

Xi's visit highlights China's new Middle East role



Chinese President Xi Jinping (L) is awarded with Abdulaziz Medal by Saudi King Salman bin Abdulaziz Al Saud after their talks in Riyadh, Saudi Arabia, Jan. 19.

The five-day Middle East visit of Saudi Arabia, Egypt and Iran by Xi Jinping, general secretary of the Communist Party of China (CPC) Central Committee and Chinese president, produced a broad consensus and a slew of cooperation agreements to deepen constructive engagement with the crisis-bound region.

It adds depth to Xi's global footprint and more links in China's westward opening strategy and desire for partners in the Middle East.

Upgrade relations

Saudi Arabia became the first Arab country Xi visited in his presidential capacity. It was also the first visit by China's head of state in seven years. In honor of the occasion, Saudi Arabia sent four fighter jets to escort the presidential plane when it entered the country's airspace.

Xi and Saudi King Salman bin Abdulaziz Al Saud agreed to elevate bilateral ties to a comprehensive strategic partnership, with the establishment of a high-level committee to guide and coordinate bilateral cooperation.

The visit to Egypt was the first by a Chinese head of state in 12 years. The two sides are celebrating the 60th anniversary of the establishment of their diplomatic ties in 2016.

In a gesture of hospitality, Egyptian President Abdel-Fattah al-Sisi sent eight fighter jets to escort Xi's plane when it entered the Arab country's airspace. The president himself was also at the airport to receive Xi. The two sides signed a five-year outline document to further advance their relationship and boost cooperation.

Meanwhile, China and Iran agreed to elevate their ties to a comprehensive strategic partnership, boosting cooperation on all fronts and carrying forward a millennia-old friendship. An annual meeting mechanism between their foreign ministers will be set up as a part of the efforts to deepen mutual strategic trust.



Egyptian students display their Chinese calligraphy at the Chinese book promotion week in Cairo, Egypt, Jan. 19.

Consensus on a broad range of issues was achieved during Xi's visit to Iran, the first in 14 years by a Chinese head of state. It comes soon after the Iranian nuclear issue was resolved in which China played a constructive role in the lead-up negotiations.

Regional organizations, including the Organization of Islamic Cooperation (OIC), the Cooperation Council for the Arab States of the Gulf (GCC) and the Arab League (AL), have also voiced their readiness to cement mutual trust and broaden win-win cooperation with China.

"This is Xi's first overseas visit this year, which not only shows the close relations between China and these countries, but is also manifest of China's attitude toward helping create an atmosphere of peace in the Middle East," said Han Fangming, deputy director of the Foreign Affairs Committee of the Chinese People's Political Consultative Conference and chairman of the Charhar Institute.

Enhance cooperation

The Belt and Road Initiative, an ambitious vision comprising the Silk Road Economic Belt and the 21st Century Maritime Silk Road, continually gained more support and popularity during Xi's tour.

The initiative is by no means China's solo performance, but a symphony of all the countries along the routes, as President Xi has often reiterated. Saudi Arabia, Egypt and Iran, given their unique geographical locations and rich historical connections with China, are natural partners for carrying out the initiative.

Xi and the leaders of the three nations agreed to align their national development blueprints and pursue mutually beneficial cooperation under the framework of the initiative.

China and Saudi Arabia signed a memorandum of understanding on industrial capacity cooperation, as well as a slew of cooperation deals covering sectors such as energy, communications, environment, culture,

aerospace, and science and technology.

When meeting with the head of the GCC, Xi said China was willing to carry out energy cooperation with the GCC countries and be a long-term, stable and reliable energy market for the six-member bloc. The two sides also plan to conclude a comprehensive free trade agreement (FTA) within 2016.

In Egypt, Xi proposed that the two countries work together to build the Arab nation into a pivot of the Belt and Road. He suggested China and Egypt align their development strategies and visions and focus on cooperation on infrastructure construction and industrial capacity.

The two countries will also boost their cooperation in security, science and technology, culture, environmental protection, agriculture, energy, medicine and law-enforcement domains as well as global and regional affairs. Xi urged new patterns in financial cooperation through collaboration in the China-initiated Asian Infrastructure Investment Bank.

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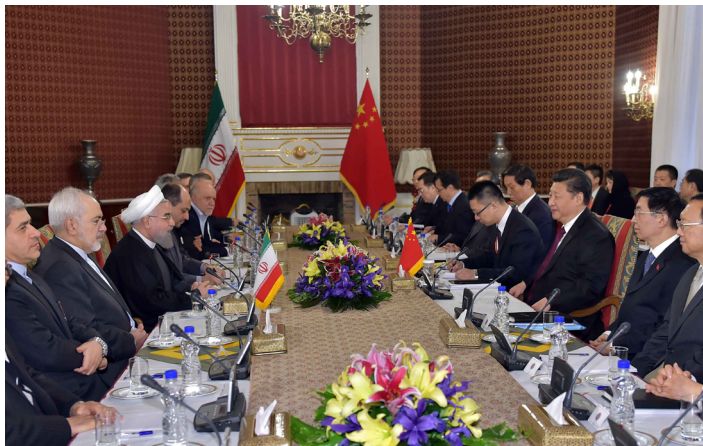
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Chinese President Xi Jinping (3rd R) holds talks with Iranian President Hassan Rouhani (3rd L) in Tehran, Iran, Jan. 23.

Promote development, security

The Middle East has been haunted by persistent turbulence and bloodshed that have claimed hundreds of thousands of lives and displaced many others.

Speaking at the Cairo-based Arab League headquarters, Xi stressed that the key to resolving differences is to enhance dialogue, while the key to overcoming difficulties is to promote development, and the key to choosing the right path is ensuring it suits the national conditions.

He unveiled a number of moves to improve livelihood, fight terrorism and promote regional development.

China will pledge 50 million yuan (US\$7.53 million) to help improve the lives of the Palestinians and 230 million yuan (US\$35 million) for Syria, Jordan, Lebanon, Libya and Yemen as humanitarian assistance.

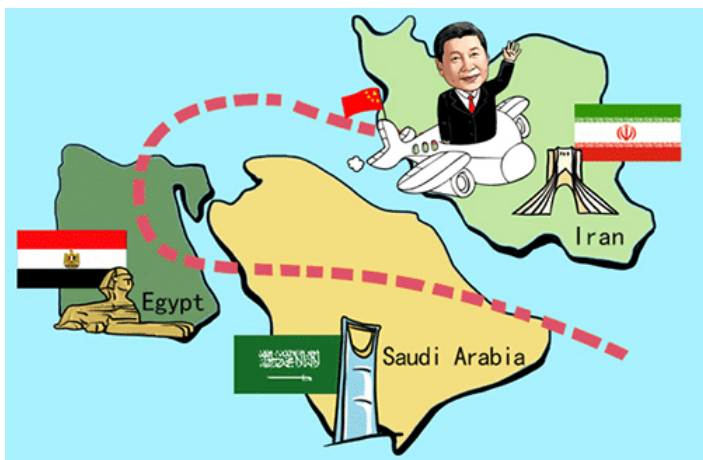
It also wants to promote Middle East industrialization. To achieve that goal, China will promote a number of loan programs, including a US\$15 billion exclusive loan, a US\$10 billion business lending, and US\$10 billion in concessional loans so as to facilitate industrial capacity cooperation between China and the regional countries.

Meanwhile, China also prepares to work with the United Arab Emirates and Qatar to set up a common investment fund worth US\$20 billion that focuses on traditional sources of energy in the Middle East, infrastructure, and high-end manufacturing.

President Xi also offered US\$300 million for law enforcement cooperation and police training so as to help build up the abilities of the regional countries to maintain stability.

Prior to the presidential visit, China issued its first official Middle East Policy Paper, voicing hopes to bolster traditional friendly ties and all-round cooperation.

"China, as an important nation with no unfortunate historical baggage, is well placed to exercise a positive influence, and the world will be grateful for any resulting advances," wrote Tim Collard, a columnist with China.org.cn.



Top leaders pay New Year visit to Chongqing and Shanxi



President Xi Jinping (L) inspects Guoyuan Port in the Liangjiang New Area of southwest China's Chongqing on January 4, his first workday of the New Year.

Xi Jinping, general secretary of the Communist Party of China (CPC) Central Committee and Chinese president, and Premier Li Keqiang have paid their first inspection visits in 2016 to Chongqing Municipality from January 4-6 and Shanxi Province from January 4-5 respectively. New Year inspection tours by senior leaders are routine in China, usually setting the tone for the rest of the year.

Chongqing is a fast-developing municipality directly overseen by the central government, whereas Shanxi ranks among areas with the slowest GDP growth rate. The leaders' visits indicate a governmental emphasis in 2016 on nurturing important economic growth points while pushing forward overall national economic upgrading.

In Chongqing, President Xi urged local government to build the city into an international logistics hub in the hinterland and a leading inland open economy, taking advantage of its roles as the start point of the developing transcontinental railway to Europe.

He also urged Chongqing to protect the Three Gorges Reservoir and the Yangtze River that runs through the city, saying both are crucial to the long-term development of Chongqing as well as the whole nation.

At Guoyuan Port, a modern transportation hub under construction, he said the Belt and Road Initiative provide a bigger platform for Chongqing

to "go global" while the development of the Yangtze River Economic Belt will help the metropolis better integrate with central and eastern regions.

At Chongqing BOE Optoelectronic Technology Co, a branch of China's display manufacturing giant BOE, the President said that "top priority should be placed on innovation", an area in which he expects major progress.

The economy of Chongqing grew by 10.9 percent in 2014. The figure was even higher in 2015, reaching 11 percent. In contrast, the 2015 national GDP growth rate stood at 6.9 percent.

While President Xi was visiting Chongqing, Premier Li headed for Shanxi Province.

Among the 34 provinces, municipalities and autonomous regions in China, Shanxi, along with the northeastern provinces of Liaoning, Jilin and Heilongjiang, has the lowest economic growth rate.

In the first half of 2015, its economy grew by 2.7 percent, only 0.1 percent higher than that of Liaoning Province in last place.

Li encouraged Shanxi to reduce its dependence on natural resources and switch to human capital. "China should make unyielding efforts for restructuring by eliminating outdated capacity and forbidding the construction of any new capacity," he said.

After visiting Taiyuan Iron and Steel Group, a world-leading stainless steel producer, Li said the steel sector is suffering badly from over-production and flagging demand. Companies should take pains in enhancing technology, quality and management to expand the country's effective supply with more quality products.

In a coal mine of Xishan Coal Electricity Group, Li took a tramcar more than 300 meters underground to talk with miners and check the company's safety conditions. Mines should take the initiative in reducing output while helping laid-off workers find new jobs, the premier said.

Li also visited a technology park in Taiyuan housing more than 200 high-tech companies, declaring that, "China has huge market potential and bright prospects; growth impetus from innovation will create new jobs."

Besides economic development, improving people's livelihood is also a top priority for state leaders.

In Chongqing, President Xi stressed the fruits of the country's reform and development should be shared by everyone, and urged "precision" in poverty relief, with measures tailored to different local situations and groups.

In Shanxi, Premier Li went to a shantytown that will be renovated into affordable apartment buildings this year. He urged local governments to lessen people's waiting times before moving into the new buildings.



Premier Li Keqiang talks to miners before entering the 300-meter-deep Guandi Coal Mine in Taiyuan, Shanxi Province. He praised their hard work, saying the miners are "not only the backbone of Shanxi, but also the backbone of China."

Economic growth dips, yet structure improves



Warm current

China's economy expanded by 6.9 percent in 2015, down from the 7.3 percent in 2014 and recording the slowest annual growth in 25 years, according to data released by the National Bureau of Statistics (NBS) on Jan. 19.

Growth in the fourth quarter stood at 6.8 percent year-on-year, the lowest quarterly rate since the global financial crisis in 2008.

However, the NBS believes that the economy still "ran within a reasonable range" in 2015, with its structure further optimized, upgrading accelerated, new growth drivers strengthened and people's lives improved. The government had previously set the official growth target at 7 percent for the year.

Robust service shows landmark improvement in structure

China's economic structure continued to improve last year.

The service sector, for the first time, contributed more than a half of total gross domestic product (GDP) growth (50.5 percent), suggesting deepened restructuring of the national growth model.

"Rising contributions from the service sector to GDP are a natural consequence of a country's economic development after entering the late stage of industrialization," said an NBS official, stressing government efforts in the process.

The structure of demand was also improved. Expenditure from consumption contributed 66.4

percent of GDP, up by 15.6 percentage points than the previous year.

The Chinese government has gone all out to promote the service sector, hoping it will replace polluting and energy-intensive industries to become a new economic engine.

In his government work report last March, Chinese Premier Li Keqiang said China will accelerate the development of the service sector, whose great growth potential could create a huge number of jobs.

Support in the shape of fiscal, taxation, land and price policies must be implemented to stimulate the development of tourism, health care, elder care and design, said Li.

As part of the government efforts, China opened up its service sector wider to overseas investors last year by relaxing a number of investment restrictions.

President Xi Jinping reiterated the importance of the service sector at a symposium attended by ministers and provincial officials on January 18.

Rising 'world market' with impressive trade volume

Although China's imports and exports fell seven percent year-on-year in 2015, the total trade volume still reached US\$3.7 trillion, with an increase in imports of major commodities. China is expected to remain the world's largest exporter and the second largest importer. Falling prices of major commodities on the international market

had obvious impact, however.

The country's 13th Five-Year Plan (2016-20) will be adopted later this year, featuring relaxation of the population policy to allow a second child; combined with pressure on real estate developers to lower housing prices to create more infrastructure development, this will continuously consolidate the demographic dividend and market size, apart from expanding demand for imported raw materials.

Amid structural optimization, technological and industrial upgrading is accelerating, while consumption is expanding, all leading to larger demand for imports. Last year, total retail sales of consumer goods in China reached US\$4.6 trillion, in which imported items accounted for some US\$160 billion.

World's center of suppliers with optimized structure

Being the world's largest exporter and manufacturing center, Chinese exports range from clothes to solar panels, meeting international needs. Last year, the growth of China's export outpaced the global average as well as individual major economies.

Chinese exports now feature an increasingly optimized structure in terms of variety. Last year, machinery exports increased by 1.2 percent year on year, accounting for a slightly larger percentage in the country's total export volume. Made-in-China railway and electric power facilities were welcomed in many countries, including European countries and the United States.

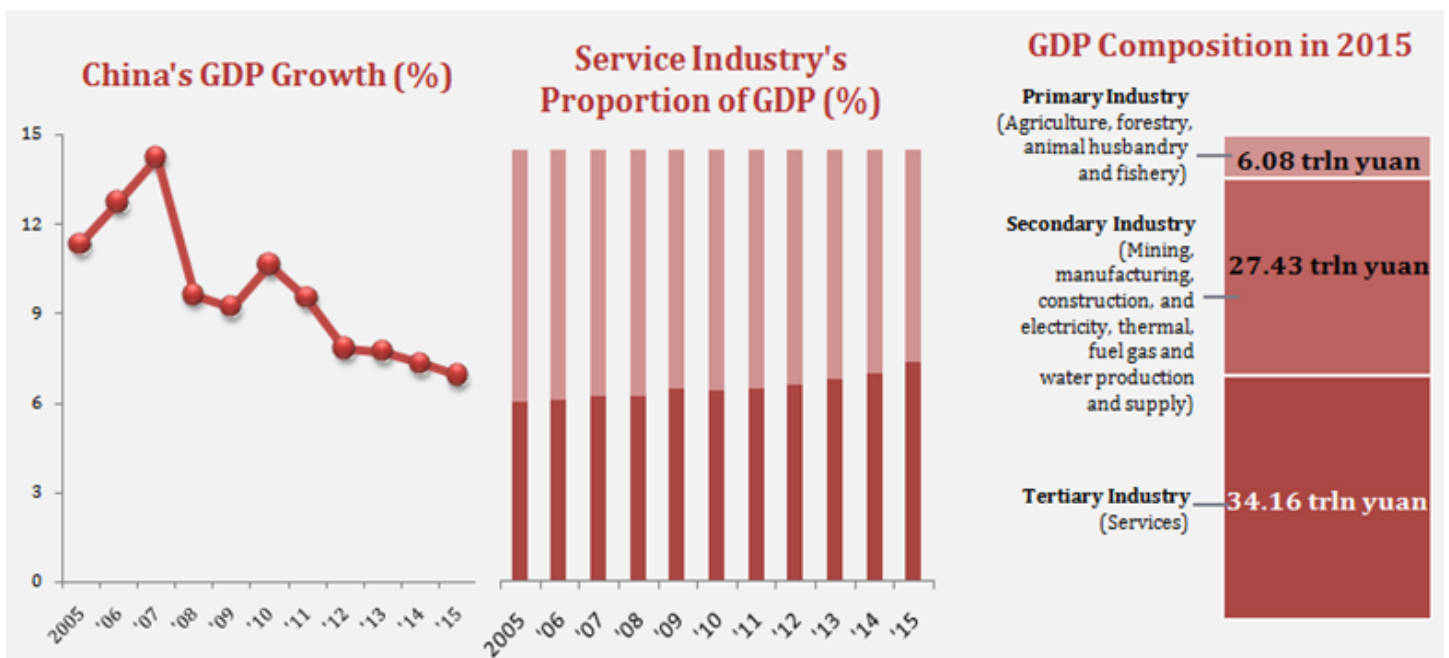
Locomotive of the world's economic growth despite transformation

Despite the slowing economic growth rate, IMF data shows China still contributed 35 percent of global economic growth in the past five years, a figure expected to stay at 30 percent until 2020. Although China is the second largest economy in the world, its per-capita GDP is only one-fifth that of the United States, which offers much growth potential to continuously fuel world economic recovery.

The country's GDP was up by US\$648.5 billion from the year before, higher than the US\$470 billion of the U.S. and the US\$110 billion of India.

China would certainly continue to play the role as the locomotive of the world's economic growth, said Zhang Liquan, a research fellow at the Development Research Center under the State Council.

That China's economy is vital to the world is evident from the global attention it receives, said Associated Professor Zhu Andong of Tsinghua University, reflecting the close links that now exist with the world that didn't exist before.



The ‘grape’ Party chief



Zhang Xia (L) harvests grapes with local farmers in Zhongfang County of Huaihua City, Hunan Province during an inspection tour in 2012.

“When you grow one mu (666 square meters) of grapes, you will shake off poverty. When you grow two mu (1,333.33 square meters) of grapes, you will lead an affluent life.” This is a popular saying in Zhongfang County, central China’s Hunan Province. Thanks to the policies made by the county committee of the Communist Party of China (CPC), local people have achieved success in poverty reduction and economic development.

Zhang Xia, a member of the Dong ethnic group who was born in 1973, served as the county’s Party chief between 2011 and 2015. It was by her suggestion that local people engage in large-scale grape cultivation, and Zhang was nicknamed the “grape Party chief.”

Zhongfang County has a long history of growing grapes. However, before Zhang took office there, no one had thought of integrating the previous scattered farming business into a large-scale industry. When Zhang arrived in the county, she studied all the policies made by the previous Party committees and carried out a thorough investigation into the county’s conditions. After learning what the county needed and what it had, she proposed that the agricultural industry should be prioritized, that modern methods should be used in grape cultivation and marketing, and that the development of secondary and tertiary industries should be based on grape cultivation.

Thanks to Zhang’s accurate analysis, Zhongfang County now has 45,000 mu (30 square kilometers) of grape gardens, which brought an additional income of 320 million yuan (US\$48.64 million) to some 20,000 local farmers. In 2015, the normal market price per 500 grams of grapes was 2 yuan (US\$0.3). A farmer in the county could make at least 8,000 yuan (US\$1,216) a year with one mu of grapes. In China, the poverty threshold is 2,300 yuan (US\$349.6) a year and growing grapes can rid them of poverty and help them live a prosperous life.

As Zhongfang County became increasingly famous nationwide for growing grapes, local people began to develop the wine industry as suggested by Zhang. They managed to produce a number of outstanding wines and attract large investments. In 2015, the county government signed a contract with Hailian Group to build a high-end winery. A grape research center was also established in the county.

The grape cultivation and wine production business also boosted the development of tourism. In June 2015, Zhongfang County’s grape valley became a national AAA level scenic spot and attracted more than 100,000 tourists a year.

“I believed that as long as we choose the correct kind of leading industry, the people will find a way to get rich,” Zhang said. In June 2015, Zhang was honored as one of China’s best county-level Party chiefs. In September 2015, she became the vice mayor of Huaihua City.

Before Zhang left Zhongfang County, she made another proposal concerning local development, advising the county to utilize its geographic advantage as it is located at the border region of five provinces. “In addition to promoting local tourism, Zhongfang needs to become a transportation hub that connects all the scenic spots in southwest China,” she said.

In September 2015, the Zhongfang County government cooperated with the local railway department and launched a special tourism route connecting the county with the provincial capital of Changsha with high-speed trains. Thanks to Zhang’s policies, the county’s tourism and economic development reached new heights.

Getting to Know CHINA through KEYWORDS

China’s int’l responsibilities and obligations:

As a major developing country, China has its share of responsibilities and roles in int’l affairs.

[More>>](#)

Basic line of CPC:

The basic line of the CPC in the primary stage of socialism is to lead the Chinese people of all ethnic groups in a concerted, self-reliant and pioneering effort to turn China into a modern socialist country.

[More>>](#)

Major events in January

Jan.7: Premier Li calls for nuclear energy cooperation with UK

Keywords: Li Keqiang, Philip Hammond, nuclear

Premier Li met with British Foreign Secretary Philip Hammond in Beijing. He said China is willing to maintain a high level of exchanges with the UK.

Jan. 11: China reshuffles military headquarters

Keywords: military, reshuffle

China has reorganized its four military headquarters – staff, politics, logistics and armaments – into 15 new agencies under the Central Military Commission.

Jan. 16: AIIB opening ceremony held in Beijing

Keyword: AIIB

The opening ceremony of the Asian Infrastructure Investment Bank (AIIB) was launched in Beijing.

Jan. 22: China, Germany pledge better ties, cooperation on Syria

Keywords: Li Keqiang, Syria, Germany, Merkel

Chinese Premier Li Keqiang held a telephone conversation with German Chancellor Angela Merkel on further strengthening bilateral ties and seeking solutions to the ongoing Syrian crisis.

Jan. 25: 54,000 officials probed for graft, negligence in 2015

Keywords: Wang Qishan, corruption

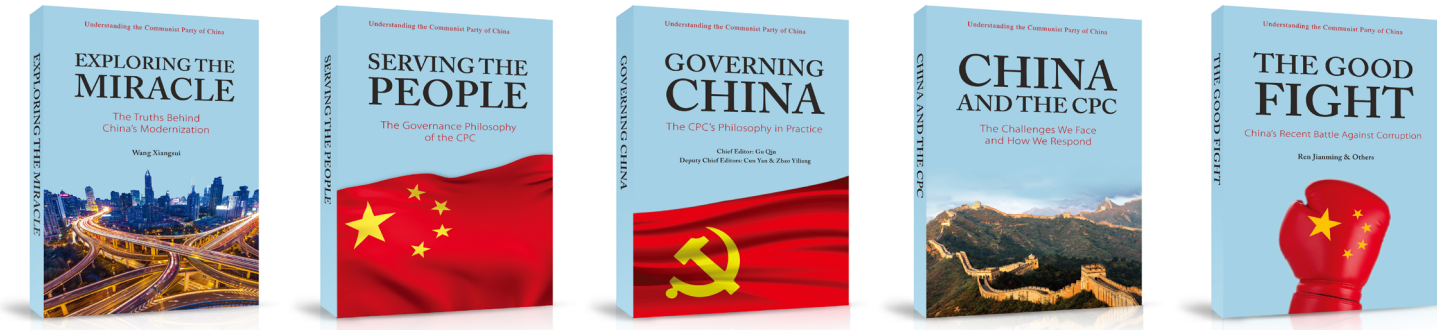
More than 54,000 Chinese officials were investigated by prosecutors for bribery, dereliction of duty and other duty-related crimes in 2015.

Jan. 27: Chinese FM, US Secretary of State hold talks

Keywords: Wang Yi, John Kerry

Chinese Foreign Minister Wang Yi and US Secretary of State John Kerry held talks in Beijing. Kerry paid a two-day visit to Beijing.

Understanding the CPC through book series



“Understanding the CPC” series, published by the Organization Department of the Communist Party of China (CPC) Central Committee, is a collection of books to be released in May 2016.

“Foreigners generally do not understand the Communist Party of China, particularly its historic transformation from a “revolutionary Party” seeking power to a “ruling Party” exercising power,” wrote Robert Lawrence Kuhn, an international corporate strategist and political/economics commentator, in his introduction to the book series.

“These books offer the CPC explaining the

CPC. These are not dispassionate, academic critiques, but real-life expositions of how the CPC interprets itself, presenting reflexively what the CPC wants the world to know,” said Kuhn.

The series, which consists of five books, Exploring the Miracle, Serving the People, Governing China, China and the CPC and The Good Fight, addresses the fundamental questions that foreign readers have regarding China, including the country’s one-Party rule, Party structure, organization and governance, how the CPC brought about

China’s development “miracle”, its remarkable anti-corruption campaign, and challenges it faces in the future amidst increasing domestic complexity and international volatility.

The published version is easy-to-understand with concise and simple language illustrated by typical cases, hot topics and diversified opinions and comments. It draws a vivid picture of real life in China and the CPC.

According to Kuhn, it may well be “a case study of what happens when a country with a one-Party political system seeks to construct a prosperous and democratic society.”