each day and taking no holidays. He excelled at his studies, and ranked sixth in his school at the senior high school entrance examinations. Nan Nan was one of 50 graduates from his school that enrolled at the Beijing No. 4 Middle School.

Excess-Pressure Induced Study-Fatigue

Nan Nan, however, had effectively "burnt-out" in his efforts to proceed with his studies at this well-regarded senior high school. He completely lost interest in studies, choosing instead to excel at computer games. After attending a lecture on American culture he then became interested in break dancing. His enthusiasm reached a pitch that prompted him to dye his hair blonde, wear Korean-style grunge trousers and sign up for a break dancing course. Nan Nan also often invited his former classmates out to dinner, spending as much as RMB 2,100 in one month on these frequent treats. He had still not reverted to his normal assiduous self by the second year of senior high, when he began to court girlfriends. His academic scores consequently declined even further.

These two years took a heavy toll on Nan Nan's parents. Just the mention of his name would send Nan Nan's mother into a despairing rage, while his father simply smiled helplessly and kept quiet. In order to maintain superficial peace, both parents exercised restraint, but at great cost to their

Scores continues on Page 5

Dr. You Shaozhong visits SCSU



From left to right: Dr. Kathy Johnson, Dr. You Shaozhong, President Earl Potter III, Dean Kate Steffens, Vice President of the Center for International Studies, Margaret Vos

On Dec. 2-3, Dr. You Shaozhong from the Embassy of the PRC in Washington, D.C. visited St. Cloud State University. During his visit, Dr. You met with SCSU President, Dr. Earl Potter III, to discuss strategies for strengthening SCSU's connections with China. He also had an opportunity to meet with college deans, faculty and students. On Monday, Dec. 3, Dr. You presented the keynote speech at a workshop about education in China. The workshop was the second in a four part series that focuses on China. Dr. You presented on the education systems of China. In September, Dr. Zhang, the newly hired Director of the University of Minnesota China Center, presented on building partnerships with higher education institutions in China. Both presentations were hosted as online webinars. Access to these presentations may be found at the China Connections link at www.stcloudstate.edu. SCSU was also honored to host a visiting delegation from Bin Hai College Nankai University in Tianjin during early December. President Yang of Bin Hai College also presented at the workshop, sharing insights on the development of private colleges in China.

Part III of the mini-workshops will be held at Minneapolis Community Technical College in early spring. The title of this workshop is "Critical Issues in China: Understanding the Complexities of China's

Shift from a Developing Country Status to a Global Leader Status." Part IV of the mini-workshops will be held at Bemidji State University in late spring. The title of this workshop is "China's Past, Present and Future: Understanding the Past to be able to Work Towards the Future." Both of these workshops will be accessible as a webinar. Information and details may be found at the China Connections link at SCSU.

St. Cloud State University continues to build and develop partnerships with China. An example of one new program is the development of a Special Studies MA Dual Degree in Teaching Chinese as a Foreign Language. This program is offered jointly with Beijing Normal University. Students in the program complete two years of the program at BNU and two years at SCSU, completing the requirements for a dual degree. This program was initiated to address the critical need for licensed, qualified teachers in our newly emerging and rapidly expanding Chinese language programs in the state of Minnesota and the nation. It is the only dual degree program of this nature in the United States. Numerous other programs and areas for partnership are in the development and initial implement stage at SCSU. President Potter aspires to visit China within the next year to reaffirm our institutional partnerships and explore further opportunities for collaboration. ■

Congress from Page 3

With respect to Taiwan, Hu's rhetoric was tepid. He called again for "... dialogues, consultations, and negotiations on any issue with any political party on Taiwan, as long as it recognizes that both sides of the Strait belong to One China." Hu also offered, for the first time, to negotiate a "peace agreement" to "formally end the hostile situation across the Strait."

Finally, Hu's discussion of foreign affairs sounded the familiar themes of "Peaceful Development," "Harmonious World," and the Five Principles of Peaceful Coexistence. He did emphasize the importance of the U.N. Charter and international law in international relations—emphases since his 2005 speech at United Nations Headquarters in New York.

Looking Ahead

These themes outlined in Hu's opening report to the 17th Congress struck a reformist tone at home and a cooperative attitude abroad. Now, the citizens of China and nations around the world will watch to see if Hu Jintao's second term reality matches his rhetoric.

Domestically, it is also a question of resources being devoted to addressing the long list of chronic problems that afflict China's development process—Hu Jintao's and Wen Jiabao's first term was long on such rhetoric but distinctly short on resources. At least they have the policy priorities right, but follow-through is required.

In military affairs, Hu is right to emphasize the need to develop an independent innovative capacity in China's military-industrial complex—as the PLA remains overly-dependent on foreign sources of supply.

While Hu's tone on Taiwan was conciliatory, it is equally clear that the Chinese leadership is extremely worried by Chen Shui-bian's purported U.N. referendum and other moves towards independence.

Finally, China's foreign policy has been quite well regarded in a number of regions of the world—but it is also under close scrutiny for its dealings with Iran, Myanmar, Sudan, Venezuela, and Zimbabwe, while new frictions are emerging with Europe and the United States. All will require deft diplomacy on Beijing's part. ■

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Scores from Page 4

relationship. Stony silence reigned in the household, broken only by spats and quarrels. Nan Nan's father told this reporter, "We had no idea how to manage our son, and were deeply conscious of having disappointed his teachers and school."

Nan Nan began to study in earnest once more at the beginning of the third year, and the imminent onset of the college entrance examinations. But he had already lagged too far behind. His above-average intelligence was insufficient for him to live up to the original expectations of him. His teacher commented, "Although Nan Nan did not get high scores, he has extensive interests, and is capable." He nonetheless failed the college entrance examination to a key university.

Foreign University Fee Dividends

Retaking third-year senior high school classes requires, in addition to perseverance, payment of RMB 30,000 in tuition fees. Unsure of the benefits of this course of action, Nan Nan's parents took the advice of a friend in Canada who told them, "Your son can go to university abroad as long as he passes his TOEFL exam. I'll help you to select a school."

Nan Nan promised to work hard, and began to prepare for the TOEFL exam.

Well-off families often send their children to study abroad to avoid the pressure of the college entrance exam (not to mention the shame of failure). Nan Nan's father believes, "Attending a foreign university is the best way out for my son. Unless he attends a famous university in China, it will be difficult for him to find a good job sufficiently well paid to ensure his future security. The cost of sending him to a foreign university is high, but could pay dividends.

It will give him good life experience and, who knows, he may even become a transnational talent." Hope, as they say, springs eternal. The couple is currently accumulating the funds necessary to send their son abroad to study. ■

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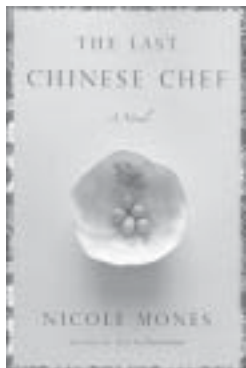


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BOOKS

The Last Chinese Chef

by Nicole Mones



Synopsis

This alluring novel of friendship, love, and cuisine brings the best-selling author of *Lost in Translation* and *A Cup of Light* to one of the great Chinese subjects: food. As in her

previous novels, Mones's captivating story also brings into focus a changing China -- this time the hidden world of high culinary culture.

When Maggie McElroy, a widowed American food writer, learns of a Chinese

paternity claim against her late husband's estate, she has to go immediately to Beijing. She asks her magazine for time off, but her editor counters with an assignment: to profile the rising culinary star Sam Liang.

In China Maggie unties the knots of her husband's past, finding out more than she expected about him and about herself. With Sam as her guide, she is also drawn deep into a world of food rooted in centuries of history and philosophy. To her surprise she begins to be transformed by the cuisine, by Sam's family -- a querulous but loving pack of cooks and diners -- and most of all by Sam himself. *The Last Chinese Chef* is the exhilarating story of a woman regaining her soul in the most unexpected of places.

Snow Flower and the Secret Fan

by Lisa See



Synopsis

Lily is haunted by memories-of who she once was, and of a person, long gone, who defined her existence. She has nothing but time now, as she re-

counts the tale of Snow Flower, and asks the gods for forgiveness.

In nineteenth-century China, when wives and daughters were foot-bound and lived in almost total seclusion, the women in one remote Hunan county developed their own secret code for communication: nu shu ("women's writing"). Some girls were paired

Books continues on Page 13

Walker Art Center brings Nanking to Minnesota

By Albert Leung, Staff Writer

In August 1937, Japan began a full-scale invasion into China. What transpired there is referred to by many people as the "forgotten Holocaust." With the soon-to-be released film production *Nanking*, this genocidal event in history will finally be known to the masses.

With the help of countless local sponsors, the Walker Art Center featured a special premier of *Nanking* to the Minnesota community on Nov. 28. The film was inspired by Iris Chang's famous award-winning historical book, *The Rape of Nanking* that shed light onto the travesties that occurred and resulted in about 200,000 murders within the first six weeks of Japanese occupation, and approximately 20,000 cases of rape during the first month. Chang's book is written partly from the diaries of two Westerners that lived in Nanking at the time. John Rabe, a German Nazi Party member who was a business man working in China, and Minnie Vautrin, a Illinois-native who was chair of the education department at Ginling College in Nanking, were two of seven Westerners that willingly chose to stay in Nanking instead of returning to their country in order to establish a safety zone that helped save countless Chinese refugees in Nanking.

Prior to the showing, a reception was held to honor Iris Chang's parents, Ying Ying and Shau Jin Chang, who have continued to carrying on her work after Iris's tragic suicide in 2004. Her parents hold the annual Iris Chang Memorial Essay Contest and continue to publish a collection of the best essays from each year.

The film *Nanking* features a small but powerful cast that narrate the accounts from the seven Westerners that established the safety zone. The cast include Hugo Armstrong (Rev. John Magee), Rosalind

Chao (Chang Yu Zheng), Stephen Dorff (Lewis Smythe), John Getz (George Fitch), Mariel Hemingway (Minnie Vautrin), Michelle Krusiec (Yang Shu Ling), Chris Mulkey (Mills McCallum), Jurgen Prochnow (John Rabe), Sonny Saito (Sakai Hiroshi), Robert Wu (Chinese Soldier) and Woody Harrleson (Bob Wilson).

The film was produced similar to a documentary which include real accounts from Nanking survivors and old interview footage with Japanese soldiers that helped invade the city. The storyline depicts how the Japanese invaded China, and the struggles to establish and maintain the safety zone after the Japanese soldiers overran Nanking. The movie also includes photos and old footage of the brutality the Japanese showed toward the remaining Chinese in Nanking. Packaged together, the film makes for a chilling, emotional recount of the suffering hundreds of thousands Chinese endured during the Japanese occupation.

"People who watch this movie will see the brutality of the Japanese during that time, but also see people who disregarded their own self to save others," said Iris's father Shau Jin.

For many, this film means much and brings little justice to this "forgotten" event in history. The events that happened in Nanking are still shrouded in controversy and most of the world still is unknowing to the genocide that occurred.

"I'm so happy to know that this story is finally being told," said Jennie Hsiao, a local sponsor who helped bring the movie showing to Minnesota. "It important because this film will show all the people in the U.S. that have no idea these tragic events had occurred in the past." ■



Iris Chang's parents, Ying Ying and Shau Jin Chang



Pre show reception

Minnesota Orchestra's Frisch performs in China

Roger Frisch, Associate Concertmaster of the Minnesota Orchestra, traveled to China at the end of August and early September of 2007 at the invitation of Wenxing (Timothy) Su (a very famous top Chinese musician/conductor who conducted the China National Orchestra's performance of *Handel's Messiah* in 2004). Frisch performed the "Chaconne" from *The Red Violin* among other works with the Hunan Symphony Orchestra as well as performing recitals with a pianist from Beijing. Plans are being made for a return visit in the later part of 2008.

On this first trip to China for Frisch, he visited Changsha, St. Paul's sister city, and Beijing. Richard He, President of *CHINA In-sight* assisted in making some arrangements in Changsha for him. While he was in China, Frisch's wife Michele kept a journal of his visit based on their frequent telephone conversations. She wrote the following about his time in Changsha:

After rehearsing for the first time with the Changsha Symphony, it suddenly hit Roger; what a unique experience it was – an American musician playing in the middle of China, still a rarity, with an orchestra where no one spoke a word of English. Playing with an orchestra that not all that long ago could not have even existed due to government restrictions. He asked the conductor how long the orchestra had been around. The answer was 13 years. He compared that to the 105 years that his own orchestra the Minnesota Orchestra has been in existence. Rehearsals were interesting. There was no translator so much was lost on him. It was a typical orchestra rehearsal, they would play for a bit, the orchestra would stop and the conductor would speak. The only problem is that Roger had no idea what was being said. Every once in a while they would all laugh – he felt it was safe to laugh along with the rest. Wonder what they were talking about? But they were able to find a common ground in the standard Italian musical markings in almost all music. Strangely enough, here he was in China speaking Italian as the language in common for all musicians. The musicians were so warm and welcoming. And even though they didn't speak the same language he managed to have many great "conversations" Isn't sign language great! Roger played Vaughn-Williams' Lark Ascending and Schindler's List plus Chaconne from The Red Violin by Corigliano. He had them playing really 'soft' in the Corigliano and several musicians told him after rehearsal, "We've never been asked to play that soft before". This will come as the orchestra matures and continues to explore "western" music.

At the concert at Tianhan Theater (Tianhan Juyuan, <http://www.thgtheatre.com/>) in Changsha on September 1st, Roger presented the conductor, Xiou Ming with a framed greeting letter from the Mayor of St. Paul, Chris Coleman; it was eagerly received and will perhaps further open doors for other western musicians and metro-area visitors.

He has been treated kindly, respectfully, and wonderfully by everyone he has met. The hotel staff had a bit of fun with him: every morning at breakfast they would quiz him on common Chinese words and phrases. The first time, one friendly staff person asked him if he remembered a word she taught him. Roger proudly replied, "Oh,

yes, it's 'Cha'" She laughed and laughed and said, "No, it's 'Cha.'" "Yes, I know, 'Cha', he said". More uproarious laughter. Roger was afraid he was saying 'toilet' or something, which is possible, because word meanings are all in the inflection. There are probably 25 ways to pronounce 'Cha'.

While in Changsha, Frisch met and visited with renowned sculptor Master Lei Yixin. Michele Frisch noted that this was one of the highlights of the trip. He and his family were so kind and hospitable, making him feel like a member of their family. He related an anecdote about a conversation with Master Lei's wife and son.

Today Roger had a tour of the Changsha City Natural History Museum with the wife and college-age son of the famous sculptor Lei Yixin. Lei is one of the most skilled and prolific sculptors in China. Since Changsha and St. Paul are "sister cities", Lei has created a beautiful sculpture in the park at Lake Phalen in St. Paul - his most recent commission is for the Martin Luther King Memorial in Washington, D.C. Roger was asked during the tour if he understood what the term B.C. meant, and Roger said, "Of course, Before Christ"—the response was "NO, NO! it means "Before Century". Hmm, is that worth a discussion about the difference between our cultures? Later that day over a wonderful dinner Roger had a very open discussion about that difference plus their views about the Cultural Revolution. Very interesting. The conclusion is that in a way both of our countries have been guilty of a certain amount of propaganda!

During his time in Changsha, Frisch spent two days at Hunan University. He performed at the University freshman convocation and taught a master class to a group of young violinists.

On Sunday September 2nd, Roger's lodgings were moved from the city onto the campus of the Hunan University. After that, he had lunch with many of the department heads and toured the campus — one of the most beautiful university settings he has seen. Then off to meet with the Vice-Chancellor of the University, who said that he'd like very much to continue the relationship—faculty members have said that a number of times. Later on in the evening he returned to central Changsha to give a master class to 100 young violin students. About 15 students performed individually for him and then through a young, very fine translator he coached the students. September 3rd was the first day of classes and the day of his recital on campus. He is getting to meet many of the college freshmen, many of which speak English. He spent much of the day rehearsing for the recital with his accompanist who flew in from Beijing — an excellent pianist.

Normally on international trips Roger works with one translator, but not for this trip. So far he has had a different translator every day. But with all of them he tried to make time for his requisite "American slang" lesson. He made them promise they wouldn't share the words and expressions with their English professors. They enjoyed it immensely.

The recital at Hunan University evolved into something more than what Roger expected. In addition to a full length recital, he became the "keynote" speaker/performer for the Convocation of incoming

freshmen, with all 1500 in required attendance (many resplendent in military uniforms), in addition to many of the University faculty. In his speech to the freshman class, Roger invoked a term which is characteristically Chinese. He exhorted the students to not only develop their intellect and work skills, but to develop an "inner peace", as well. He casually mentioned that his comes from his belief in Jesus Christ. This simple statement spurred many questions during the question and answer period following the recital. He figured if they asked then he could speak openly about his Christian beliefs.

The second part of the trip included a visit to the Canaan School outside Beijing.

The Canaan School concert was a wonderfully exciting experience. It is on the outskirts of Beijing in a somewhat broken-down property/compound that the students and staff are in the process of renovating. Roger played the concert in a beautiful, totally renovated concert hall. This was followed by two minutes of open prayer by the students (they all pray individually at the same time!), a very moving song by their choir, and a similar question and answer period that took place at Hunan University. The next night, his final, was filled with dinner and meetings with his host, Timothy Su, Conductor and Headmaster of the Canaan School plus other key members of what hopefully will become his

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"team" in China. It was during this meeting that many details were discussed for an ongoing music/ministry relationship.

Roger and Michele Frisch are grateful to John Benham for his initial idea for the trip. It was his contact with Timothy Su that made the trip possible. Benham is President of Music in World Cultures, an international faith-based organization at the forefront of a growing movement dedicated to the establishment and advancement of the use of music as a strategic tool in developing cross-cultural relationships. (<http://www.musicinworldcultures.com>)

To learn more about Roger Frisch, visit http://www.minnesotaorchestra.org/music/artist_detail.cfm?id_artist=44151910 ■



Top; Roger at Beijing GMTC with Mr. Su, left; Roger at Hunan University, above Roger with the Lei family after the performance at Tianhan Theater, below, Roger with young violinists



CAAM from Page 1

CAAM combines business and pleasure at 40th Annual Banquet



School), Xiaoxue Zhang (Brainerd High School), and Minna Zhou (Woodbury High School).

An Outstanding Contribution Award was then presented by Vincent Mar to Ms. Kaymay Terry for her many years of volunteer service to CAAM. Terry joined CAAM back in 1995, served as a board member from 1996-97 and president from 1998-2000. During this time she initiated several programs to address social injustices and developed a guide program with the Minneapolis Institute of Arts that many CAAM members still continue. During her enthusiastic remarks, Terry concluded that if there was any advice she could offer on volunteering and serving, it would be to have a passion for what you want to do

Next on the program was a presentation by Dr. Yongwei Zhang, Director of the China Center at the University of Minnesota. In his presentation, Dr. Zhang discussed five initiatives he is implementing at the China Center that will encourage more students from China to attend the University of Minnesota.

It was unfortunate that the sound system of the restaurant was not working very

well since it was difficult to hear many of the speakers and the entertainment that followed.

Jennifer Wu Dunn, from the China Center then served as Master of Ceremonies to introduce the entertainment that included 5 young dancers from CAAM's Chinese Dance Theater and a duet dance performance by Hong Chen and Li, Tang. The famous concert musician, Hong Gao and her student Kim Nguyen, performed two traditional Pi Pa music pieces. Three singers, Shaohua Zhou (Tenor), Danli Wang and Qian Xu (Sopranos) from Minhua Chorus gave individual performances that were greatly enjoyed by the audience in spite of the sound system glitches.

A delectable 10 course meal was served during the performances and most of the guests gave up before the food gave out so the requisite take out containers were provided at the end of the evening so many of the dishes could be enjoyed another time by those who chose to avail themselves of this opportunity. ■



Counterclockwise from top left, Hong Gao with Moon Fong and daughter Yin Simpson, Minna Zhou, Scholarship recipient, Kamay Terry, Outstanding Contribution Award, Jordan Wang, Scholarship recipient, Dr. Yongwei Zhang, Director of the China Center addresses the group, dancers from the CAAM Chinese Dance Theater, singers from Minghua Chorus and several selections on the pipa. Quality photos provided by Nancy Chakrin.





Gung Hay Fat Choy

Minnesota Chinese Cultural Services Center, Chinese American Academic and Professional Association, Minnesota Chinese Student Association, and Minnesota Chinese Veterans Association will hold their "Twin Cities Chinese New Year Celebration" event at the North Star Ballroom, St. Paul Student Center of University of Minnesota on Sunday Feb. 3, 2008. They have been running this annual event for the past 25 years, and it is one of the best Chinese New Year Celebrations in the area.



Admission will start at 2:30 p.m. on Feb. 3, 2008. Performance program will begin at 3 p.m., followed by dinner and door prize drawing starting around 5 p.m. This event is family oriented with programs and foods suitable for all ages. More details on performance programs will be available latter.

The ticket prices are:

| | Advance | On-site |
|-----------------|---------|---------|
| Adult: | US\$12 | US\$15 |
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| Child (5-12) | US\$8 | US\$10 |

Note: Each ticket includes US\$5 food coupons

Advance tickets can be ordered by: E-mail: ChineseCulture@netscape.net or phone: 651-733-9827, or 612-625-9820

Also, Reserve Feb. 9, 2007 for Celebration

This Chinese New Year Celebration is being finalized by over 30 different local Chinese organizations. The exact program has not yet been confirmed but it will be held on the evening of Feb. 9, 2008, Saturday, at the Benson Great Hall, Bethel University, 3900 Bethel Drive, St. Paul, MN 55112-6999. Exact details on this celebration will be posted at www.chinainsight.info as soon as they are made available and it is suggested that you also watch for announcements from the sponsoring Chinese organizations for details and make your reservations accordingly.

Please note that there may also be other Chinese New Year celebrations being held by other organizations but this is all we learned of prior to going to press.



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The business climate for U.S. firms in China

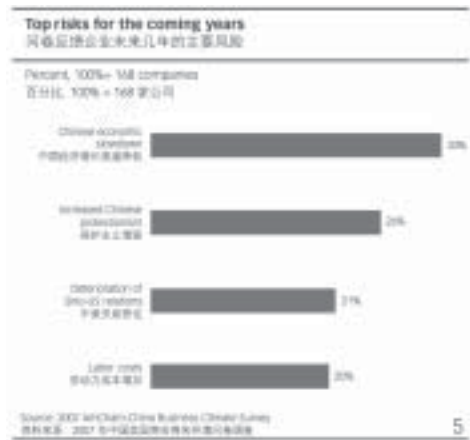
Editor's Preface: In support of our mission to foster business and cultural understanding between China and the U.S., China Insight is featuring *The Business Climate for U.S. Firms in China*, the first section of the publication, *The AmCham-China White Paper: American Business in China*, by the American Chamber of Commerce in China and the American Chamber of Commerce in Shanghai.

The American Chamber of Commerce in China and the American Chamber of Commerce in Shanghai are committed to working with Chinese and U.S. government authorities to help foster vibrant and constructive commercial relations between the United States and China. To that end, the observations, concerns, and recommendations of their collective membership of more than 2,000 companies have been compiled into the ninth White Paper. This is the second installment. The third and final installment of *The Business Climate for U.S. Firms in China* will be presented in the February issue of *China Insight*.

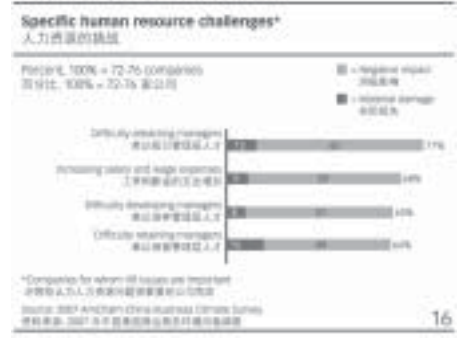
To view the full 2007 White Paper visit the American Chamber of Commerce in the People's Republic of China Web site <http://www.amcham-china.org.cn> or the American Chamber of Commerce in Shanghai Web site <http://www.amcham-shanghai.org.cn>.

Human Resources

Long-term, structural human resource constraints and challenges (e.g., availability of talent, ability to manage workforce, labor costs) continue to be the top non-regulatory challenge for companies. In 2006, white collar and skilled labor cost increases were more than five times the rate of the consumer price index increase (Exhibit 15). In the 2007 AmCham-China Business Climate Survey ranking of business risks, increased labor costs is ranked fourth and labor shortages is ranked ninth (See Exhibit 5). Increasing costs and shortages of leadership talent, technical talent, and skilled labor may thwart China's economic and social development aspirations.



be the leading operating challenge for AmCham member companies. AmCham-China's 2007 Business Climate Survey indicates that management-level human resource constraints negatively affect 29 percent of respondents (See Exhibit 4). Difficulty attracting managers affected 77 percent of companies that responded to HR questions, and developing and retaining technical staff negatively affected 63 percent of respondents (Exhibit 16).



Competition for talent is leading to increased labor costs. Average turnover rates in Beijing were 13.8 percent in 2006, reaching 15.5 percent for professionals. Rising salary and wage expenses was the number one factor negatively affecting margins, with 46 percent of respondents indicating being negatively affected by growing personnel costs.

Addressing long-term issues key to alleviating talent shortages

AmCham recognizes that in a rapidly growing market, the competition for talent will be fierce. The chamber encourages the government to continue ensuring its communities, especially its young people, are prepared to contribute to the Chinese and global economy.

AmCham recognizes that China continues to increase spending on education, but believe even more spending is necessary. To this end, education reform is essential—that there must be changes in what and how students learn so graduates are able to critically evaluate and apply the theoretical knowledge they study to their workplace and in society. In addition, China should continue its efforts to build the infrastructure necessary to help adults learn

throughout their lives.

Helping individuals and communities navigate the transition from agricultural work to service industry roles will require significant and continued financial investment and leadership resources. China should begin to prepare people and communities to upgrade their skills throughout their lifetime. With its increased investments in higher education, China has begun to lay a strong foundation for life-long learning. China should build upon this by encouraging the development of a wide range of post-secondary educational institutions and executive education programs (for example, EMBA's).

Collaboration strengthens relationships between employers and employees

Companies are concerned about trends that impact their relationship with their workforces—specifically, the Labor Contract Law and the drive for unionization. AmCham shares the government's commitment to protecting workers and welcomes opportunities to collaborate on this important topic. AmCham companies desire to have a responsible, open and healthy relationship with their workforces and, by extension, the communities in which they operate. They therefore believe it is critical that the Chinese Government work together with companies as they pursue changes that affect the work force.

AmCham member companies appreciate the opportunity to comment on the first and second draft of the Labor Contract Law. The principles of the law—such as formal confirmation of labor relationships, documented with a written contract—are sound and necessary; however, the chamber recommends that the new law be flexible enough to be effective in various situations. AmCham remains concerned that the Labor Contract Law does not differentiate between types of workers—executives, managers, professional staff, technical staff, skilled labor and unskilled labor—which have different situations and needs.

AmCham member companies also support the freedom of association of Chinese workers. AmCham companies strive to act legally and ethically and do not oppose unionization when it is initiated by employees. Indeed, 96 percent of AmCham survey respondents that have unions say they do not disrupt business operations.

AmCham has some concerns, however, with how the current unionization campaign is being conducted. Particularly worrying are reports of the All-China Federation of Trade Unions (ACFTU) recruiting local authorities and agencies such as the tax or labor bureaus to persuade enterprises to initiate the establishment of a trade union. Indeed, while less than 2 percent of survey respondents indicate that their employees are interested in setting up unions, almost 10 percent indicate that they are being pressured by out-

siders to do so (Exhibit 17). AmCham believes that it is important that the employees, trade unions, and government institutions abide by the labor laws and regulations, which includes a recognition that employees have a right to choose whether to establish a trade union to represent their interests in the workplace.



Finally, AmCham companies striving to be good corporate citizens are concerned at the negative "labor versus management" tone frequently embedded throughout the drive for unionization. In many American businesses operating in China, communication systems that take into account employee opinions and views are standard practice. These include conducting employee surveys, "open door" policies by senior managers, and employee meetings run as discussions rather than for giving instruction. AmCham is concerned that rather than facilitate better communication and conditions for workers and closer collaboration between labor and management, unions initiated by outsiders could harm these relationships. ■

Gradual progress on persistent issues

The 11th Five-Year Plan addresses many issues related to maintaining a competitive workforce. The government has pledged to continue to increase spending on secondary and university education, particularly outside first-tier cities, and to pilot new approaches to helping increase productivity and respond to the massive economic and social change unfolding across the country.

In the past year, there has been a gradual move towards a national labor market, supported by continued relaxation of household registration (hukou) regulations. However, the lack of portability of social benefits and social security contributions continues to make it expensive to move people. For example, managers are unable to move because they must care for retired parents whose health and social benefits are available only in one location.

Talent shortages hurting companies

Human resource constraints continue to

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Intellectual Property Rights (IPR) protection

Positive developments

Over the past year evidence continues to mount that the Chinese Government is serious in its intention to bring IPR protection order to the Chinese market. Through a series of educational programs and initiatives IPR has become a familiar topic in the marketplace and to the consumer. A 100-day nationwide campaign focusing on pirated audio products, video products, and computer software launched on July 15 resulted in a reported average seizure of 19.46 million illegal publications each month through September. For the entire 2006 year, a reported 150 million illegal, pirate, and pornographic publications were seized.

Legal initiatives were also advanced over the past year. New Internet copyright regulations were released allowing network service providers to delete objectionable material from the Internet when a complaint is received from a copyright holder. New regulations allow for the collection of royalties from Karaoke bars using music videos, at a rate of RMB 12 per room per day. New regulations were implemented on protecting IPR rights at exhibitions whereby IPR complaint units are set up at the exhibition site to handle IPR infringements during the event. New patent guidelines were released effective July 1, 2006 to clarify how the patent office handles various situations. Another key positive development was the requirement that all computers be loaded with licensed software in the factory.

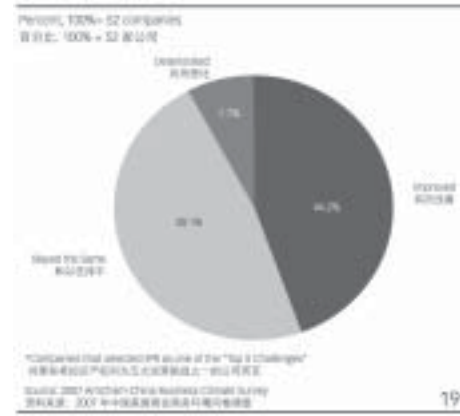
Many of these positive developments reflect China's ambitious plans to promote homegrown innovation. The Guideline for Planning Mid- and Long-Term National Science and Technology Development (the Technology Development Guidelines) was announced in January 2006 and referenced throughout the year in speeches by government officials and the nation's periodicals. This document will guide technology development in China over the next 10 to 15 years and U.S. companies in China are advised to be familiar with its contents to help their own corporate strategies achieve maximum benefit. In addition to this document, the State Intellectual Property Office (SIPO) issued its IPR work plan for 2007 which, unlike other PRC government work plans, names the specific SIPO office in charge of each task. In the first half of 2007, SIPO is expected to complete and begin implementing China's national IPR strategy that has been in the drafting process since 2005 under the direction of the Leading Group for National IP Strategy Formulation, which represents more than 20 PRC ministries and agencies.

A continued surge in application filings in China demonstrates that both Chinese and foreign companies are embracing these developments. The number of trademark filings in China has been higher than in any other country for several years, with estimates that there will be over 700,000 trademark applications filed in China in 2006. The World Intellectual Property Organization (WIPO) reported China had 173,327 invention patent filings in 2005, thereby making the Chinese patent office the third busiest after Japan and the United States. In 2006 the number of invention patent filings increased another 21 percent to reach 210,490 invention patent filings.

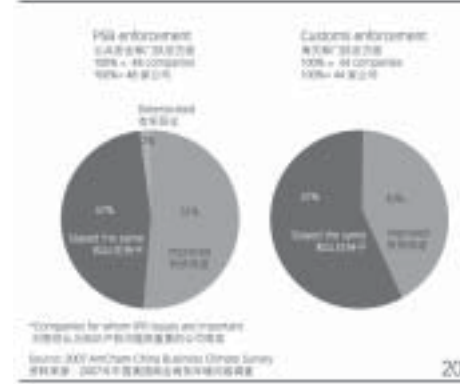
All of this activity by the Chinese Government did not go unnoticed by U.S. companies operating in China. For companies

that selected IPR infringement as a top-five business challenge, 44.2 percent of respondents to the 2007 AmCham- China Business Climate Survey indicated it had improved, 48.1 percent indicated it had stayed the same, and only 7.7 percent indicated it had deteriorated (Exhibit 19). For those companies experienced with public security enforcement of IPR, 51 percent indicated public security had improved; 47 percent indicated it had remained the same; and only 2 percent indicated it had deteriorated. Likewise, for those companies experienced with Chinese customs enforcement of IPR, 43 percent indicated customs IPR enforcement had improved; 57 percent indicated it had remained the same; and no company indicated it had deteriorated (Exhibit 20).

Perceived change of the IPR infringement problem in the past 3 years*



Level of satisfaction with cooperation from PRC officials in official action against IPR violations*

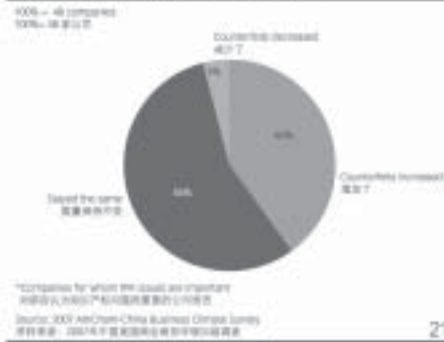


Continued increase in IPR infringement

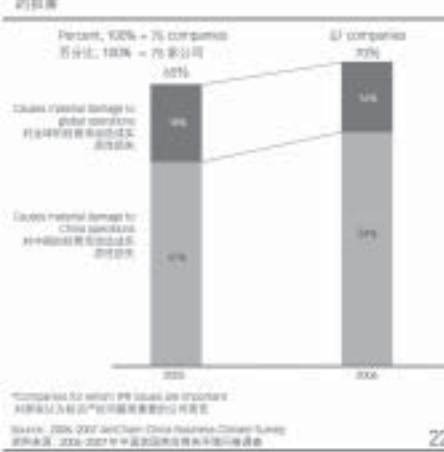
However, these positive developments do not provide the full picture of the IPR situation in China over the past year. Although it is clear more attention is being paid to IPR protection by the Chinese Government, the question remains as to whether this activity is enough to effectively lower counterfeit levels in the marketplace. The AmCham-China Business Climate Survey indicates that the present level of activity of the Chinese Government, although substantial, is either not enough or is not of the right kind. From those companies which indicated IPR infringement as a problem, 40 percent said the volume of counterfeit of their products produced in China increased; 56 percent indicated it stayed the same; and only 4 percent indicated the volume of counterfeits decreased (Exhibit 21). The survey also shows that material damage to China or global operations was felt by 70 percent of those companies where IP was important to their business (Exhibit 22).

These trends raise the question of how the level of counterfeits in China can continue to rise given the large quantity of anti-infringing activity undertaken by the Chinese

Changes in amount of counterfeits of their products*



Damage from China-originating counterfeits on global and China operations*



Government. For those companies taking administrative action, over half of respondents felt the result would offer little or no deterrence to infringers. For counterfeiters in China, the risk of seizures, fines or damages resulting from counterfeit activities appears to remain relatively inconsequential and can be factored in as a cost of doing business.

The Chinese Government has demonstrated they are capable and willing to take large-scale actions against IPR infringers. It remains to be seen whether present activity levels will be improved enough to enable the rising infringement tide to turn.

Criminal sanctions

While the number of criminal cases in China is increasing, the level is still not high enough to mark a decrease in the level of infringements. Many attribute this to the structure of China's legal system in which illegal activities must reach specified thresholds to be considered criminal; otherwise the matter is handled administratively without the threat of jail time. This results in counterfeiters structuring their operations to make it difficult to prove infringement above the minimum threshold values. For example, it requires RMB 50,000 of illegal business volume for trademark infringement to be considered a crime. Infringers are careful to manufacture and ship in quantities below that threshold.

Government officials maintain that their system is similar to the United States' system, where all IPR infringement is a crime, but specified thresholds separating misdemeanors from felonies still exist. However, there are important differences between the two systems which presently allow the U.S., unlike China, to have effective deterrence to IPR infringement. A counterfeit business usually breaks more than a single regulation. For example, trademark infringers commonly break Chinese tax laws, accounting regulations, shipping regulations, and quality standards in addition to any IPR violation. In the [United States], the prosecutor will consider the overall criminal activity of

the infringer and bring many individual counts against the criminal in a single action. This greatly increases the resulting fine and allows the prosecutor to accumulate as many counts as necessary to create effective deterrence. In China, however, organizational restraints or lack of communication between agencies results in the IPR case usually being handled by only one agency. The infringer receives no punishment for many other laws or regulations being broken under the jurisdiction of other Chinese agencies. China has the ability to only orchestrate enforcement at the criminal level through the procurator. China currently lacks coordination at the administrative level to match the coordination by the prosecutor at the misdemeanor level in the United States.

IPR complaint centers

In 2006, 50 Chinese cities set up complaint centers for reporting intellectual property infringements. The primary functions of the centers are to classify the complaints in terms of laws, regulations, and the responsibilities of relevant governmental departments, assign cases to relevant governmental departments according to the classification, and monitor the process in terms of feedback, and collecting, analyzing, and reporting relevant information.

It is too soon to determine the role the complaint centers will play. They are structured as information centers that merely pass along complaints to other departments and keep track of statistics. However, the complaint centers are encouraged to become proactive and not only assign, but coordinate cases among many different departments. This would help address the problem created by criminal thresholds mentioned above.

Copyright

On October 10, 2006 AmCham signed a Memorandum of Understanding with the Chaoyang District government in Beijing to create a Copyright Infringement-Free Zone. Through this government-industry initiative, AmCham member companies have helped promote public awareness of IPR. These members provided a tour of a U.S. software development center and a tour of a Beijing movie studio where a U.S. movie was being produced. They are also planning joint AmCham-Chaoyang programs to work with local retailers on the sale of legitimate products and to develop methods to effectively bring criminal cases against copyright infringers.

The 100-day Campaign against piracy was reported in the press to demonstrate the positive effect on the quantity of illegal material in some areas. However, if the campaign ceases, the quantity of illegal material will quickly rise again. Campaigns such as this should be ongoing until the problem is effectively brought under control.

Coordination between administrations is needed to create adequate deterrents to copyright infringements. For example, in the movie industry, many retail movie stores are fined on copyright infringement while illegally selling contents that are not approved and would otherwise be harshly dealt with by other administrative authorities. The result of the present disconnect between ad-

Standards

Following China's accession to the WTO, significant progress has been made in eliminating or reducing tariff and nontariff barriers to trade; however, there continue to be concerns related to standards, conformity assessment and technical regulations which China is developing as part of its overall industrial development and technical innovation policies. There are six general areas of concern which have been expressed by U.S. industry related to these policies in China.

The first is lack of Chinese interagency coordination on standards, conformity assessment and technical regulations. U.S. companies frequently report inconsistent, or even conflicting, policies and requirements among national level ministries, as well as from provincial and local-level officials. An example of this is in the area of diesel engine certification for on-highway trucks. Certification by both the National Development and Reform Commission (NDRC) and State Environmental Protection Administration (SEPA) is required, leading quite often to conflicting and duplicative testing requirements. Furthermore, when these inconsistencies and/or conflicting standards and regulations occur, there is not an effective process to resolve the issues between the conflicting agencies. U.S. companies find it very difficult to bring issues to upper-level decision makers in government organizations charged with the role of resolving issues between conflicting government agencies.

Second, there is a lack of transparency with respect to standards, conformity assessment and technical regulations. U.S. companies often encounter significant difficulty learning about current and proposed standards and technical regulations for the Chinese market. In some cases, U.S. companies do not learn of new or amended technical regulations until their shipments are held at Chinese customs. Under these circumstances, U.S. companies are unable to either anticipate changes or participate in the development of market-relevant standards and technical regulations. For example, while new standards approved by the General Administration for Quality Supervision, Inspection, and Quarantine (AQSIQ), Standards Administration of China (SAC) and China National Certification Administration (CNCA) are published via WTO notification procedures, technical regulations and notices published by ministry-level organizations such as by the Ministry of Communications, Ministry of Construction, NDRC, and SEPA are not. Technical regulations and notices have more of a direct impact on manufacturers than do new standards notices and would benefit from a broad-based industry review prior to publication.

The third area of concern is that China currently requires most certification and testing for regulatory compliance to be performed in China by Chinese laboratories and certification bodies (CBs). This requirement not only creates an unnecessary burden for a broad array of U.S. manufacturers exporting to China, but also denies market access to a key segment of the Chinese market for U.S. testing and certification services. Furthermore, repetitive testing to the same requirements for China brings no added value to the product or the customer; and in-country testing can be required at laboratories affiliated with local competitors, thus greatly increasing the risk of loss of intellectual property, by the manufacturer. Another critical concern on this requirement is that the lack

of qualified evaluation processes and the lack of transparency surrounding the testing methods used result in disparate treatment among competitors and leads to unfair competition.

Fourth, there is a lack of Chinese participation and investment in global standards processes. While SAC, China's official coordinator for standardization, is heavily invested in the International Standards Organization (ISO) and International Electrotechnical Commission (IEC) processes, other ministries and agencies are currently attempting to develop home-grown standards, particularly in the areas of computer software, telecommunications equipment, electronics, building and construction materials, and traffic safety materials and devices. Also, many standards and regulations call for prescription-based specifications, sometimes using an out-of-date or a no-longer-used technology, thus giving an unfair advantage to Chinese domestic manufacturers whose product meets the technical specification of the regulation, but may not be the best available product. The use of performance-based specifications and standards levels the playing field and allows market access for higher performing technologies sourced from outside of China.

Fifth, as China begins to take positive steps to protect its environment and the health and safety of its citizens, concern is mounting that specific environment, health, and safety (EHS) related requirements are being carried out in a nontransparent manner which may include technical requirements for which adequate details are not provided. A specific example of this is that while China did provide notification on the regulations regarding reduction of hazardous substances (RoHS), the notification was merely a "framework" and contained no specific details. China is technically in compliance with WTO rules in this regard, but more publicly available information on proposed technical regulations would enable stakeholders to work with Chinese authorities earlier in the process thereby ensuring smooth implementation.

The sixth and final area of concern is in the convergence of IP and standardization policies. As China revises its laws and policies relating to standardization, IP, and anti-monopoly, U.S. industry concern is mounting that converging policies could hinder U.S. organizations' ability to protect patented technology in the standardization process and, ultimately, to innovate and compete in the Chinese market. An example of this issue is the attempt to enforce patent pools for various technologies to which manufacturers are required to "contribute" their IP without significant compensation.

Imported products facing tougher inspections

The AQSIQ recently released a series of rules designed to tighten product quality supervision. These rules include The Regulations for the Administration of Cosmetic Labeling, The Regulations for the Administration of Food Labeling, The Regulations for the Administration of Food Recalls, The Regulations for the Administration of Children's Toy Recalls, The Measures for

IPR from Page 11

ministrations is that a large and lucrative market sector in the Chinese economy is retained exclusively for the infringers.

Trademark

IPR is an individual right whereby it is up to the right holders to enforce their own rights. However, this model breaks down in an environment of rampant infringement. Beijing's Silk Market is a local example which highlights this problem.

The Silk Market was an outdoor market near the U.S. Embassy and, as in New York City's Canal Street, was world renowned as a shopper's paradise for counterfeit products. In 2005, the market was torn down and a new five-story building opened with the announcement that no cheap pirated goods would be sold. When counterfeits continued, a consortium of famous brand owners adopted a new legal strategy and sued the owner of the market building as a contributor to infringement.

The Beijing No 2 Intermediate People's Court in December 2005 ruled against the market owner, who immediately appealed. Then, in April 2006, just four months later, the Beijing High People's Court upheld the previous ruling. The courts rapid decision showed their intention to crack down on counterfeiters. However, it appears counterfeits remain in the Silk Market. Even though this is a well-known infringement example that the government has been working hard to rectify, an effective deterrent has not yet been found.

Patent

The level of innovation within a country is directly tied to the level of patent protection that country provides its citizens. A high level of protection will allow innovation to develop naturally because its citizens can prosper from the innovation itself. However, in China, patent protection has been weak. Inventors and companies fear theft by infringers if they showcase their inventions through the public disclosure of patent applications, thus leaving them unable to raise funds to develop products. In many cases when companies develop products, they find they cannot compete against competitors

selling fake foreign products illegally at low prices.

There is rising concern from foreign patent owners that an increasing level of patent infringements will follow the increasing technical capability developed by Chinese manufacturers. However, it is to China's advantage if this is prevented. Infringement will not allow companies to recoup their investment in research and Chinese innovation will only occur with continual input of government funding. Without adequate patent protection, once government funding stops, innovation will be thwarted. The Chinese are drafting the third amendment to the Chinese Patent Law which provides China an excellent opportunity to improve this situation. AmCham members analyzed the first draft revisions released in July, 2006. The chamber commends the Chinese for including foreign entities in this legislation process.

On December 27, 2006 the second draft was completed. Some previous revisions which had strengthened the ability of the patent administrative department to enforce patents were weakened or removed. More surprising were articles making it more difficult for the healthcare and biotech sectors to innovate since these are two technologies prominent in China's Technology Development Guidelines. To enable technologies to successfully develop in China, there needs to be more protection, not less. The draft should be fully reviewed to identify and remove all revisions weakening patent protection.

The Internet

New regulations from the National Copyright Administration allow sites with illegal content to be removed from the Web. However, the number of Web sites with illegal content in China is expanding. Simply eliminating illegal content is not an effective deterrent since the same site can simply put the content back after a period of time, or the infringer can utilize a different online address. To be effective, a high-level channel should be established to receive complaints in cases where copyright laws are violated. ■

the Administration of Exit Quarantine Inspection of Aquatic Animal Products, and The Measures for the Administration of Verification of Quantities and Weights of Imported and Exported Goods. In addition to these new rules, the AQSIQ recently claimed to have quality problems with the U.S. shipments of wood packing, potato chips, soybeans, poultry, and medical devices. ■

References-September, 2007 U.S. DOC

all merger and acquisition (M&A) deals covered by the newly adopted Anti-Monopoly Law (AML). The agency's anti-monopoly office was set up in September 2004 and by the end of August, has reviewed more than 380 foreign-related M&A cases. ■

References-September, 2007 U.S. DOC

China adopts anti-monopoly law

China's legislature voted to adopt the nation's first Anti-Monopoly Law, which will take effect on August 1, 2008. The three key provisions of this regime are: that competition rules must comply with the socialist market economy; that operators can expand but not abuse market dominance; and that the state protects state-dominated sectors vital to national economy and security while supervising operators' behavior and pricing. Additionally, China's Ministry of Commerce (MOFCOM) has asserted its authority over

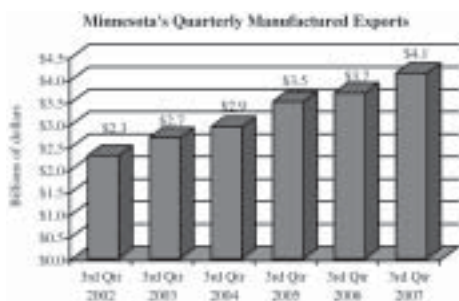
WTO Piracy investigations underway

The United States could get billions in patent fees from companies making illegal pirates of products in China as the WTO is investigating China's pirated product problem. Sheng Jianming, an expert with the Chinese International Economic Law Society, forecasts that it is possible the WTO will authorize the United States to levy patent fees on companies making illegal pirated products in China. The technical systems for some domestic banks come from overseas. Chinese companies could end up paying RMB100 billion per year to the United States. ■

References-September 27, 2007 SinoFile

Exports jump 11.7 percent in the third quarter

Minnesota's exports from manufacturing industries were valued at US\$4.1 billion in the third quarter of 2007 – a record high – and grew by 11.7 percent (or US\$432 million) between the third quarters of 2006 and 2007.



After an unusual slump in the second quarter, this strong growth in Minnesota's exports was welcome news. Exports to Canada and Russia gained the most in value, while exports to Thailand dropped the most in value. Transportation equipment and food products fueled the state's export growth trend, helping to offset slower growth in other large export industries.

Among Upper Midwest states, Minnesota ranked second in terms of dollar value and dollar growth in the third quarter, behind Wisconsin. U.S. export growth was slightly lower, at 10.9 percent, during this period.

Growth from Reliable Main Markets and from Emerging Markets

- Canada, the state's largest export partner and one of the most reliable sources of growth, increased its imports by 20 percent to US\$1.1 billion in the third quarter of 2007. Increased demand for transportation equipment (up 32 percent to US\$385 million) and food (up 31 percent to US\$128 million) were key areas of growth.

- State export growth to Germany, the United Kingdom and Mexico outpaced U.S. growth to these markets.

- The most notable changes in third quarter rankings among the state's 40 largest trading partners were Russia –ranked 8th, up from 38th in 2006 – and Thailand – ranked 19th, down from 10th in 2006.

- Minnesota businesses increased their sales to India (ranked 21st in the third quarter) by 27 percent to US\$34 million during this period.

Increased Sales of Transportation Equipment Drive Overall Export Growth

- Major segments of transportation equipment exports were land vehicles (e.g. cars, trucks, ATVs, snowmobiles), aerospace products (e.g. airplanes, satellites), marine equipment (ships, pleasure boats) and related parts.

- Increased sales of transportation equipment to Russia and Canada accounted for virtually all the export growth in these products and contributed about half of the growth in Minnesota's manufactured exports.

- The state's exports of aerospace products increased by US\$139 million and mainly consisted of parts for large airplanes to Russia, but also included parts for smaller airplanes to Brazil, United Kingdom and others.

- Exports of land vehicles increased by US\$90 million during this period and were mostly destined for Canada. Grow product segments were split between passenger vehicles (e.g. snowmobiles and ATVs) and trucks.

Data on Manufacturing Industries for Third Quarter 2007 – Published Nov. 2007

For More Information: Christopher Sprung (651-259-7170), Minnesota Trade Office

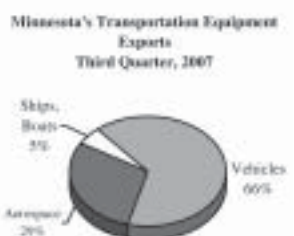
Minnesota Quarterly Export Statistics is the most current resource available for tracking the state's manufactured export trends and is prepared for the Minnesota Trade Office (MTO) by the Department of Employment and Economic Development's (DEED) Analysis and Evaluation Office (Thu-Mai Ho-Kim, 651-259-7180). Past issues may be viewed at www.exportminnesota.com/itrade-stats.htm and results from manufacturing conditions surveys are located at www.deed.state.mn.us/facts/manufacturing.htm on DEED's Web site.

Industry-level export data based on North American Industry Classification System industries (NAICS) are collected by the U.S. Department of Commerce (USDOC) and are distributed by the World Institute of Social and Economic Research (WISER). Product-level export data based on the Harmonized Tariff System (Schedule B) are collected by the USDOC and are distributed by the Global Trade Information Services. Product-level export data provide additional information and insights on the industry-level export data. ■

| Industry | Exports (millions) | 3 rd Qtr 2006 to 3 rd Qtr 2007 | Year-to-Date MN Change |
|-----------------------|--------------------|--|------------------------|
| Computers/Electronics | \$ 972 | 3.5% | -14.5% |
| Transportation Equip. | 704 | 47.1% | 19.2% |
| Machinery | 627 | -1.1% | 0.5% |
| Misc. (incl. Medical) | 435 | -4.3% | 16.9% |
| Food | 313 | 32.7% | 25.2% |
| Chemicals | 245 | 14.9% | 8.7% |
| Electrical Equipment | 158 | 10.0% | 5.0% |
| Paper | 145 | 7.6% | 2.0% |
| Fabricated Metals | 135 | 1.1% | 4.5% |
| Plastics, Rubber | 115 | 7.3% | 5.0% |
| Other | 272 | 20.0% | 27.4% |
| Total | \$ 4,124 | 11.7% | 3.9% |



| Harmonized Tariff System Industry | Exports (millions) | 3 rd Qtr 2006 to 3 rd Qtr 2007 | Value Change | Percent Change |
|-----------------------------------|--------------------|--|--------------|----------------|
| 84 Machinery | \$ 912 | \$ -3 | -0.4% | |
| 90 Optics, Medical Instruments | 757 | -117 | -15.7% | |
| 85 Electrical Machinery | 518 | 105 | 20.4% | |
| 87 Vehicles | 458 | 90 | 24.4% | |
| 39 Plastic | 224 | 18 | 8.5% | |
| 88 Aircraft/Spacecraft | 206 | 139 | 208.6% | |
| 30 Pharmaceutical Products | 99 | 6 | 6.7% | |
| 23 Food Waste, Animal Feed | 89 | 21 | 31.7% | |
| 73 Iron/Steel Products | 65 | 24 | 60.5% | |
| 48 Paper/Paperboard | 56 | 2 | 4.0% | |
| Total | 265 | 147 | 23.2% | |
| Total | \$ 4,124 | \$ 432 | 11.7% | |



UCBC: China logistics--shipping to, from and within china

There is much interest in the logistics of shipping to, from and within China as evidenced by the more than 60 registrations for the December meeting of U.S.-China Business Connections that was held at Minneapolis Community & Technical College in Minneapolis.

The meeting began with a 7:30 a.m. networking session, followed by formal business introductions at 8:00 a.m., and a continental breakfast with a presentation on the "China Logistics:

Shipping To, From and Within China" by Carol Brenner from Superior Freight Services and Kathleen Stadum from FedEx Services.

From small packages to large containers, Carol Brenner and Kathleen Stadum along with their teams presented and shared best practices on shipping products to, from and within China.

More information about these services is available at: <http://www.supftr.com> and <http://www.fedex.com>.

The January meeting of UCBC is scheduled for Jan. 9, 2007 and the topic will be "Investing in China's Stock Market."

UCBC is a non-profit organization providing an educational and networking forum for entrepreneurs and companies interested in developing business relationships with China. The organization consists of entrepreneurs, who either already been doing business in China or are looking for

business opportunities in China, and all with varying levels of knowledge and experience in China. www.ucbcgroup.org ■



December Speaker Carol Brenner from Superior Freight Services



December Speaker Kathleen Stadum from FedEx Services (middle)

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Books from Page 6

with laotongs, "old sames," in emotional matches that lasted throughout their lives. They painted letters on fans, embroidered messages on handkerchiefs, and composed stories, thereby reaching out of their isolation to share their hopes, dreams, and accomplishments.

With the arrival of a silk fan on which Snow Flower has composed for Lily a poem of introduction in nu shu, their friendship is sealed and they become "old sames" at the tender age of seven. As the years pass, through famine and rebellion, they reflect

upon their arranged marriages, loneliness, and the joys and tragedies of motherhood. The two find solace, developing a bond that keeps their spirits alive. But when a misunderstanding arises, their lifelong friendship suddenly threatens to tear apart.

Snow Flower and the Secret Fan is a brilliantly realistic journey back to an era of Chinese history that is as deeply moving as it is sorrowful. With the period detail and deep resonance of *Memoirs of a Geisha*, this lyrical and emotionally charged novel delves into one of the most mysterious of human relationships: female friendship. ■

| Country | Exports (millions) | 3 rd Qtr 2006 to 3 rd Qtr 2007 | Year-to-Date MN Change |
|--------------|--------------------|--|------------------------|
| Canada | \$ 1,339 | 20.5% | 16.8% |
| China | 297 | 3.5% | -10.9% |
| Germany | 213 | 35.5% | 17.3% |
| Japan | 106 | -14.3% | -12.0% |
| Ireland | 106 | -15.6% | 9.7% |
| U.K. | 177 | 18.3% | -2.4% |
| Mexico | 175 | 27.7% | 8.6% |
| Russia | 153 | 1841.6% | 743.6% |
| Netherlands | 151 | -8.4% | -24.7% |
| Korea | 134 | -10.5% | -6.7% |
| Other | 1,282 | 5.0% | 1.0% |
| Total | \$ 4,124 | 11.7% | 1.8% |

| Country | Industry | Exports (millions) | Value Change (millions) | Percent Change |
|---------|------------------|--------------------|-------------------------|----------------|
| Russia | Transport Equip. | \$ 140 | \$ 138 | 11410% |
| Canada | Transport Equip. | 185 | 94 | 32% |
| Germany | Computers, Elec. | 134 | 47 | 31% |
| Canada | Food | 128 | 30 | 21% |
| Canada | Chemicals | 45 | 19 | 20% |

An ancient city of trade hidden deep in the mountains

By Wen Shu, *China Today*

Hongjiang City is little known in modern times, but historically it was a key port and bustling trade center full of riches, spend-thrift lifestyles and opium dens. Located in a mountainous zone in the southern province of Hunan, Hongjiang's role as an important trade hub stretches back to antiquity. More than 3,000 years ago it lay on the trade route between China's interior and the Indian and Arabic Oceans, and the Red and Mediterranean Seas. During the Han and Tang dynasties, it was an important link on the Southwestern Old Silk Road, and in the Ming and Qing dynasties it was one of the first areas in China to see the seeds of capitalist commerce germinate. Despite its remote location, in the early 20th century the inhabitants of this small city enjoyed a luxurious lifestyle equal to that found in major metropolises like Shanghai and Nanjing. In 1920 electricity came to the town, telephones were introduced in 1929 and silent movies arrived in 1931. "At that time, we had everything Shanghai inhabitants had," says an official of the Hongjiang District Tourism Bureau, proudly recalling his city's past glories.

A Crucial Trade Junction

Hongjiang owed its prosperity to its position on the Yuanshui River, an important tributary of the Yangtze linking various big cities in south-central China, and Yunnan, Guizhou and Sichuan in southwestern China. Resources coming out of southwestern China, such as timber, herbal medicines and tung oil, had to change from the Yuanshui to Yangtze rivers here in order to reach Wuhan and Shanghai. Going the other way, commodities from Wuhan and Shanghai, such as cloth and foodstuffs, had to traverse the Yuanshui River to reach southwestern China, making Hongjiang a vital trade junction.

Standing on Litouzui Dock, one of the places from which this city developed, 76-year-old Ruan Mingyi points to a fishing boat hauling in a net and reminisces, "Sixty years ago this river was covered with rafts and trading boats, and every day was a scene of flourishing business." According to historical records, at its peak this city of less than four square kilometers had 48 docks. A merchant in the Qing Dynasty described Hongjiang as a "large town of thousands of households." Of the city's population of 36,700 people, 15,000 were traders.

Various support industries thrived in this prosperous center of commerce. Wang Tiande is a veteran worker who was employed by a local shipyard at age 17. After retiring, he continued to ply his trade, repairing boats for fishermen. "At that time, Hongjiang was famous for its shipbuilding," he recalls. "Before liberation in 1949, Hongjiang's wooden boats were the largest on the Yuan-shui River. Each vessel was as high as a five-story building. Several dozen of these boats could be found navigating the river at any given time, each one a self-contained floating village. It was a splendid scene."

Workers engaged in water transportation often worked onboard for one or two months at a time. Ships were fitted with all kinds of recreational facilities, such as musi-



A bird's-eye view of Hongjiang's yinzi dwellings.

One of Hongjiang's many ancient streets.

A Daoren (blade-shaped) house.

cal instruments, food and beverages, and gambling equipment. The boats' roofs were covered in soil and used for growing vegetables, as well as raising chickens and ducks.

Prosperity Built on Timber, Opium and Tung Oil

The three key commodities traded in Hongjiang before liberation were timber, tung oil and opium. Yang Peicheng, now in his late 60s, is the son of a timber merchant. He experienced the prosperity of the timber business in the early to mid-20th century. The image that has remained strongest in his mind is the sight of the rafts employed annually by his father to transport timber to Nanjing or Shanghai. Each raft comprised three to five tiers of tree trunks fastened together to form a floating platform 30 meters long and 7 meters wide. Yang Peicheng recalls, "When a Hongjiang merchant floated a train of rafts downstream, he usually hired more than 10 sailors. The two most important roles were the rafting manager and accountant. The former was responsible for hiring sailors, negotiating prices and commanding navigation, and the latter for arranging the sailors' provisions and checking the quality, length and specification of the timber." Yang Peicheng claims that at peak times, the river was so packed you could walk across the rafts from one bank to the other.

The activities of the ambitious Hongjiang merchants were not limited to the timber trade however. Other raw materials were processed to accumulate wealth, most notably tung oil, an excellent anti-rotting and anti-moth varnish for wooden houses, boats and farm tools. Since the Ming and Qing dynasties, shipyards in coastal provinces such as Jiangsu, Zhejiang, Fujian and Guangdong have needed a steady supply of the oil, and Hongjiang's large output and superior quality of its product ensured the commodity became central to the local economy. The oil was also exported abroad.

The third pillar of Hongjiang's economy prior to liberation was opium. Liu Huiwu, aged 79, is the son of Liu Yongtai, former owner of the Yongtai Trading Company. At one time Huiwu's father was the wealthiest person in Hongjiang. It is said dockers loaded opium onto the ships of the Liu family from six in the morning till dusk every day. The drug was traded for silver dollars, and according to local legend at nine o'clock each evening "The whole city could hear the sound of silver dollars being counted."

A fire in 1934 initiated the Liu family's decline, but it was the 10,000 silver dollar ransom paid when Huiwu's father was kidnapped by bandits that sealed their fate. The ransom triggered panic withdrawals from the family's private bank, dealing a fatal blow to the family business.

The Liu family's decline is indicative of a general trend in the city's fortunes. On the one hand, Hongjiang traders were hardworking and capable, on the other they sought extravagant and indulgent lifestyles. Opium was not only traded, but also consumed by many in the town. Hongjiang's opium dens were once famous in western Hunan, and many of the town's rich were addicts. One story has a local spending 2,000 silver dollars on an opium pipe. The government's banning of the opium trade was no doubt a heavy blow to them.

In more contemporary times, the massive expansion of China's highway and railway system has meant Hongjiang has lost its geographical advantage, and commerce has gradually declined.

Remains of the Ancient City

Hongjiang is a veritable museum of Ming and Qing dynasty architecture. As a commercial city, it features a distinct flexible and practical architectural style designed to accommodate both commercial and residential needs. Among the ancient buildings that have survived are 17 newspaper offices, 23 old-style banks, 34 schools, 48 drama stages, 50-odd brothels, 60 opium dens, 70 restaurants, 80 hostels, 100 workshops, 1,000 stores and 380 yinzi buildings.

Similar in style to siheyuan (compounds with houses around a square courtyard), yinzi buildings combine the features of southern Anhui residences and the stilt houses found along the Yuanshui River. They usually comprise two courtyards with two-story houses, although compounds featuring three courtyards with three-story buildings can also be found in the city. Third floors are generally linked by a bridge running north-south. The roofs of the houses slope towards the center, leaving a skylight to let in sunshine and fresh air.

Yinzi buildings are constructed of brick, stone and wood without a single iron nail, but they are nonetheless very solid structures. Practicality is emphasized in the design of doors, windows and the general layout. Buildings used by commercial firms, for instance, are mostly of the three-story variety. The first tall and spacious floor is

used for business quarters, the second is a warehouse, and the third is a residential space.

Hongjiang's grandest buildings are undoubtedly its guildhalls. Taiping Palace (Baoqing Guildhall), for example, features a magnificent archway carved from a single piece of rock. In the late Ming and early Qing dynasties, merchants from all over the country sought to safeguard their common interests and promote friendship by building guildhalls in Hongjiang. This trend reached its zenith in the 1920s and 1930s, when nearly 130 guildhalls were built, receiving merchants from more than 20 provinces. According to one local elder, Guizhou Guildhall was the most luxurious. The hall still stands, its pillars made from single pieces of rock and the gate tower exquisitely decorated with carved dragons and painted phoenixes.

The City Today

Nowadays Hongjiang has more than 2,000 households. Most of the town's young adults have gone to other parts of the country to make money, leaving the elderly and very young at home.

Dong Hongmei, aged 59, is the daughter of a former dock owner, while her husband Yang Yun is the son of an erstwhile timber trader. They live in a yinzi building in the ancient city. The couple now operate a ferryboat belonging to a shipping company. They take turns at the prow pushing a long pole to help propel the vessel through the water, while their younger son Yang Mingye mans the boat's wheel. Dong Hongmei says most of her passengers are farmers who go to urban areas to sell vegetables. She charges them one yuan each for a round trip. A moored cement boat is used as a waiting room.

Their older son, with aid from his parents, invested RMB 120,000 in the construction of a big boat to transport timber from Hongjiang to Jiangsu and Zhejiang, and bring commodities back to Xiangtan on the return journey. Yang Yun says that since childhood life on the water has not been easy, but he believes one must learn to endure. While his elder son followed him into the shipping business at an early age, Yang Yun is determined to send his grandchildren to university at any cost, since the riverine shipping business is declining daily.

In another part of the town, Mr. Nie, the current host of the Gao Family Academy, runs a small inn. He never promotes the business, only receiving guests introduced by his friends. In old times, the descendants of the Gao clan attended classes here in a family-run school. Two rooms on either side of the first floor sitting room are used to accommodate guests; on the second floor are the host's living quarters. The guest rooms are four meters tall from floor to ceiling and the windows small. Along the walls are neatly arranged pieces of old furniture, and on the big bed hangs a mosquito net. The bedding is clean and tidy, the ornaments and decorations exude historical dignity. It is a soothing and nostalgic place.

Mr. Nie and his wife reside in this house, but their children are working in other parts of the country. A hospitable host, Mr. Nie often shows his guests around the town and

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Get ready for Yao and Yi

By Jennifer Nordin, Staff Writer



Yi Jian Lian



Yao Ming

Yao Ming and the Houston Rockets will face the Timberwolves twice this season. The first game will be played at the Toyota Center in Houston on Thursday, Jan. 11 and the second match up will take place at the Target Center on Monday, Feb. 4 just before Chinese New Year. As usual, this will be a great opportunity for local Yao fans to see him in action. Even more exciting, especially to basketball fans in China, will be the Feb. 2 game when Yao and the Rockets play at Milwaukee against the Bucks and their new Chinese basketball phenom Yi Jian Lian.

Yao and Yi

Yao Ming, five-time NBA All-Star, 7'6" center, was the No. 1 overall pick in the 2002 NBA Draft. Five years later, Yi Jian Lian, 6'11" forward was the no. 6 pick in the first round of the 2007 NBA Draft. Already Yi is being compared to Yao and there has been speculation that Yi will surpass Yao in the future.

Yi Jian Lian played for the Guangdong Southern Tigers in China. He was named 2003 CBA Rookie of the Year. He competed in the Chinese Basketball Association (CBA) Finals for the past five years, and won titles in 2004, 2005 and 2006. Yi played for the Chinese National Team at the 2004 Olympics and the 2006 FIBA World Championships.

In the 2006-2007 season Yi averaged 24.9 points, 11.5 rebounds and 1.8 blocks in 30.7 minutes per game in the CBA for Guangdong. In the 2005-2006 season Yi averaged 20.5 points, 9.7 rebounds and 1.3 blocks per game. In 2004-2003, he averaged 16.8 points, 10.2 rebounds and 1.4 blocks per game. In his rookie season 2002-2003 he averaged 9.7 points and 1.9 rebounds in seven minutes per game.

Yi's Draft 2007 profile on NBA.com identifies his strengths as follows: "An athletic power forward with excellent quickness and jumping ability. Has a good mid-range jumper and a nice drop step in the low post. Has very good hands. Showed improved assertiveness this past season.

The first match up between the Rockets and Bucks on Nov. 9 and was viewed with much excitement by an estimated 100- to 200-million viewers in China. The game was

broadcast on China Central Television sports channels, 13 other TV stations and three Web sites according to NBA China. The score was Rockets 104, Bucks 88; Yao 28, Yi 19.

When asked to comment on 20-year-old rookie forward Yi, Yao, 27, said "His talent is unbelievable. You ask me how good he can be? I can't say that. But I think he'll be better than me." That may be the case one day, but Yao is still on top.

At the momentous occasion, Yao and Yi did their best to focus on the game and not the fact that this was a huge event in China. However, the duo did take time for a mid-court photo opportunity more than an hour before the game. About 24 photographers were present, mostly Chinese. During the game, both kept the focus on basketball.

"I wasn't thinking of it in terms of Yi or Yao. It was the Rockets against the Bucks. I was concerned about the game," said Yi.

The Houston Rockets capitalized on the presence of the Chinese media by announcing its partnership with Anta, a Chinese shoe company.

Despite the fact that both Yao and Yi keep their focus on the game of basketball, or the fact that they will be most concerned about how their teams perform, for some time to come, each game of the Rockets versus the Bucks will be analyzed not only on a team level but also as Yao vs. Yi. No matter the future success of Yi, it will be acknowledged that Yao opened the doors for Chinese basketball players in the NBA.

Minnesota Timberwolves and Milwaukee Bucks

The Timberwolves have already faced Yi and the Milwaukee Bucks three times. The first two meetings were in the preseason. The Timberwolves lost the Oct. 20 game 97-106 with Yi scoring 15 points. The second game, the Timberwolves won 106-85 on Oct. 26. Yi scored 13 points in that game.

Most recently, the Timberwolves played at the Bucks on Dec. 15. Yi scored 22 points for the Bucks and the Timberwolves lost 92-95. The Timberwolves will play Yi and the Bucks in the final game of the season on April 16. ■

Chinese fans get coaching for Olympics

Punching the air with a pair of inflated yellow batons, Lu Xiaoping waves, cheers and chants her way through a two-hour coaching session aimed at preparing Chinese fans for the 2008 Beijing Olympics.

In China, coaching is not just reserved for athletes -- thousands of ordinary people are being drilled on how to act and react during the Games.

Lu, a junior manager at a dairy company in Beijing's eastern suburbs, came away from the cheer squad session attended by 200 co-workers feeling satisfied that she would be a better supporter because of it.

"Actually I learned a lot about how to cheer," said the 26-year-old.

"Because of this program, I also think that China's spectators will behave better."

With the eyes of the world on Beijing during the Games, China's government wants no repetition of the kind of conduct that marred the 2004 Asian Cup here when Chinese fans ran riot after their team lost to Japan in the final.

Nor do they want to display the behavior seen in China's professional sports leagues where basketball and football fans routinely chant obscenities and curse the opposition.

"We win, we cheer; you win, we boo -- that's not right," said Zhai Yue, a veteran sports journalist who introduced the office workers to the rules of individual sports such as tennis and informed them when to cheer and when to be quiet.

He said Chinese Olympic fans should aim to emulate the Red Devils of South Korea, those red-shirted, painted-faced football fans whose enthusiastic support helped their team reach the semi-finals of the 2002 football World Cup which South Korea co-hosted with Japan.

Zhai was the warm-up act for the star of the show -- cheer squad coach Li Jinglan.

The former physical education teacher tried to bring the best out of the dark-suited and reserved group of workers slouching in their seats in the company's conference room.

"Sit up, straighten your backs," she shouted, scolding, cajoling and encouraging the audience to get into the Olympic spirit of cheering madly for China.

"You on the left, that's not good enough, I can't hear you ...," she said, urging the poker-faced crowd to chant 'Go, China, Go' with more gusto.

Patiently she steers the captive audience through ever more complex cheering routines that involve rhythmic banging of the inflated yellow batons and twirling of yellow silk scarves.

Li, in her 30s, rejects the notion that top-down cheer-squad training somehow runs counter to the notion of fun and spontane-

ity in the sports arena.

"This is just training ... they don't have to use these slogans or the same moves. Just as long as they behave well in front of the whole world," she said.

Guidance on how to behave is important, she said, because the Olympic Games are so far removed from everyday reality for Chinese people.

Sport in general is undeveloped here. Outside the elite schools that train top athletes, few Chinese take part in sport and only a limited number among the country's vast population of 1.3 billion find the time, money or opportunity to become sports fans.

"What we do is a way of getting them involved," she said. "China only started competing in the Olympics in 1984 so our general knowledge is a bit shallow."

Li is one of a team of coaches working for the Beijing Federation of Trade Unions, which runs cheer squad sessions at firms in the capital almost every day.

"We are reaching hundreds of thousands of people, eventually perhaps more than a million," said Wang Bing, from the public relations department of the federation.

The cheer squad campaign ties in with a massive "civilizing" effort by the Chinese government to change traditional behavior ahead of the Olympics, eliminating stubborn bad habits such as spitting, littering and queue jumping.

State-run newspapers, radio and TV stations run regular items telling Beijingers what to expect and how to behave during the Games in a propaganda drive reminiscent of the mass campaigns favored by China's communist rulers in the past.

The effort is partly aimed at rooting out bad conduct and also drumming up grass roots enthusiasm for the Games, according to a top Olympic official.

"Firstly they (the people) should be enthusiastic -- we want to encourage people to show up at the venues," said Liu Jingmin, a vice president of the Beijing Olympic organizing committee and also vice mayor of Beijing.

"Secondly, we want them to be good spectators who know the rules ... and thirdly we would like to cultivate good behavior. If athletes perform well, we want fans to applaud them, no matter where they come from." ■

Source: AFP/Sina.com

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introduces the local folklore. He also invites guests to dinner parties. He says he runs his small inn not to make money, but for the pleasure of playing the host. "If you come here during Spring Festival, every family will treat you as their guest," says Mr. Nie. Visitors can go door-to-door receiving treats and enjoying the special atmosphere of what was once one of China's busiest ports. ■

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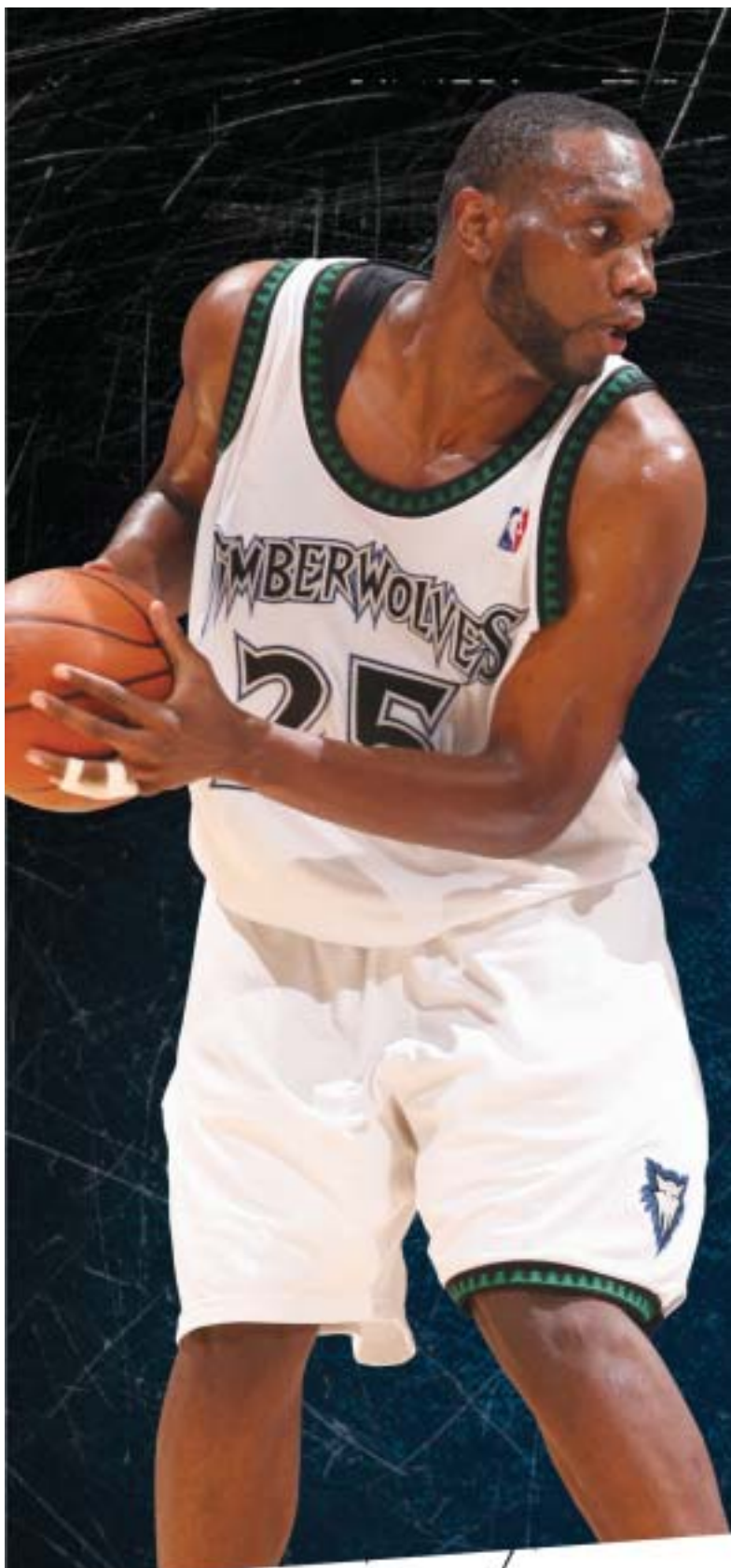
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