

China



2016 Country Review

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Chapter 1

Country Overview

Country Overview

CHINA

China is the oldest continuous major world civilization, with records dating back about 3,500 years. Prior to early 20th century, China was ruled by dozens of successive dynasties. With the weakening of the Qing Dynasty in the 19th century, prosperity diminished and China suffered massive social strife and economic stagnation. A revolutionary military uprising in October 1911 overthrew the Qing Dynasty and ended the monarchy system in China, but in the next few decades China continued to suffer from internal conflicts. In 1949, the People's Republic of China (PRC) was founded after the Communist Party defeated the nationalist Kuomintang in a civil war.

China embarked on a market-oriented economic reform in the late 1970s that brought significant changes to the country. As a result, living standards for much of the population have improved dramatically, although political freedom remains limited. With a population of more than 1.3 billion, China is the most populous country in the world. China is also the fastest growing economy in the world, with GDP expanding at an annual average rate of around nine percent over the past two decades. Benefiting from increased access to foreign markets since joining the World Trade Organization in 2001, China has become one of the world's largest trading countries as well as a global economic force.

Key Data

Key Data	
Region:	Asia
Population:	1361512576
Climate:	Extremely diverse; tropical in south, desert in the northwest and subarctic in north, among other typologies.
Languages:	Standard Chinese or Mandarin Yue (Cantonese) Wu (Shanghaiese) Minbei (Fuzhou) Minnan (Hokkien-Taiwanese) Various other dialects
Currency:	1 yuan (Y) = 10 jiao
Holiday:	National Day is 1 October (1949), Children's Day is 1 June
Area Total:	9596960
Area Land:	9326410
Coast Line:	14500

China

Country Map



Asia

Regional Map



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Chapter 2

Political Overview

History

A Brief History of China

China has a recorded history of about 3,500 years, and it is the oldest continuous major world civilization. Prior to early 20th century, China was ruled by dozens of successive dynasties.

The first prehistoric dynasty was the Xia Dynasty, from about 2,000 to 1,500 B.C.E. The bureaucratic system of the Chinese dynasties brought about an agrarian civilization more advantageous over neighboring nomadic and hill cultures.

The development of the Confucian ideology further strengthened the Chinese civilization, reaching its peak in various aspects during the Han Dynasty (206 B.C.E.-220 C.E.). During this period, the Confucian ideals of government were adopted as the creed of the Han Empire, and Confucian scholars gained prominent status as the core of the civil service. With initiation of a civil service examination system, intellectual, literary and artistic endeavors flourished. Two of the great Chinese technological inventions, paper and porcelain, were also dated in this period.

On the other hand, China's history of the dynastic period was also full of records of conquest by neighboring nomadic tribes, such as by the Mongols in the 13th century and by the Manchus in the 17th century. Whenever this was the case, however, the conquerors would adopt the more influential Chinese civilization in ruling the country, adding new elements into the Chinese culture.

The last Chinese Dynasty was the Qing (Ch'ing) Dynasty established in 1644 when the nomadic Manchus invaded China and overthrew the Ming Dynasty. During the 19th century, the power of the Qing Dynasty declined, accompanied with economic stagnation and social unrest. With weakened control of the Chinese government, the Western countries began to seek economic opportunities there. As opium was one of the significant trading items for the British with China, its desire to continue the trade and the Chinese government's prohibiting of the trade resulted in the First Opium War in 1840.

After China lost the war, Britain and other Western powers occupied Chinese territories by China's concessions for special commercial privileges. In 1842, China and Britain signed the Treaty of

Nanking by which Hong Kong was ceded to Britain. In 1898 Britain executed a 99-year lease of the New Territories, thus expanding the size of the Hong Kong colony.

In contrast with the Western world, China lagged behind in the 19th century science and technology development. As a result, the Western countries were able to conquer the old civilization with their superior economic and military powers, obtaining more economic and political privileges from China. A group of reformist Chinese government officials arose who suggested adopting Western technology to strengthen the Chinese empire and counter the Western economic and technological attacks. But the Qing government refused to accept these ideas, ignoring the significance of technology development as well as the Western threat.

In spite of the government's resistance to reform, the reformers, inspired by the revolutionary ideas of Sun Yat-sen, advocated the overthrow of the Qing Dynasty and the establishment of a republic. On Oct. 10, 1911, a revolutionary military uprising led to the downfall of the Qing Dynasty, thus ending the monarchy system in China.

In order to prevent a civil war, the revolutionaries allowed high officials of the Qing Dynasty to retain their positions in the new republic government. As a result, Gen. Yuan Shikai was chosen as the republic's first president. After coming to power, however, Yuan Shikai attempted to restore the dynasty system by becoming an emperor himself, but failed to realize his dream before he died in 1916. Yuan's death resulted in the division of the country ruled by various warlords competing with each other while controlling certain provinces.

To reunite the fragmented nation, Sun Yat-sen established a revolutionary base in southern China in the 1920s. He organized the KMT, the Chinese Nationalist People's Party, and aligned with the Chinese Communist Party (CCP) to begin the anti-warlords war. Sun Yat-sen died in 1925, and was succeeded by Chiang Kai-shek. Soon after, Chiang Kai-shek reigned over south and central China, and fought the CCP in order to take control of the whole country.

In 1927, Chiang Kai-shek arrested and executed many leaders of the CCP, thus ending the alliance and ushering in a civil war. In spite of the much stronger KMT forces, the communists retreated to the mountain areas in southeast China.

In 1934, after failing in fighting a large scale KMT attack, the communists were forced to go on a "Long March" and finally arrived to Yan'an in northwest China. Mao Zedong then became the leader of the Chinese communists and established Yan'an as his base to continue fighting the KMT.

In 1937, the KMT and the CCP formed a united front to resist the Japanese invasion of China. But throughout all these years, the struggle between the two had never stopped. After the Japanese were defeated in 1945, the civil war resumed in China, and the KMT battled the CCP for the sole

political will of the country.

In 1949, Chiang Kai-shek and his KMT government were forced to flee to Taiwan in face of the overwhelming CCP forces. In October 1949 the communists founded the People's Republic of China on the mainland, and in December of that year Chiang Kai-shek established Taipei as the "provisional" capital of the KMT government.

After assuming power, the CCP started a massive economic and social reconstruction of the country. China was facing various problems then. Years of war had left the people exhausted and drained the country's resources. Thus, the Chinese people, who needed peace and normalcy, widely supported the CCP's reconstruction endeavors. In the meantime, the CCP greatly consolidated and expanded its power of control, with its authority penetrating almost all aspects of the society. Various organizations were established under direct control of the party, and the power of the party was further strengthened by these organizations.

China had adopted a political and economic order modeled on the Soviet example in establishing the new republic. In the late 1950s Mao Zedong gave up the Soviet model as a result of different views from the Soviet, and initiated the "Great Leap Forward" as the new economic development program. Communes (cooperatives) were established in the countryside to farm collectively instead of individually. In the cities, people were motivated to build "backyard" factories to produce iron. Although its initial goal was to raise industrial and agricultural production at a rapid speed, the "Great Leap Forward" turned out to be a disaster. National resources were drained and wasted, with agriculture production falling and "backyard" factories producing useless products. Adding to the disaster was bad weather, the combination of which resulted in a serious famine from 1960 to 1961.

In the early 1960s, State President Liu Shaoqi and Party General Secretary Deng Xiaoping became dominant figures in the government leadership, and they adopted pragmatic economic policies for socialist reconstruction of the country. Under the new policies, China's economy recovered and developed considerably in a few years after the disaster, and the Chinese people enjoyed a peaceful and better-off life in those years. In the meantime, the prestige of Liu Shaoqi and Deng Xiaoping increased and in some ways surpassed that of Mao Zedong.

In view of his reduced authority and prestige, in 1966, Mao Zedong started a massive movement known as the "Great Proletarian Cultural Revolution" targeting at Liu and Deng's "capitalist" policies. Charging Liu and Deng as well as their followers with dragging China back to capitalism, Mao made use of a radical youth organization known as the "Red Guards" to attack Liu and Deng and other party and state leaders at all levels. As a result, Liu Shaoqi was put in jail and subsequently died there; Deng Xiaoping was driven out of Beijing, the capital, and forced to labor as an ordinary factory worker in a remote area. National Defense Minister Lin Biao became the vice chairman as Mao's "closest comrade in arms."

In the late 1960s, the radical activity of the movement came to an end, and the political situation in China gradually stabilized. The Revolutionary Committees consisted of leaders from various mass organizations and military personnel replaced the leadership of local governments throughout the nation. The former leaders were either put into prison or sent into forced labor.

During this period, there was struggle within the central government for domination, especially between Mao Zedong and Lin Biao. When plans of an attempted coup surfaced in 1971, Lin Biao fled China. His escape however was a fatal one. Lin Biao, along with his wife, son and a few of his most strident followers, died in a plane crash in Mongolia on Sept. 13, 1971.

After the Lin Biao incident, the Chinese central government underwent reorganization, reinstating many officials in their former positions. Deng Xiaoping was one of the most important figures reinstated. Xiaoping, who returned to the central government in 1973, was appointed as vice premier as well as a member in the politburo standing committee. After Deng Xiaoping resumed his office, Mao's wife, Jiang Qing, presented a particular challenge to his authority. Jiang Qing and her three close associates, known as the "Gang of Four," attacked Deng Xiaoping's policies vehemently in its bid to control the government. Other events proved to shape the Chinese political consciousness and eventually lead to Xiaoping's exit from national office.

In January 1976, populist Premier Zhou Enlai died of cancer; the whole country appeared to be in shock over his death, and many fell into deep sorrow. On April 5, 1976, Beijing citizens gathered in the Tiananmen Square in memory of Premier Zhou, demonstrating their dislike of the "Gang of Four" and their support of Deng Xiaoping. The central government authorities siding with the "Gang of Four" suppressed the demonstration, and Deng Xiaoping was removed from the leadership positions - only to be reinstated several months later.

On Sept. 9, 1976, Mao Zedong died, thus ending the Mao Era in Chinese history. Immediately after Mao's death, there was a bitter struggle for succession between the "Gang of Four" and the veteran party officials. Backed by the veteran officials and the military, Minister of Public Security Hua Guofeng was confirmed as chairman and premier. In early October, a month after Mao's death, the "Gang of Four" were arrested by Hua Guofeng, which proclaimed the victory of the more pragmatic, veteran party officials. In August 1977, at the 11th Party Congress, Deng Xiaoping was reinstated in all his previous leadership positions, thus ushering in the Deng Era.

With economic development as the central task, the Deng leadership adopted a series of economic reform policies after the Third Plenum of the 11th Party Congress met in December 1978. The reform policies were aimed at increasing rural incomes and enhancing incentives, encouraging experiments in enterprise autonomy, and reducing central planning. China also fostered a less opaque foreign relations stance, establishing direct foreign investment while promoting economic

cooperation with foreign nations.

Economic reform brought along reforms in other areas, such as in the legal and art fields. The Chinese people had more freedom than before; public criticism leveled at party and state was affirmed. In the late 1980s, the Cultural Revolution, the brainchild of Mao Zedong, was proclaimed to largely negative response. Reformist Zhao Ziyang was selected as premier in 1980, replacing Hua Guofeng, a Mao loyalist.

In 1981, Hu Yaobang, who was the former Communist Youth League chairman and an advocate of further reforms, was selected as the party general secretary. Great changes had taken place in China since the early 1980s as a result of the economic reform. People's living standards were improved considerably, and art and literature flourished.

In the mid-1980s, some social problems emerged followed by a few years of rapid economic development. People's living standards were affected negatively by inflation, and freer migration gave rise to security problems in cities. In addition, corruption of some high officials ignited people's dissatisfaction of the government. Students and intellectuals began to demand greater reforms. In January 1987, Hu Yaobang was held responsible for the student protests and was forced to resign from the party general secretary position. Premier Zhao Ziyang became the general secretary and Li Peng was made the premier.

Zhao Ziyang also advocated further restructuring. In May 1988, he proposed to accelerate price reform, but the result was rampant inflation. Taking advantage of the popular complaints about the increases, the anti-reform officials called for greater centralization of economic controls.

On April 15, 1989, the former party General Secretary Hu Yaobang died. Hu was very popular among the students and intellectuals for his reform advocates. His death, coupled with the economic hardship caused by the high inflation, intensified popular dissatisfaction of the government for slow reforms and corruption. People came to the Tiananmen Square to protest against official corruption, demand further reforms, and call for more freedom and democracy. Most of the protestors were university students from Beijing and other parts of China, who camped at the square fasting and protesting. Outside the square, intellectuals from a wide variety of fields carried out their own protesting in solidarity with the students.

Meanwhile, the students' apparent unwillingness to retreat from the Tiananmen Square persuaded the Chinese government to declare martial law on May 20, 1989. Following the decree some of the students-but not the vast majority-left the square. The students' refusal to leave pitted against the government's desire for control led to a confrontation that is surely to resonate as one of the most emblematic standoffs of the 20th century. In the early hours of June 4, 1989, Chinese soldiers entered the square and opened fire on the unarmed students. While no official figures are said to

exist on the number of students killed that day, it is safe to say many were killed.

The suppression of the student movement predictably led to more political strife. Many student leaders and protest leaders were arrested and imprisoned. Political "re-education" was mandated for the people, especially for university students and party members. In the fallout, Zhao Ziyang was removed from the party general secretary position, never to be heard from again on the Chinese political scene. His demise brought Jiang Zemin in as the party general secretary. In the aftermath of Tiananmen Square, conservatism replaced protest, and the speed of economic reform retarded.

It would take a few years to heal the wounds of Tiananmen Square. In 1992 China shifted gears: the pace of economic reform accelerated with a number of younger and pro-reform leaders coming to power.

In the years that followed, the world saw China's economic development progress quickly. During this period, China was governed under a collective leadership centered around President Jiang Zemin. Known as the "third generation" leadership, it governed for the ailing Deng Xiaoping.

Xiaoping died in early 1997, and the "third generation" leadership has continued the economic reform since then. In March 1998, Jiang Zemin was re-elected as president during the Ninth National People's Congress. Zhu Rongji was elected premier, since Li Peng stepped down from the position according to the requirements of the constitution. In 2003, Hu Jintao became the country's new president and Wen Jiabao was appointed China's new premier. while Hu Jintao became the country's new president. Outgoing Chinese leader Jiang Zemin stayed on as chairman of the Central Military Commission. The new appointments became effective following elections within the National People's Congress.

The new leadership in China is firmly committed to economic reform. Efforts have been made to further open its economy to the outside world, represented by its efforts for joining the World Trade Organization. Meanwhile, China has put priority on reforming the state-owned enterprises by downsizing the enterprise administration and privatizing those unprofitable. Along with the economic reform, some efforts for political reform continue, such as downsizing the government bureaucracy and launching a campaign against government corruption.

Note on History: In certain entries, open source content from the State Department Background Notes and Country Guides have been used. A full listing of sources is available in the Bibliography.

Political Conditions

Developments throughout the 1990s

Since the early 1990s, as China regained its strength in economic reforms, legal reform has become a government priority with efforts in areas of modernizing legal personnel, improving criminal law procedure, and anti-abuse of authority. In order to promote economic reforms, a number of laws and regulations have been passed aimed at promoting foreign investment and trade as well as liberalizing economy.

The Chinese government continued its efforts in promoting rule of law. During the 3rd Session of the Ninth National People's Congress (NPC) held in Beijing in March 2000, the Legislation Law Act was passed to standardize lawmaking in China. This act was aimed at solving the problems existing in China's legislative system, such as contradictions between different laws and regulations and irresponsible law-making out of considerations for local interests. The legislation law has been expected to provide basic principles in law-making, detailed stipulations on the limits of authority of laws and regulations, the process of legislation and applicable rules. The new law defines lawmaking procedures and advocates democratic law-making. The NPC and its Standing Committee will continue to authorize the State Council with the right to enact laws and regulations, but its scope of legislation will gradually be narrowed along with the formation of a fairly well-functioning legal system in the nation.

In the year 2000 China implemented revisions of various laws dealing with product quality, environment protection, regional autonomy of minorities, and laws on foreign investment and trade. There were also drafted laws on copyrights, trademarks, reform of state-owned enterprises and amendments on marriage law.

China has also intensified its effort in fighting government corruption. The country has seen the rise of government corruption cases since it started economic reforms about 20 years ago, the country transitioned from a planned economy to a market economy. Seeing it as the number one contributor to the potential collapse of the government, the Chinese leadership has been determined to fight an arduous war against the corruption. As early as 1993, China launched the anti-corruption campaign. Since then, progress has been made in finding sources to prevent corruption and setting up clear rules and regulations for government officials to curb corruption. As a result, corruption cases in various fields such as building construction, finance and government procurement have been decreasing in the past few years.

Anti-corruption policies have proved successful, including forbidding administrative and military organs to engage in commercial activities, separating ties between administration and their subsidiary enterprises, and further regulating the system on administrative fees and fines. In an

effort to further the anti-corruption campaign, the year 2000 saw the execution of two high-ranking officials for corruption, one was the former vice chairman of the Standing Committee of the Ninth National People's Congress (NPC) Cheng Kejie, and the other was the former deputy governor of Jiangxi Province. The two have been the most senior officials to be executed for corruption in China up to today.

Reform of the state-owned enterprises (SOEs) has been a priority for the Chinese government in the past several years. The primary goal of the reform has been to turn most of the state-owned enterprises (SOEs) operating at loss into profit-making ones, or turn them into companies. By 1997, SOEs in 12 of China's provinces, autonomous regions and municipalities had been losing money as a whole. By the end of 2000, about 70 percent of the 6,599 chronically inefficient large SOEs had turned a profit. Around this period, 12 of the country's 14 key industries were making a profit, with only two sectors, coal mining and military industries, still losing money. As a part of the reform, most of the major SOEs have completed corporate system reform. Among the 514 of these SOEs, 430, or 83.7 percent of them, have been transformed into companies, and 282 of them have changed into stock-holding companies. As for the small and medium SOEs, more than 40,000 of them have been absorbed by the non-state sector.

Reform has not been achieved without paying a price. In the past few years China has shut down thousands of SOEs that failed to turn a profit, and this has led to increasing unemployment rate. Shanghai, the most industrialized city in China, had an unemployment rate in 2000 of 3.5 percent, with 200,800 registered as jobless and 71,700 as laid-off, a 0.4 percent increase from 1999. Around that time, the total number of SOE employees in China was less than 50 million, a decrease by about 20 million due to the reform and restructuring. According to the Chinese government in 2000, the next five years the jobless workers laid off from the SOEs would reach 2.5 million, which would compel the government to improve and reshape its social security system. In addition, the overall profitability of SOEs would have to be improved. The success of the SOEs reform lies in establishing a modern corporate system, accelerating the pace of technical transformation and removing the institutional obstacles. The Chinese government has stressed that SOE reform will remain the core issue of the country's economic reform in the next five to 10 years.

In the past few years, China has also taken steps to bring its human rights practices into conformity with international norms. In October 1997, China signed in the United Nations Covenant on Economic and Social Rights; in October 1998 China signed the United Nations Covenant on Civil and Political Rights. In November 2000, China and the United Nations signed a cooperation agreement on human rights aimed at technical cooperation and cooperation in areas of training lawyers and policemen. In February 2001, China ratified the United Nations Covenant on Economic and Social Rights, with the Covenant on Civil and Political Rights remaining to be ratified. China has also expanded dialogue with its foreign critics.

Though China respects freedom of religious belief in policy, the Chinese government has been exercising control on religious practices through state-sponsored organizations.

Since 1999, a religious movement in China called Falun Gong aroused wide attention. Falun Gong, or Law of the Wheel according to its literature, is a group variously described as a cult, sect or religion. Falun Gong combines meditation and exercise with a doctrine loosely rooted in Buddhist and Taoist teachings and claims millions of followers around the world. It came to public notice in 1992 when Falun Gong's founder Li Hongzhi set up a study center in Beijing, and the number of its followers has grown rapidly. Falun Gong has its own bible called Falun Da Fa which has been translated into several languages. It also has an extensive network of web sites, and has branches and teaching centers in many countries with its headquarter in the United States where the founder Li Hongzhi now lives.

The Chinese government disputed Falun Gong followers' claims that they are a peaceful law-abiding group which follows a philosophy and set of exercises leading to spiritual enlightenment and improving health. The government has charged the group as illegally organizing demonstrations aimed at disturbing public order, as well as dispensing fallacious beliefs in the ineffective medical treatment that has caused deaths of hundreds of people. In April 1999, about 10,000 Falun Gong followers gathered outside the Chinese central government compound at Zhongnanhai in Beijing protesting the arrest of several Falun Gong leaders by the government. After that, in July 1999, branding it an evil cult, the Chinese government banned the sect and began a campaign of confiscating and destroying all books and other paraphernalia associated with Falun Gong. The campaign began in Beijing and was extended to other major cities in China.

Since the banning of Falun Gong, the Chinese government has detained thousands of followers, and has put several hundred of its members in jail. In November 2000, the China Anti-Cult Association (CACA) was established, aimed at mobilizing social forces to fight against Falun Gong and other cults seen as threat to social stability. China's campaign against Falun Gong has drawn criticism from the international human rights groups. According to human rights groups, more than 100 Falun Gong followers have died as a result of torture, and at least 10,000 Falun Gong followers have been sent without trial to forced labor camps. Even in March 2002, reports of abuse of Falun Gong members by the Chinese government continued.

Since 2001, a number of trials concerning other religious dissenters made headlines. Founder of the South China Church, Gong Sheng Liang, 46 and his niece, Li Ying, 36, were sentenced to death after a secret trial held on Dec. 18, 2001. In January 2002, a Hong Kong businessman, Li Guangqiang was sentenced to two years in prison for importing bibles to evangelical Christians in southeastern China. In both cases the churches involved are considered evil cults and a threat to China's social stability.

Developments from 2000-2004

China's relationship with Taiwan has been a central political issue for China in the past few years. China views Taiwan as a breakaway province and has called on Taiwan to accept the "one China" policy. China has stated its basic policy towards Taiwan as a peaceful reunification and one country, two systems. With calls for independence in Taiwan intensifying in recent years, the Chinese government has - been explicit in expressing the view that China will not preclude the use of force in preserving its rule over Taiwan.

In late February 2000, the Chinese government issued a white paper titled "The One China Principle and the Taiwan Issue," stating that a failure to negotiate Taiwanese unification would result in military action. The white paper issued just before the Taiwan presidential election was issued mostly out of the Chinese anticipation that the pro-independence candidate Chen Shui-bian was likely to be elected, which the Chinese government hoped would not happen. For the first two months of 2000, military exercises ensued in the strait between the Chinese mainland and the island of Taiwan, thus demonstrating an escalation of hostility between China and Taiwan. Also in late February 2000, the Chinese News Agency stated that the general will of the people of China, including the leaders of China's non-communist parties, was that the "one China" policy be instituted, and that any activity aimed at the separation of Taiwan from China should be opposed. In the aftermath of both Hong Kong and Macau's return to China, Taiwan's resistance to the "one China" policy has been viewed as the last obstacle to total reunification of the Chinese nation state.

On March 18, 2000, Taiwan held its second direct presidential election. The Democratic Progressive Party (DPP) candidate Chen Shui-bian won the election and was elected president of Taiwan. At first, there appeared a strained atmosphere between the straits. Later, both sides realized that it was in their interest to settle the cross-strait disputes through peaceful negotiations. President-elect Chen Shui-bian expressed his desire to settle disputes with the mainland through a peace summit, as well as to place the national interests above the DPP and personal interests. The Chinese authorities also expressed willingness to exchange views on cross-strait relations and peaceful reunification with the new government in Taiwan.

Despite these positive overtures, Taiwan's acceptance of the "one China" principle for reunification, remained, above all other matters, a priority for China. Taiwanese President Chen Shui-bian has been prudently quiet about the Taiwan independence issue, and he has repeatedly expressed willingness to meet the Chinese leaders for peace talks. China repeatedly reiterated that a "one China" principle is the foundation for talks on anything between the two sides of the Taiwan Straits. China has blamed the Taiwanese leader for not accepting the "one China" principle, thus resulting in more tension between the two sides.

In early December 2001, in the parliament elections in Taiwan, President Chen Shui-bian's Democratic Progressive Party (DPP) won 87 seats and became the dominating party in the parliament. Thus, the KMT lost majority in parliament for the first time in more than 50 years.

Seeing DPP as pro-independence party, China warned Taiwan against independence after the election. In response, President Chen Shui-bian called on China to respect the results of the parliamentary election, and he also said that he would not alter his policy of seeking reconciliation with China. (See below for later developments and see also Appendix B on Taiwan for further information about China's relationship with Taiwan.)

Meanwhile, in mid-July 2001, after two rounds of voting, China won the right to host the Olympic Summer Games in 2008 in its capital Beijing. In the race to host the 2008 Games, Beijing beat Toronto (Canada), Paris (France) and Istanbul (Turkey) in the second round of voting, while Osaka (Japan) was eliminated in the first round of voting. Voted by secret ballot in the second round, Beijing received 56 votes, while Toronto got 22, Paris 18 and Istanbul nine. This was the second time that Beijing bid for the host of the Games in less than a decade. In 1993, Beijing was defeated by two votes by Sydney to host the 2000 Games. The victory brought great joy to Beijing and the country at large. As the general secretary of the Beijing bid committee Wang Wei said, the Chinese people's support was rooted in an understanding that the Games would directly benefit their lives. It was also true that many Chinese people shared the desire to become part of the international community, and hosting the Olympic Games would be one of the most effective ways to achieve this goal. In terms of concern over China's human rights record, Beijing Olympic bid organizers maintained that the Games would help improve China's record in human rights, as well as promote reforms in other areas.

On Nov. 10, 2001, 142 member countries of the World Trade Organization (WTO) ratified China's application to enter the organization during the world trade talks held in Doha, Qatar. One month later, on December 10, China officially became the WTO member. In 1986, China had begun the marathon negotiations for entering the organization. In the past year, China's imminent membership of WTO has brought an upsurge in foreign investment. In the first nine months of 2001, "contracted" foreign directed investment in China rose by more than 30 percent to \$49 billion compared with a year earlier, while "utilized" foreign investment reached \$32 billion, up by over one-fifth. More foreign investment would make China even more competitive in export.

While celebrating the victory, there were also concerns about the effects on the country's economy and society after becoming an WTO member. Membership in the WTO will lead to major changes in China. The restrictions on its capital markets will eventually be lifted and market access for foreign goods and firms will be improved. Foreign companies will be free to set up joint ventures, even in sensitive areas like mobile phones, insurance and banking. On the other hand, foreign competition will make China face tremendous challenges and uncertainties. Its vast state-owned enterprises have to make more reforms, which could lead to a huge rise in unemployment.

While hoping to enjoy cheaper and better foreign products, many urban consumers in China are, at the same time, so worried about the impact of economic reforms prompted by WTO entry that they are not willing to spend more. The Chinese farmers have expressed anxieties about harm to

them by freer farm trade. The Chinese government has also been concerned about increase of the government debt burden when foreign investment is turning to more efficient non-state enterprises. Nevertheless, the potential benefits of the WTO entry are clear in the longer term. It will force more inefficient state-owned enterprises to adapt to market competition or close down, and will put private enterprises on a more equal footing with the state-owned enterprises. It will also encourage reforms in China's banking system.

China had been making comprehensive preparations for entering in WTO. From November to December 2001, the Chinese government issued several laws and regulations that accord with WTO rules. Some laws and regulations contradictory to the WTO rules have been abolished. The Ministry of Information Industry has abolished two statutes banning the entry of foreign funds into the country's telecommunications industry. According to an announcement by the People's Bank of China, starting from December 11, foreign-funded financial agencies in China were allowed to expand their exchange service to all work units and individuals in the country. The Chinese government also loosened restrictions on Chinese citizens going abroad and foreigners coming into China.

In August 2002, Taiwan's leader, Chen Shui-bian contradicted an earlier pledge not to call for a referendum on Taiwan's independence. In a video conference to pro-independence activists in Tokyo, Chen Shui-bian broadly described a possible referendum on independence as a human rights issue and also made reference to Taiwan and China as two countries. As a result, officials in Beijing warned Taiwan against any activities that might split China or violate its "one China" policy, stating that subsequent actions of this sort would lead to "disaster" in the economic realm. Beijing also warned that it would ultimately affect the fundamental interests of Taiwan. The incident raised tensions to a level not seen since the former leader of Taiwan, Lee Teng-hui, stated that Taiwan and China had special "state to state" status back in 1999. Although the head of Taiwan's Mainland Affairs Council tried to ease tensions by saying that the comments by the Taiwan's leader over the weekend did not signal a policy change, and should not be overly-parsed, tensions remained elevated. The Chinese government adamantly noted that both the mainland and Taiwan were part of China, and the sovereignty and territorial integrity of China could not be separated.

In the first half of 2002, speculation ensued about the possibility of President Jiang Zemin stepping down from the office of the presidency in the fall of 2002. In November 2002, outgoing Jiang Zemin was re-elected as chairman of the Central Military Commission, which oversees the armed forces of China. In March 2003, Wen Jiabao was appointed China's new prime minister while Hu Jintao became the country's new president. The new appointments came into being after elections within the National People's Congress.

Also in 2003, Chinese attention was focused on the disturbing SARs virus which raged across the country, especially in southern areas, including Hong Kong.

As well, in June 2003, China and India reached an agreement on the status of Tibet and Sikkim respectively. The agreement not only attempted to resolve the geopolitical issues associated with the areas in question, but also established a landmark cross-border trade agreement. Specifically, India formally recognized the Tibetan autonomous region as part of the People's Republic of China, while China, agreed to border trade through the north-east Indian state of Sikkim. The trade agreement effectively demonstrated Beijing's recognition of India's claim over that area. In sum, the agreement functioned to boost bilateral relations between the two Asian countries, which have been plagued by dismal relations over problematic border issues.

India's recognition of Tibet did not affect the position of the exiled leadership of the region. The spiritual leader of Tibet, the Dalai Lama, who lives in the Indian town of Dharamsala, said he still wished to pursue talks with China regarding Tibet's independence. Also notable was the fact that the Indian government had made a subtle distinction between the Tibet autonomous region and the whole of Tibet.

In July 2003, more than half a million people in Hong Kong took to the streets to protest a proposed subversion bill -- Article 23, and to press for democratic reforms as well as elections. They also wanted to express their displeasure with Hong Kong's leadership, which is appointed from Beijing. Indeed, most of Hong Kong's political structure is filled by either pro-business or pro-China individuals, many of whom are sanctioned by Beijing.

Technically, Hong Kong's constitution provides for full and free direct elections after 2007, however, no specific schedule was offered. Hong Kong's political activists have grown increasingly impatient with the situation and called for elections and democratic reforms. In a place where economic interests have been the priority, the pro-democracy message of political activists has had tremendous resonance. Still, democratic activists have said they need to strategically channel their energies so they can effectively pressure the government without alienating Beijing completely.

Under fire from rising public pressure, Hong Kong's leader, Tung Chee-hwa went to Beijing to gather support. For his part, he committed himself to securing the confidence of Hong Kong's population, while the Chinese government in Beijing said that democratic reforms should take place in a sensible manner and on a gradual timetable.

Meanwhile, Beijing's relationship with Taiwan endured challenging times. On Sept. 1, 2003, Taiwan issued new passports with the name Taiwan printed on the front cover. Taiwan said that the new cover was intended to ease confusion about mainland and Taiwanese Chinese. However, mainland China described the measure as a subtle push toward the pursuit of independence.

As 2003 drew to a close, relations between mainland China and Taiwan came to the forefront of Chinese politics. Taiwan's President Chen Shui-bian announced he wanted to hold a referendum to ask the Taiwanese people whether or not they were threatened by China's military stance. Beijing

viewed the notion of a Taiwanese referendum as a provocation. Meanwhile, Washington was dismayed that the Taiwanese president might be undermining security interests for political advantage.

These developments occurred at the beginning of a visit to the United States by China's Prime Minister Wen Jiabao. As such, the Chinese Prime Minister cautioned Taiwan against using democracy to conceal its inclination for separatism. Wen Jiabao also asserted the "One China" policy of the Chinese government. Wen Jiabao's statements followed discussions with the United Nations Secretary General Kofi Annan.

During his trip, Prime Minister Wen was to meet with United States President George W. Bush. Prime Minister Wen was expected to push the United States for an unequivocal statement declaring its opposition to Taiwanese independence. Whether or not such a statement will actually materialize was unknown. At the time, Sino-United States relations were marred with complications regarding trade, North Korea's nuclear program, as well as the controversial issue of Taiwan's status.

In mid-2004, the situation between the Chinese government in Beijing and the Taiwanese leadership in Taipei was again challenged when a Chinese official warned of attack before 2008 if the Taiwanese president went forward with his proposals for constitutional change. President Chen of Taiwan responded by noting that his reform proposals, such as the recent decision to cut the number of legislators in half, were oriented toward local matters rather than geopolitics. Officials in Beijing, however, charged that the reform proposals are part of a "pro-independence" agenda. As such, the Defense Minister in Beijing, Cao Gangchuan, declared that China was fully capable of destroying any movement towards independence by the Taiwanese.

Intensifying the situation were reports that China's President Hu Jintao had held discussions with United States President George W. Bush regarding plans to sell military technology to Taiwan. With a deal worth \$18 billion at stake over the sale of missiles and weapons systems on the table, the Chinese president wanted to make clear that while his country would attempt to resolve its differences with Taiwan peacefully, China would not allow Taiwanese independence. For his part, United States President Bush reportedly responded by saying that he supported the "one-China" policy while also being committed to helping Taiwan defend itself.

Beijing's relationship with Hong Kong was no less fractious. In April 2004, Chinese legislators ruled out the possibility of direct elections for the leadership of Hong Kong in 2007. The hardline decision was met with mass discontent in Hong Kong and gave rise to protests in early July 2004. Many people in Hong Kong expressed feelings of betrayal that the mainland had reversed its commitment to afford Hong Kong significant autonomy in its affairs. In response, during the summer of 2004, Beijing planned extravagant military displays and parades by the Chinese People's Liberation Army. Political observers noted that overwhelming display of military might

was a symbolic gesture aimed at delivering a message of domination not only to Hong Kong but also to Taiwan.

Amid these developments, other political changes on the mainland took place. Of particular note was the consideration by China's legislature to amend nine laws. The amendments would affect the highway law, corporate law, and auction law, and aimed at limiting while legalizing the government's involvement in social and economic matters. For example, if one of the amendments on establishing an auction enterprise were to be advanced, approval by the public safety department would be eliminated. Collectively, the amendments had the potential to simplify and limit existing procedures. Drafts of the amendments were to be discussed before a standing committee.

Also in mid-2004, the Chinese government said it would put forth a strategy for the purpose of developing science and technology. In this regard, Chinese Prime Minister Wen Jiabao was to submit guidelines for the modernization strategy, which sought sustainable economic and social development as well as the advance of progressive industrialization.

Developments in 2005 and 2006

In early 2005, direct commercial flights between China and Taiwan resumed for the first time in 55 years, just in time for Taiwanese business people in China to return home for the Lunar New Year. Taiwan had banned direct flights to mainland China for over half a century for what it called security reasons. The flights were to continue from February throughout the holiday season.

The flights represented a step forward in relations for the historic foes, but underlying tensions remained. It was reported that China was downplaying the significance of the flights, while Taiwanese officials considered them a milestone that would play an important part in the possibilities of future talks between the two sides. While China said it wished to engage in talks with Taiwan over its "one China" policy, Taiwan warned that plans by China to enact an anti-secession law aimed at blocking Taiwan's independence could jeopardize progress in cross-straits ties.

By March 2005, China's legislature passed legislation providing for the use of force against Taiwan, should that island ever declare formal independence from the mainland. The law was passed unanimously and was followed by an outbreak of applause from delegates in the legislative hall, according to reports by the Associated Press. China's National People's Congress was also expected to pass a proposal calling for a hefty increase in military spending. Prior to the vote, Chinese President Hu Jintao addressed the country's army and told military personnel they should be prepared for war. As well, another key member of the Chinese leadership, Wu Bangguo, commented that the new law represented China's absolute commitment to prevent Taiwan's

separation from the mainland and toward the maintenance of the "one China" policy. The new legislation formalized China's stance that it will use force if measures of peaceful re-unification fail. China's announcement of this anti-secession law was decried by Taiwan as well as United States leadership.

By April 2005, China and Japan were involved in a imbroglio, which resulted in massive anti-Japanese protest rallies in China. The protest rallies took place in China's capital city of Beijing as well as the southern province of Guangdong. At issue was a new Japanese history textbook, which allegedly downplayed Japan's wartime offenses in China during the 1930s and early 1940s. In particular, the Chinese were outraged by the characterization of the 1937 killing of over 250,000 civilians by Japanese troops in the Chinese city of Nanjing as an "incident" rather than an atrocity.

For its part, Japan demanded an apology from China after protestors throwing stones attacked the Japanese embassy in Beijing. However, a diplomatic meeting resulted in no resolution. Chinese Foreign Minister Li Zhaoxing noted that China had nothing for which to apologize. His Japanese counterpart, Nobutaka Machimura, was dismayed by this comment. Nevertheless, after a period of notable silence, Chinese officials later called on citizens to show restraint and to refrain from violent action. Meanwhile, in an effort to resolve the diplomatic crisis, Prime Minister Junichiro Koizumi repeated Japan's "deep remorse" over his country's aggressive tactics during the World War II period. The prime minister also expressed the hope that he might meet with his Chinese counterpart at the two-day Asia-Africa summit in Indonesia, which began on April 22.

In the backdrop of this particular imbroglio were two considerations: (1) The role of China and Japan in multilateral talks with North Korea as regards the nuclear threat; and (2) China's opposition to Japan's bid for a permanent seat on the United Nations Security Council.

In June 2005, China expressed interest in purchasing the United States oil company, UNOCAL. In response, American lawmakers called for an inquiry regarding the bid valued at US\$18.5 billion. A letter signed by 41 Democrat and Republican members of Congress was sent to the United States Treasury. In the letter, the lawmakers expressed concern that the purchase might compromise national security. Interest to purchase the American oil company was sparked after it had already agreed to a deal with Chevron. In the backdrop of this development have been anxieties about an increasing trade dispute with China, as well as associated debates about the effects of the Chinese yuan being pegged to the United States dollar.

In July 2005, China revalued its currency, the yuan. The change means that the yuan will no longer be pegged to the United States dollar, but will float against a basket of currencies. The move to liberalize the Chinese currency was applauded by the United States, which had long criticized China's exchange-rate policy. United States Treasury Secretary John Snow said he welcomed China's more flexible exchange rate regime. Others, however, noted that the yuan was still not freely floating within the global system. Indeed, even if the currency floats against the yet

undisclosed basket of currencies, the value of the yuan is still effectively being managed by the People's Bank of China.

In December 2005, attention shifted to the state of the nation when regional officers opened fire on a group of rural protestors in Guangdong, killing about 20 people. Official reports said that protestors grew violent and attacked the police officers on the scene with explosives; the police officers then reportedly responded with deadly force. Villagers countered that version of events saying that fireworks -- not explosives -- were thrown at the police. Protests in rural China have been becoming more frequent as farmers are frustrated with increasing land seizures for the purpose of building new factories and power plants. There have also been protests to criticize pollution, corruption and embezzling public funds. This particular incident was the first use of deadly force by Chinese authorities since the police opened fire on pro-democracy protestors in Tiananmen Square in 1989. Since that time, however, as China has sought to integrate more with the global community, Beijing has tempered its approach to acts of defiance. Indeed, the police commander who ordered police officers to open fire on the protestors was arrested. Meanwhile, the Chinese government announced that a special investigation had been launched regarding the incident.

In a rare move of leniency by the Chinese government, an activist who had been detained for more than three months following his involvement in a village protest, was released without charges in late 2005. Guo Feixiong had been detained after he allegedly assisted farmers in the village of Taishi in the southern province of Guangdong to remove their chief from office. The villagers accused the chief of embezzling public funds during a land deal. Demonstrations against corruption, land seizures and pollution (as noted above) have increased in rural China recently.

In January 2006, one of China's largest state-run oil and gas producers, CNOOC, agreed to buy a 45 percent stake in a Nigerian offshore oil and gas field for US\$2.3 billion. The stake would cover the OML 130 field, which is owned by South Atlantic Petroleum. Discovered only a few years prior, it is located in deep water near the Niger Delta and needs billions of dollars in investment before coming on stream a few years down the line. The measure is the latest in CNOOC's search to find overseas oil and gas assets to supply China's domestic energy market. A year ago, CNOOC attempted to purchase the United States energy company, UNOCAL. The deal failed due to political opposition within the United States Congress. This particular proposal would require approval from both the Nigerian National Petroleum Corp. and the Chinese government.

In February 2006, tension between Beijing and Taipei worsened when Taiwan's President Chen Shui-bian made the decision to scrap the National Unification Council as well as the guidelines for eventual reunification with China. In a rare rebuke, Chinese President Hu Jintao warned that Taiwan was taking a "dangerous step." As well, a statement was released from the Taiwan Affairs Office saying, "We will never permit Taiwan independence and splittist forces under any name or under any form to separate Taiwan from the motherland."

In April 2006, Lien Chang, the former leader of Taiwan's opposition Kuomintang party, encouraged the idea of direct transport and expanded trade links between Beijing and Taipei, saying the absence of such ties presented an obstacle in the path toward further development. Rather than demonizing mainland China, Chang suggested joining forces with Beijing, which had experienced marked growth in recent years. To this end, he said, "Faced with China's rise, we should be benign, optimistic and focused on co-existence and shared prosperity."

Chang was expected to meet with Chinese President Hu Jintao during a visit to the mainland with the Chinese Communist Party. Jia Qinglin, a Communist Party official, noted that good opportunities existed for increased cooperation between Beijing and Taipei, particularly in the realm of industrial development.

Observers surmised that Beijing has been interested in augmenting its relationship with the Taiwanese opposition as a matter of strategy, as it hopes to isolate pro-independence Taiwanese President Chen Shui-bian. Not surprisingly, Chang's trip to the mainland, along with his views on strengthening cross-Strait ties, spurred criticism by pro-independence factions at home in Taiwan. The level of ire has been somewhat heightened since the decision in 2005 by the government in Beijing to pass the aforementioned anti-secession law, allowing the use of force against Taiwan if it were to formally declare its independence.

April 2006 also marked Chinese President Hu Jintao's visit to the United States.

In July 2006, the Chinese Communist Party announced the expulsion of approximately 45,000 members, saying that they "failed to meet requirements." A spokesperson for the Organization Department, a subsection of the Communist Party, explained that action had been taken against individuals who were resistant to reform. Experts with knowledge of the Chinese political purview surmised that the move had been made in order to appeal to the Chinese public, which were outraged about reports of corruption within the party. It was suggested that the national leadership of the country was trying to foreclose the possibility of social unrest from a population growing increasingly upset over the matter.

Indeed, it has been this very issue of corruption -- particularly among local and provincial officials -- that led Chinese President Hu Jintao to demand that the party membership end graft. In this regard, he asserted that crafting clean and corruption-free government was a "strategic mission" for the country.

Also in July 2006, the human right group, Amnesty International, called on Internet companies to stop assisting the Chinese government in carrying out censorship. The Internet companies targeted by the group included portals such as Yahoo, search engines such as Google, and computing giant Microsoft. Specifically, Amnesty International asked Internet users to email complaints to those

companies about their practices. Amnesty International also called on Internet users to demand disclosure about the words prohibited in China from being used in web searches and blog entries. Kate Allen, director of Amnesty International's United Kingdom office said, "Yahoo, Microsoft and Google claim they are obeying local laws when in fact they are succumbing to political pressure. We want them to hear from customers here in the U.K." She went on to state, "If enough people tell them they are not happy with their actions in China, we hope it will make them think again."

Internet companies, however, suggested that, in fact, they were facilitating broader transmittance of information across the globe, including China. To this end, a spokesman for Google said: "People in China have access to far more information today than they did five years ago - and by being in China we will help further that development." Mary Osako, one of Yahoo's spokespersons, echoed this sentiment saying, "We also believe our presence significantly benefits a country's citizens through access to services and information." As well, some Internet companies argued that although they may adhere to the principle of freedom of information, they must also follow the laws of the countries in which they have business operations. In this regard, a spokesperson for Microsoft noted, "We believe in freedom for users to connect to the people and information that is important to them, but Microsoft will continue to comply with local laws of the markets in which we do business. While this is a complex and difficult issue, we remain convinced it is better for Microsoft and other multinational companies to be in these markets with our services and communications tools, as opposed to not being there."

In other developments in mid-2006, China announced a proposal to spend \$175 billion (1.4 yuan) over the course of five years on environmental protection. The amount of funds being set aside for this cause was significant -- totaling around 1.5 percent of China's annual economic output -- and suggested growing consciousness by the leadership of the country regarding ecological imperatives. In the past, the drive toward economic development vitiated ecological concerns. The funds would be used to decrease air and land pollution in the country, and also to improve China's water quality. These objectives have been hailed by environmental groups as very positive since China is home to significant air and water pollution.

In September 2006, President Hu Jintao's anti-corruption drive (discussed above) led to the firing of Chen Liangyu, the Chinese Communist Party secretary in Shanghai, following an investigation into the misuse of the city's pension funds. He was accused of favoring a cadre of allies and relatives, even inappropriately benefitting them with loans and investments. Chen was also suspended from the Politburo. Dismissals of top tier party members have been rare and Chen's firing has been regarded as the most significant of its kind since 2002 -- the year when President Hu Jintao became party secretary. It was also viewed as a symbolic development -- essentially highlighting the division and power struggle between former President Jiang Zemin and current President Hu Jintao. This was because Chen was known to be a protege of the former president. Indeed, to this end, the firing of a top official from Shanghai -- the locus of Jiang Zemin's power -- effectively functioned to signal an end to the old regime, and the consolidation

of Hu Jintao's power.

Developments in 2007

In January 2007, China carried out a missile test in space. An article in the American Aviation Week and Space Technology reported that China may have used a ground-based ballistic missile with medium-range to shoot down a weather satellite that had been launched in 1999. It has been regarded as the first known satellite intercept test in two decades. While the international community expressed concern about this development, China offered no comment, essentially declining to either confirm or deny the report. There were some suggestions that China's actions were intended to show that it could destroy spy satellites of other countries.

In March 2007, China's legislature -- the National People's Congress --- convened a meeting in the capital city of Beijing. The occasion began with a report by Prime Minister Wen Jiabao, who outlined the country's agenda. He noted that the country's priority action items were: energy conservation, the reduction of pollution, the reduction of the economic chasm between poor rural areas and wealthier cities, and continued economic growth.

A central theme appeared to be a focus on sustainable development for greater China, rather than astronomical economic growth, regardless of the social and environmental consequences. To this end, Wen Jiabao said, "We must safeguard social fairness and justice, and ensure that all of the people share in the fruits of reform and development." The prime minister also noted, "The pattern of economic growth is inefficient. This can be seen most clearly in excessive energy consumption and serious environmental pollution.

Developments in 2008

A year later in March 2008, a new Vice President -- Xi Jinping -- was elected. As well, Prime Minister Wen Jiabao's nominated a new cabinet, which was intended to focus the government's attention on economic and social development. Included in the new cabinet were specialists in key arenas including economics, law, political science, agriculture, administration, and science.

Also in March 2008, there were several successive days of demonstrations in Tibet. These demonstrations, which were aimed at protesting Beijing's rule over Tibet, grew increasingly violent. A crackdown by the Chinese authorities in the main Tibetan city of Lhasa resulted in clashes with police and the deaths of about 100 people in Lhasa, according to media reports, Tibetan exiles, Indian authorities and human rights groups. However, the Chinese government disputed the high death toll and insisted that only about 20 people had been killed on March 14, 2008.

Regardless of the actual number of people who died, over the course of the next two days, the violence and instability appeared to be spreading from Lhasa to areas of China, such as the Chinese provinces of Sichuan and Gansu. In Machu, protestors led rallies to government institutions and set Chinese interests ablaze. One eyewitness report depicted thousands of people, including monks, marching in the streets and being tear-gassed by police. In Aba (also known as Ngawa), a police station and a number of vehicles were burned, while there were reports of bloodshed. A spokesperson for the International Campaign for Tibet, Kate Saunders, asserted that there were reliable reports about police opening fire on protestors in Aba, resulting in more deaths.

The Chinese regional governor of Tibet, Qiangba Puncog, disputed all claims that security forces opened fire on civilians, and demanded that protestors surrender to authorities by a deadline of March 17, 2008. He placed the blame for the violence on those associated with Tibet's spiritual leader -- the Dalai Lama. A week later, in the third week of March 2008, Chinese authorities issued a wanted list for 21 people they said were behind the demonstrations in Tibet. The authorities promised rewards and anonymity to those offering information leading to the arrest of those accused of orchestrating the anti-China protests.

On the other side of the equation, the Dalai Lama -- who was living in exile in India -- expressed grave anxieties about further bloodshed, if there was no change in China's policy toward Tibet. To that end, he said, "It has become really very, very tense. Now today and yesterday, the Tibetan side is determined. The Chinese side also equally determined. So that means, the result: killing, more suffering." In addition, the Dalai Lama called for an international inquiry into the situation, and accused China of both "rule of terror" and "cultural genocide."

At the international level Western powers have called on China to exercise restraint with Tibet. In the background of these developments was the impending summer 2008 Olympics set to take place in Beijing. There were increasing worries about the possible deleterious effects on the summer games. But Olympic officials, including Jacques Rogge, while expressing concern about the situation, noted that a boycott would not be productive. Speaker of the House of Representatives in the United States, Nancy Pelosi, entered the fray by calling for an independent investigation into China's charges that the Dalai Lama was somehow behind the uprising and ensuing violence. She also said that the international community should reject Chinese rule over Tibet.

Anti-China demonstrations resumed in Tibet in early April 2008. The new spate of protests came weeks after similar demonstrations resulted in a crackdown by Beijing. There were reports that the new protests resulted in fresh violence. In one case, according to Xinhua News Agency, protestors attacked government offices in Sichuan province, and at least one official was seriously injured. On the other side of the equation, Tibetan exiles said that security forces opened fire on crowds of people, killing at least a dozen.

By early May 2008, envoys of Tibet's exiled spiritual leader, the Dalai Lama, convened talks with China in Shenzhen. China's President, Hu Jintao, expressed hopes that the meeting would yield productive results. Chinese officials also said that further rounds of talks would be forthcoming. A spokesperson for the Dalai Lama was more circumspect. Tenzin Taklha said that he hoped that the meeting would lead to a meaningful discussion about Beijing's repression on Tibet, but noted that China may have view the meetings as merely part of a public relations campaign. Regardless of intent or agenda of either Beijing or the Dalai Lama, the wider international community has been urging both sides to engage in dialogue.

Editor's Note: Tibet enjoyed extensive periods of autonomy before the 20th century. In 1950, China launched an offensive on Tibet claiming that it was always part of China, and has since asserted that it holds sovereign authority over Tibet. Since 1950, there has been a thrust to free Tibet from Chinese rule. In 1959, there was a violent and bloody uprising, which resulted the Dalai Lama -- Tibet's spiritual leader -- fleeing to India where he has since lived in exile.

June 2008 saw the authorities in mainland China and Taiwan agree to establish cross-strait travel. Indeed, Beijing and Taipei signed an agreement that would institute direct flights across the strait every weekend, rather than only during four holiday periods annually. In addition, Beijing and Taipei also decided to host permanent representatives' offices. The agreement was forged as a result of the first official meeting between the two sides in close to a decade. The two sides have endured strained relations in recent years, however, the election of the new pro-Beijing Taiwanese President Ma Ying-jeou set relations along a more harmonious path. Unlike his predecessor, Ma has said his priority is to establish regional stability, which includes improving relations with Beijing. The issue of regional stability aside, the new agreement was also expected to advance tourism, business and investment in Taiwan, while improving China's appeal in the months ahead of the Beijing Olympics.

Special Entry: Devastating earthquake hits Sichuan province of China

An earthquake measuring 7.8 devastated portions of China's Sichuan province on May 12, 2008. The city of Chengdu appeared to be close to the epicenter, although smaller cities and towns in Sichuan province were the areas most deleteriously affected by the seismic event, which was estimated to have more than 10,000 people dead. The earthquake was believed to have brought down most of the buildings in Beichuan county, leaving large segments of the population there trapped under the rubble. As well, a chemical plant in Shifang cratered and spilled liquid ammonia; hundreds of people were thought to have been buried by the toxic spill. Several aftershocks continued to rock the region.

Special Entry: All eyes on China as Beijing Olympics officially opens

From the CountryWatch News Wire --

BEIJING, Aug. 8 (UPI) -- The 2008 Beijing Summer Olympics officially took flight from the Bird's Nest stadium Friday, with the opening ceremony kicking off at 8 p.m. local time. Li Ning, a Chinese gymnast who won six medals at the 1984 Games, lit the Olympic torch as a large group of world leaders lead by Presidents Hu Jintao of China and George Bush of the United States watched. Li was suspended by wires as he circled the stadium and then lit the huge cauldron. The show opened with 2,008 young men playing traditional Chinese drums and included thousands of performers and spectacular fireworks. The show, organized by Zhang Yimou, director of the "House of Flying Daggers," highlighted some Chinese contributions to world culture, including the invention of papermaking. Contingents of athletes from 205 countries marched into the stadium. The 600 U.S. competitors wore navy-blue coats, khaki slacks and nautical-style hats and were 140th in the parade. While overt criticism of Chinese policy in Tibet or Darfur was absent, the U.S. flag was carried by Lopez Lomong, a long-distance runner who fled the Sudan and is now a U.S. citizen.

Special Entry: Foreign Relations with the United States under the Obama Administration

In mid-February 2009, United States Secretary of State Hillary Clinton embarked on her first overseas trip as America's leading diplomat in Asia. Her Asian trip included stops in Japan, Indonesia, South Korea and China. Not since the 1960s has Asia had the distinction of being the first destination for a United States Secretary of State. Working on behalf of the Obama administration, Secretary of State Clinton indicated that she would focus on a range of issues ranging from climate change and clean energy to the global financial crisis.

On her first stop in Asia, Clinton assured Japan that the United States intended to maintain strong ties with that country. Clinton aimed to assuage Tokyo of its primacy, given Tokyo's concern about the possibility of increasing rapport between Washington and Beijing.

In China, the antagonistic dynamic that was cast during the Bush years was on its way out. Instead, Clinton suggested that she, on behalf of the Obama administration, would strive to cultivate a more cooperative relationship between Washington and Beijing. This stance was not unexpected since Clinton has often emphasized the importance of improving Sino-American relations. Clinton did receive some criticism because human rights issues were left off the agenda in her meetings in Beijing. For her part, Secretary of State Clinton noted that while she did, indeed, hope to press China on issues including the status of Tibet and human rights, her immediate focus involved the global economic crisis. To that end, she said, "Our pressing on those issues can't interfere on the global economic crisis, the global climate change crisis and the security crisis."

Overall, Secretary of State Clinton emphasized the significance of Asian-American ties. Striking a clearly collaborative tone, and making it apparent that Asia would factor as highly as Europe, the United States Secretary of State said during an address to the Asia Society, "I hope to signal that we need strong partners across the Pacific, just as we need strong partners across the Atlantic." She continued, "We are, after all, both a trans-Atlantic and trans-Pacific power." Upon arriving in Asia, Clinton said, "I have come to Asia on my first trip as secretary of state to convey that America's relationships across the Pacific are indispensable to addressing the challenges and seizing the opportunities of the 21st century."

In this way, Clinton was foregrounding an emphasis on regional alliances from east to west. At the philosophical level, Clinton was also indicating a return to the integrationist model of international relations. It was an ostensible departure from the hegemonic mode of neoconservative policy, which was made famous under the Bush-Cheney administration.

Sino-American relations were quickly tested in March 2009. The United States Pentagon said that five Chinese ships manoeuvred in close proximity to an unarmed United States navy vessel -- the USNS Impeccable -- in the South China Sea. United States authorities said that one Chinese navy intelligence ship and four other Chinese vessels were acting in an "increasingly aggressive" manner over the course of days leading up to this incident. They described the incident as the ships moving dangerously close to the USNS Impeccable, which was conducting routine ocean surveillance in international waters. They described the moves by the Chinese ships as "unprofessional manoeuvres" and "harrassment." Accordingly, United States authorities indicated they would be launching a protest, pointing to the violation of international law that calls for respectful and responsible regard for the rights and safety of other vessels on the sea.

Special Entry: Leaders forge \$1 trillion deal at G-20 summit in London

Leaders of the world's largest economies, known as the "G-20," met in London to explore possible responses to the global financial crisis. To that end, they forged a deal valued at more than one trillion dollars (USD).

Central to the agreement was an infusion of \$750 billion to the International Monetary Fund (IMF), which was aimed at helping troubled economies. Up to \$100 billion of that amount was earmarked to assist the world's very poorest countries -- an amount far greater than had been expected. In many senses, the infusion of funding to the IMF marked a strengthening of that body unseen since the 1980s.

In addition, the G-20 leaders settled on a \$250 billion increase in global trade. The world's poorest countries would also benefit from the availability of \$250 billion of trade credit.

After some debate, the G-20 leaders decided to levy sanctions against clandestine tax havens and

to institute strict financial regulations. Such regulations included tougher controls on banking professionals' salaries and bonuses, and increased oversight of hedge funds and credit rating agencies. A Financial Stability Board was to be established that would work in concert with the IMF to facilitate cross-border cooperation, and also to provide early warnings regarding the financial system.

Aside from these measures, the G-20 countries were already implementing their own economic stimulus measures at home, aimed at reversing the global recession. Together, these economic stimulus packages would inject approximately \$5 trillion by the end of 2010.

United Kingdom Prime Minister Gordon Brown played host at the meeting, which most concurred went off successfully, despite the presence of anti-globalization and anarchist protestors. Prime Minister Brown warned that there was "no quick fix" for the economic woes facing the international community, but he drew attention to the consensus that had been forged in the interest of the common good. He said, "This is the day that the world came together to fight back against the global recession, not with words, but with a plan for global recovery and for reform and with a clear timetable for its delivery."

All eyes were on United States President Barack Obama, who characterized the G-20 summit as "a turning point" in the effort towards global economic recovery. He also hailed the advances agreed upon to reform the failed regulatory regime that contributed to the financial crisis that has gripped many of the economies across the globe. Thusly, President Obama declared the London summit to be historic saying, "It was historic because of the size and the scope of the challenges that we face and because of the timeliness and the magnitude of our response."

Ahead of the summit, there were reports of a growing rift between the respective duos of France and Germany -- and -- the United States and the United Kingdom. While France and Germany were emphasizing stricter financial regulations, the United States and the United Kingdom were advocating public spending to deal with the economic crisis. Indeed, French President Nicolas Sarkozy had threatened to bolt the meeting if his priority issues were not addressed. But such an end did not occur, although tensions were existent.

To that end, President Obama was hailed for his diplomatic skills after he brokered an agreement between France and China on tax havens. The American president played the role of peacemaker between French President Sarkozy and Chinese Premier Hu Jintao, paving the way for a meeting of the minds on the matter of tax havens.

French President Nicolas Sarkozy said that the concurrence reached at the G-20 summit were "more than we could have hoped for." President Sarkozy also credited President Obama for the American president's leadership at the summit, effusively stating: "President Obama really found the consensus. He didn't focus exclusively on stimulus ... In fact it was he who managed to help me persuade [Chinese] President Hu Jintao to agree to the reference to the ... publication of a list

of tax havens, and I wish to thank him for that."

Meanwhile, German Chancellor Angela Merkel also expressed positive feedback about the success of the summit noting that the new measures would give the international arena a "clearer financial market architecture." She noted that the agreement reached was "a very, very good, almost historic compromise." Finally, Chancellor Merkel had warm words of praise for President Obama. "The American president also put his hand into this," said Merkel.

Editor's Note:

The G-20 leaders agreed to meet again in September 2009 in New York to assess the progress of their agenda.

Special Entry: China's Xinjiang wracked by violence

The start of July 2009 saw China's restive Xinjiang region wracked by violence, leading to the deaths of more than 150 people and injuries to several thousands more. According to Xinhua News Agency, protests turned violent and police were forced to restore order in the wake of attacks by demonstrators. While the Chinese state media did not offer a motivation for the violence, eyewitnesses on the ground suggested an ethno-sectarian explanation, noting that most of those arrested were Muslim Uighurs, and that relations between that group and the Han Chinese community were largely strained. Indeed, groups of exiled Uighurs expanded on this explanation, saying that the violence started only after police began violently cracking down on the peaceful protests. Regardless of the veracity of claims by either the Chinese government or the Uighur exiles, it was clear that China was experiencing some of the worst internal unrest in decades.

A week later, a night-time curfew was instituted in the restive city of Urumqi. It was temporarily suspended when authorities believed they brought the city under control but was later reinstated when some Muslim Uighurs violated a directive to stay away from prayers at mosques. Meanwhile, thousands of Han Chinese and Uighurs were trying to exit the city in a desperate bid to escape the cross-fire of violence. To date, more than 1,400 people have been detained in connection with the violent protests.

Chinese authorities said on September 16, 2009 that they had captured an alleged terrorist gang in the country's north western ethnic Uighur region. Police in the Xinjiang Uighur Autonomous Region said that six suspected gang members were in possession of large quantities of bomb making materials. They also said that their initial investigation indicated the alleged terrorists had manufactured more than 20 explosive devices following the July 2009 anti-government riots, which left nearly 200 people dead. According to Xinhua -- the Chinese News Agency -- the Chinese authorities have accused the suspects of plotting terror attacks in the region.

Editor's Note:

Xinjiang is inhabited by about eight million Uighurs, some of whom have been active in the fight for independence. Ethno-religious tensions in an area dominated by Muslim Uighurs as Han Chinese have migrated to the area. Accordingly, the Chinese government has enforced tight control over the area, which some human rights groups have said, in practice, amounts to religious repression.

Special Entry

United States President Obama's Visit to China --

After leaving the 2009 Asia-Pacific summit in Singapore, President Barack Obama traveled to China for a three-day visit to that country, beginning in Shanghai. The two countries have sought to strengthen ties in recent times, and the United States and China were expected to continue to work together on international issues ranging from climate change to nuclear proliferation in North Korea and Iran. Despite a desire to work cooperatively, Washington and Beijing have nonetheless had to balance significant differences on these issues. Washington and Beijing must deal with the chasm in their targets for the reduction of greenhouse gas emissions. As well, Washington has taken a harsher approach than Beijing in dealing with the uranium enrichment activities of North Korea and Iran -- a scenario that will eventually have to be reconciled. In the background of these global challenges -- where both countries have played leading roles -- there is the reality that China holds much of the United States' debt, the fact that a trade imbalance exists largely due to the undervalued Chinese currency, as well as the prevailing objections held by the United States to China's human rights record, and its anxieties about the build-up of the Chinese military.

It has been precisely this complicated relationship that has led the Obama administration toward a highly diplomatic tone in which there has been less focus on these contentious issues, and, instead, on the gradually improved bilateral ties. To this end, President Obama addressed a large gathering of the bilateral delegations in Shanghai saying, "Both of the countries have benefited greatly from the progress we have made over the last two decades." This diplomatic tone, which eschews the negative elements and emphasizes the common ground, was not likely to gain President Obama support from hardliners at home. Nevertheless, analysts have noted that President Obama has been cognizant of the fact that ascendant China -- with one of the world's largest economies -- cannot be easily subordinated.

While in Shanghai, President Obama attended a town-hall style meeting attended by university students who had been selected by the Chinese authorities. There, President Obama said his country did not seek to impose its will or system of government upon other nation states; however, he expressly noted that principles of freedom were not unique to only the United States. To this

end, President Obama said, "These freedoms of expression, and worship, of access to information and political participation - we believe they are universal rights." President Obama also emphasized the importance of unfettered access to information in the information age, including the freedom of people to criticize his own policies. His statement held particular poignance, given the fact that the town hall was scrubbed from Internet access -- a manifestation of what has been called the "Great Firewall of China." President Obama was scheduled to travel on to Beijing for a state visit, which was to be hosted by Chinese President Hu Jintao.

Recent Developments (2009-2012)

On Dec. 24, 2009, a Beijing court handed down an 11-year prison sentence to a well-known Chinese dissident and pro-democracy activist, Liu Xiaobo. The Chinese communist regime made it clear that despite China's economic openness, political dissent would not be tolerated. Indeed, the case against Liu Xiaobo accused him of "inciting subversion to state power" due to his writings opposing one-party rule, advocating free speech, and calling for improved human rights in China. It was clear that the Chinese communist regime was not willing to move in a reformist direction in the political sphere, regardless of its embrace of the global marketplace. As noted by Li Fan, director of the World and China Institute, in an interview with the Washington Post, "You can think democracy, you can talk democracy, but you can't do democracy."

In the first week of April 2010, western China's Qinghai province was hit by a devastating earthquake. It was the strongest earthquake in the region since 1976. The tremor left thousands of people homeless with a death toll in excess of 1,000 people. The death toll was not helped by the fact that so many people were in buildings unsuited to enduring an earthquake. In particular, several poorly-constructed schools collapsed, leaving teachers and students inside dead. This revelation was leading to rising public anger. There were also grave fears about an even higher death toll, given the previous earthquake tragedy in China. Indeed, two years prior in May 2008, China suffered a devastating earthquake in its Sichuan province that left close to 90,000 people dead.

Rescue teams were facing severe logistical challenges due to the mountainous terrain of the earthquake zone, and problematic oxygen levels at such a high altitude. As well, freezing weather conditions were complicating not only the rescue efforts but also the plight of homeless survivors, especially since strong winds and sleet were forecast for the immediate future. Meanwhile, aftershocks were also rocking the region, exacerbating the already-tough condition on the ground, and raising anxiety levels of the people.

In the wake of the tragedy, Chinese Premier Wen Jiabao postponed a visit to South East Asia. He was reported to be travelling to Yushu -- the proverbial "ground zero" of the earthquake -- to garner information about the relief operations. As well, Chinese President Hu Jintao cut short a

trip to South America and returned home to deal with the unfolding situation, which he characterized as a "huge calamity."

In mid-June 2010, the Chinese Central Bank announced that its exchange rate mechanism would become "more flexible," with the proposed reform being a result of the global economic recovery. While no actual details were furnished about the revaluation of the yuan, many countries welcomed the news. At issue has been China's decision to keep the value of the yuan low, in order to facilitate its export market. Other countries, including the United States, have often argued that its practice of keeping the yuan valued at an artificially low level has afforded China an unfair advantage in the realm of international trade. Not surprisingly, United States President Barack Obama said that China was taking a "constructive step that can help safeguard the recovery and contribute to a more balanced global economy." United States Treasury Secretary Timothy Geithner struck a more cautious note, saying, "This is an important step but the test is how far and how fast they let the currency appreciate." Other analysts have criticized the move by China as only a marginal improvement on structural trade imbalance with other developed countries. The matter was expected to a key discussion item during G-20 talks in Canada where President Obama would meet with Chinese President Hu Jintao.

On October 8, 2010, the Nobel Prize Committee in Oslo, Norway announced that the frontrunner for the year's Nobel Peace Prize, jailed Chinese dissident (discussed just above) Liu Xiaobo, had indeed captured the 2010 award. A leader in the Tiananmen Square protests of 1989, Liu in 2009 was sentenced to 11 years in jail for "inciting subversion" after he drafted a treatise called Charter 08, which demanded multi-party democracy and respect for human rights in China.

The Nobel Prize Committee said that Liu represented "the foremost symbol" of the human rights struggle in China, essentially revitalizing a debate that has long gone on as China has become more integrated into the global community. Nobel Committee chairman, Thorbjørn Jagland, acknowledged that the 2010 selection would be a controversial one, even prefacing his announcement with the words: "You'll understand when you hear the name." But he went on to note that China's status in the global community as an international power house "must entail increased responsibility." Explaining that China's human rights record was a bleak one, Jagland said, "China is in breach of several international agreements to which it is a signatory, as well as of its own provisions concerning political rights." He continued by noting that freedoms set forth in China's constitution had "proved to be distinctly curtailed for China's citizens."

For its part, China responded to the news of Liu being the recipient of one of the world's premier awards by warning that its ties with Norway could very well suffer damage. Throughout, Beijing has maintained that Liu is "a criminal" who violated Chinese law. Nevertheless, several Western countries used the announcement that Liu had won the 2010 Nobel Peace Prize to call for the Chinese dissident's release.

In the latter part of 2010, Vice-President Xi Jinping became the vice-chairman of Central Military Commission. Given the power and influence wielded by this body, this appointment was viewed as a sign that Xi Jinping was being considered as a possible successor to President Hu Jintao.

In the first part of 2011, attention was on China's booming economy and its burgeoning security challenges. On the first issue, February 2011 marked China's distinction of becoming the world's second largest economy. This advance for China was largely due to limited GDP increase in Japan, which -- until recently -- held the position as the second-largest economy in the world. On the second issue, coming on the heels of the social and political unrest in the Middle East and North Africa, activists in China were reported to be organizing protests via the internet. The city of Shanghai factored highly on the list of cities likely to become a center of such activity. With this likelihood in mind, Chinese authorities were trying to craft a new security strategy to short-circuit such protests.

A year later in the first part of 2012, Chinese authorities shut down 16 Internet websites that posted reports on civil unrest unfolding in Beijing. An official from China's State Internet Information Office said the websites had spread false rumors about troops being deployed on the streets of the Chinese capital city, and thus had been shut down due to its negative influence on the public. As well, a number of people had been detained for failing to stop the spread of these rumors.

It should be noted there were no independent reports about the civil unrest in Beijing. Accordingly, some analysts surmised that Chinese authorities used the notion of Internet rumors to crackdown on websites and bloggers believed to be critical of the government. As stated by David Bandurski of the China Media Project at Hong Kong University, "The whole idea of rumors and interest in accuracy is a ruse. It's a moniker for control." Indeed, many of the websites and bloggers subject to the crackdown were the same ones involved in an imbroglio with the government the previous year.

The government's action against these websites came weeks after Bo Xilai, the head of the Communist Party in the city of Chongqing, was ousted from power. The sudden dismissal of Bo spurred coup rumors and may have exacerbated Beijing's sensitivities to government criticism.

The son of one of the elders of the Communist Party of China, Bo gained notoriety as a more populist, media-savvy member of the country's political elite, as compared with other conservative members of the Chinese Communists' power base. His pro-egalitarian stances raised his profile among the social democratic and Maoist wing of the Communist Party, which eschewed the pro-market reforms and decried the growing disparity of wealth in China. That being said, his high profile perhaps made him a target of opponents to his rise to power. Bo's tumble from power came earlier in the month (March 2012) when he was removed from his Chongqing party post. At issue was his involvement in the so-called Wang Lijun incident, when his top lieutenant

and police chief allegedly sought asylum at an American consulate.

The Internet wars in China took another turn in the first week of April 2012 when the activist computer hacking entity known as "Anonymous" took down hundreds of Chinese government websites. A posting by "Anonymous China" explained the rationale for these attacks in English and Chinese as follows: "Hello, we are Anonymous. All these years the Chinese Government has subjected their people to unfair laws and unhealthy processes. People, each of you suffers from tyranny of that regime. Fight for justice, fight for freedom, fight for democracy!"

There was a new turn in the Internet hacking wars of China by the last week of April 2012 when a Chinese-language website based in the United States was crippled for several hours in a sustained hacking attack. Boxun was subject to a "denial-of-service" attack whereby hackers paralyzed the website by bombarding it with enquiries -- thus forcing the online entity to adopt a new web host. It should be noted that Boxun was established more than a decade ago to advocate on behalf of human rights and democracy in China. Of significance in this hacking case was the fact that the Boxun website has reported extensively on the Bo Xilai scandal in China.

Meanwhile, the case of Bo Xilai increased its intrigue quotient as his wife was investigated for the murder of a British businessman -- Neil Heywood -- who was found dead in Chongqing in November 2011.

In late April 2012, Chen Guangcheng -- a blind Chinese human rights activist -- staged a brazen escape from house arrest. After spending four years in jail for disrupting traffic and damaging property in his fight to expose the forced abortions and sterilizations of Chinese women, Chen was placed under house arrest in 2010. Chen's escape two years later sparked a rapid response from Chinese authorities who quickly began rounding up members of Chen's family as well as other activists for "questioning" into the matter. Indeed, a number of people including fellow activist Hu Jia were said to have been detained and taken into Chinese custody.

Human rights groups have for some time criticized China for its treatment of Chen. Amnesty International has characterized him as a "prisoner of conscience" and has demanded that Chinese authorities end the "shameful saga" of his detention.

The timing of Chen's escape has been viewed as key since it came ahead of United States Secretary of State Hillary Clinton's visit to China. Secretary Clinton, on behalf of the Obama administration, had demanded Chen's release from house arrest ahead of his apparent escape now two years later. Now, with Chen possibly seeking refuge at the American embassy in China, it was quite likely that Secretary Clinton's visit to China would include quiet and complex negotiations on the fate of Chen who has, until this point, eschewed the notion of leaving China. Indeed, international media reported that Chen sought protective shelter at the United States embassy in Beijing.

By May 2, 2012, Chen had left the United States embassy and said he wanted to remain in China. For reasons that were still yet to be fully disclosed, Chen reversed his position and asked to depart China with United States Secretary of State Clinton. There were suggestions that once he had returned home from the United States embassy, Chen became increasingly anxious about his own safety and the safety of his family.

After about 24 hours of uncertainty about Chen's fate, an arrangement was in the works for Chen to leave China to attend school in the United States on a special fellowship at a United States university. The arrangement would allow his wife and children to accompany him. United States Department of State spokesperson, Victoria Nuland, said that Chen's visa application for travel would be processed "expeditiously," paving the way for the dissident to attend New York University (NYU). Meanwhile, the Chinese authorities intimated that Chen, like other Chinese students, would be permitted to leave China to attend university outside the country.

On May 19, 2012, Chen, his wife, and his two children were granted United States visas and departed on a commercial United Airlines flight from Beijing. Due to time zones, Chen, his wife and children, arrived on the same day in Newark, accompanied by two aides from the United States embassy in China. Chen and his family were then immediately transported to New York University where he offered his gratitude saying: "I'm very grateful to the U.S. and to the Chinese government for my protection over the long term. Very grateful to other friends like France, who have called in their support. I am gratified the Chinese government dealt with situation with restraint and calm."

At the start of June 2012, ahead of the anniversary of the 1989 Tiananmen Square pro-democracy demonstrations, Chinese authorities launched wide-ranging crackdown on reformist and democracy activists. In 1989, pro-democracy activists occupied in Tiananmen Square in a bid to spur democratizing reforms in China. The Chinese government responded with a hard-line response; indeed, the army opened fire on protesters rallying for democracy, killing hundreds of them, and evoking the horror of the global community. For its part, the government of China said that its actions were justifiable since it was simply tamping down a revolt.

Now, in 2012, in anticipation of that anniversary, the Chinese government moved to arrest hundreds of activists or place them under increased surveillance. As well, searches on social media sites and the wider Internet were restricted to try to prevent references to the events of 1989. This response has been consistent with the stance of the Chinese Communist Party, which prevents public commemorations of the 1989 Tiananmen Square pro-democracy demonstrations. As of 2012, no doubt the government of China has its own interest is preserving stability and suppressing outbursts of pro-democracy public protests, given the wider global political climate where pro-democracy activism has reached new heights,

Special Entry

Nuclear Politics

March 2012 was marked by the Nuclear Security Summit in South Korea, and attendance of global leaders from Russia, China, and the United States. The summit agenda aimed at reducing the risk of nuclear terrorism.

Ahead of the Nuclear Security Summit, United States President Barack Obama reiterated his call for "a world without nuclear weapons" and advanced his foreign policy agenda that advocates non-proliferation and the reduction of nuclear weapons through increase diplomacy.

In a speech to students at South Korea's Hankuk University of Foreign Studies, President Obama said the United States -- the only nation to have ever used nuclear weapons -- was fully committed to reducing its stockpile of nuclear arms. The United States leader said his country had a "moral obligation" to pursue strategic arms cuts. President Obama also drew thunderous applause from the audience of students when he said that, as a father, he did not wish to see his daughters growing up in a world with nuclear threats.

"I say this as president of the only nation ever to use nuclear weapons," Obama said. "I say it as a commander in chief who knows that our nuclear codes are never far from my side. Most of all, I say it as a father, who wants my two young daughters to grow up in a world where everything they know and love can't be instantly wiped out."

President Obama acknowledged his country's unique position in the world, but he noted that "serious sustained global effort" was needed to achieve his expressed hope for a nuclear weapons-free world.

The issue of nuclear proliferation has been at the forefront of the international purview given the ongoing concerns about North Korea's nuclear arsenal as well as Iran's nuclear ambitions. To that latter end, President Obama was expected to meet with Russia's outgoing President Dmitry Medvedev on the matter of Iran's nuclear program -- an issue that has not always seen progress due to divisions among countries with veto power on the United Nations Security Council. With an eye on working cooperatively with such countries, President Obama pledged to work with Russia and China at reducing the risk of nuclear terrorism.

With regard to China, President Obama noted that he has called on Beijing to work directly with Washington and this offer "remains open." He further noted that the Nuclear Security Summit in Seoul presented an opportunity for the United States and China to fortify bilateral relations. He said, "I think this is also an opportunity to build on the excellent cooperation and dialogue across all the dimensions of our relationship that we've been able to establish over the last three years" The United States leader observed that the summit "shows the progress that the international community has made in preventing nuclear proliferation and making sure that we've secured

nuclear materials." He continued, "And I know that's in the interest of both the United States and China."

With regard to Russia, the United States president said he hoped to follow up on the New Start Treaty (Strategic Arms Reduction Treaty).

The "New START" provided for the significant reduction of the arsenal of nuclear weapons held by the United States and Russia; it would limit the United States' stockpile of 2,000 strategic nuclear weapons, and Russia's stockpile of nearly 3,000 to between 1,500 and 1,675 warheads respectively. "New START" was regarded as a milestone in the decades-long thrust to decrease the chances of nuclearized warfare. Indeed, it could arguably be characterized as one of the most important treaties forged in a generation.

President Obama expressed hope there could be a deal forged with Russia for further strategic arms cuts with Russia as part of the nuclear disarmament agenda. "Going forward, we'll continue to seek discussions with Russia on a step we have never taken before -- reducing not only our strategic nuclear warheads, but also tactical weapons and warheads in reserve," President Obama said.

That being said, President Obama was overheard telling his Russian counterpart President Dmitry Medvedev that dealing with the European missile defense shield would have to wait until after the election. The White House explained that President Obama was expressing the political reality of the campaign season where rigorous diplomacy and negotiations would be difficult to accommodate.

President Obama addressed the issue of Iran's controversial nuclear development program, saying that time remained to resolve the deadlock through diplomacy. "But time is short," said President Obama. "Iran must act with the seriousness and sense of urgency that this moment demands," he continued.

For its part, Iran has insisted that it has the right to develop nuclear development for peaceful civilian purposes. On the other side of the equation, the West has asserted that Iran is seeking to build nuclear weapons via its clandestine nuclear arms development program. While Iran has been subject to sanctions as a result of its failure to fulfill its international obligations, international concurrence has not come easily due to objections from China and Russia. However, President Obama made it clear that he intended to work with these two countries as he stated: "Today, I'll meet with the leaders of Russia and China as we work to achieve a resolution in which Iran fulfills its obligations."

Addressing the matter of North Korea's nuclear ambitions, President Obama made it clear that the United States held "no hostile intent" to that country, but warned that there would be "no rewards for provocation."

Note: In addition to the controversial and difficult issues of nuclear development in Iran and North Korea, the summit would also address the threats posed by nuclear terrorists, as well as radiological materials that could be used to construct a "dirty bomb" (i.e. a bomb that would spread radiological contamination rather than causing a nuclear explosion). Also on the agenda was a plan for nuclear power stations to convert to low-enriched fuel. Due to the complexity of these issues, it was unlikely that new agreements and concurrence would be found anytime soon despite the participation of 50 countries at the Nuclear Security Summit. Notably absent from the list of participants at the summit were North Korea and Iran.

Special Report

Xi Jinping -- China's new leader for the next decade

On March 14, 2013, Xi Jinping officially became the new president of China following a vote procedure by the 3,000 deputies of the National People's Congress in China's Great Hall of the People. This move effectively completed the transition of power from Hu Jintao to Xi Jinping. He would also succeed Hu Jintao as chairman of the Central Military Commission.

Months prior in November 2012, Xi Jinping was confirmed as China's new leader for the next decade during a vote by the Central Committee at the National Congress of the Communist Party of China (CPC). At that time, Xi -- the son of a revolutionary veteran and a former Shanghai party chief who was appointed to the politburo in 2007 -- acknowledged that the party faced great challenges but promised that he would work to meet "expectations of both history and the people."

According to reports by the Xinhua, the Chinese news agency, analysts in China said that Xi would have to deal with the emerging challenge of distorted development whereby rapid development has been seen in certain parts of the country, but which has also led to an increasing wealth gap, growing inequity, discontent over corruption, and environmental degradation.

Note: It should be noted that on March 15, 2013, Li Keqiang was named Chinese premier, thus replacing outgoing Wen Jiabao.

In April 2013, President Xi Jinping promised to oppose protectionism and protect the rights of foreign enterprises in China. The newly-installed Chinese leader made this view during an address to the Boao Forum for Asia in the southern Hainan province. He said that China intended to "expand, deepen and widen" its economy, firmly oppose protectionism in any form and solve economic and trade differences with other countries through consultation." Further, he said, "We are protecting the legitimate rights of foreign enterprises according to law." President Xi Jinping

also asserted the following view: "China promotes the establishment of a multilateral trade system featuring balance and development."

It should be noted that a month earlier in March 2013, Xi Jinping officially became the new president of China following a vote procedure by the 3,000 deputies of the National People's Congress in China's Great Hall of the People. This move effectively completed the transition of power from Hu Jintao to Xi Jinping. He would also succeed Hu Jintao as chairman of the Central Military Commission.

Analysts in China have said that Xi Jinping would have to deal with the emerging challenge of distorted development whereby rapid development has been seen in certain parts of the country, but which has also led to an increasing wealth gap, growing inequity, discontent over corruption, and environmental degradation. But it was also clear from his remarks at the Boao Forum for Asia that the new Chinese leader was also focused on the task of keeping China competitive in the global marketplace and an attractive venue for foreign companies.

China in internal push for good governance

In June 2013, the Chinese authorities launched an internal push for good governance. On June 19, 2013, Chinese President Xi Jinping said that the Communist Party of China was launching a program intended to enforce good habits and to end corruption. He said that there was a need for the party to clean up its act in order to maintain public support. Xinhua, the official Chinese government news agency, reported that President Xi Jinping asserted that the Communist Party had to commit itself "serving the people, being down-to-earth, upright and corruption-free. "

In August 2013, the trial of a former Chinese Communist Party official, Bo Xilai, commenced with his denial of the bribery charges against him. The case against Bo Xilai went back to 2012 when he was ousted from power as the head of the Communist Party in the city of Chongqing. The sudden dismissal of Bo spurred coup rumors and exacerbated Beijing's sensitivities to government criticism.

The son of one of the elders of the Communist Party of China, Bo gained notoriety as a populist, charismatic, and media-savvy member of the country's political elite, as compared with other conservative members of the Chinese Communists' power base. His pro-egalitarian stances raised his profile among the social democratic and Maoist wing of the Communist Party, which eschewed the pro-market reforms and decried the growing disparity of wealth in China. That being said, his high profile perhaps made him a target of opponents to his rise to power. Bo's tumble from power came earlier in the month (March 2012) when he was removed from his Chongqing party post, as noted just above. At issue was his involvement in the so-called Wang Lijun incident, when his top lieutenant and police chief allegedly sought asylum at an American consulate. Intrigue increased

when his wife, Gu Kailai, was convicted of the death of Neil Heywood -- a British businessman.

The formal trial of Bo Xilai began with the defendant arguing that he was forced into making a confession. The defendant also declared: "I hope the judge will try this case fairly and justly according to the law of the country." However, all expectations were that he would be found guilty. It should be noted that in addition to the bribery charges involving claims that Bo Xilai received bribes totaling 21.8m yuan (\$3.56 million) from two businessmen, he was also facing charges of corruption.

The trial ended in September 2013 with Bo Xilai being found guilty of bribery, embezzlement, and abuse of power; he was ultimately sentenced to life in prison. As noted above, by the close of October 2013, his legal appeal was rejected. As stated by the high court: "The facts of the first instance verdict are clear, the evidence is reliable, sufficient and the sentence is appropriate."

In late October 2013, the corruption case in against former Chinese Communist Party official, Bo Xilai, resurfaced when a Chinese court rejected his legal appeal and upheld his life sentence for bribery, embezzlement, and abuse of power. The case against Bo Xilai went back to 2012 when he was ousted from power as the head of the Communist Party in the city of Chongqing. The sudden dismissal of Bo spurred coup rumors and exacerbated Beijing's sensitivities to government criticism.

It should be noted that the legal predicament of Bo Xilai was occurring at a time when the Chinese leadership had decided to take a hard line against corruption in its government ranks. In fact, the case against Bo Xilai could, to some extent, be considered in conjunction with China's anti-corruption campaign.

Specifically, in June 2013, the Chinese authorities launched an internal push for good governance. On June 19, 2013, Chinese President Xi Jinping said that the Communist Party of China was launching a program intended to enforce good habits and to end corruption. He said that there was a need for the party to clean up its act in order to maintain public support. Xinhua, the official Chinese government news agency, reported that President Xi Jinping asserted that the Communist Party had to commit itself "serving the people, being down-to-earth, upright and corruption-free." Of course, as indicated above, the power struggle within the Communist Party was likely to be another key factor in the effort to sideline Bo Xilai -- seemingly permanently with a life sentence in prison.

China's declares defense zone in East China Sea

In late November 2013, China tested the patience of the international community by declaring a new defense zone in the East China Sea. To that end, China announced it was deploying

warplanes in the new air defense identification zone (ADIZ) for surveillance purposes. However, Chinese Foreign Ministry spokesperson Qin Gang noted that if disputes occurred in the region, his country hoped to resolve them through "peaceful means via friendly negotiation."

China's self-declaration of dominion over the territory and its warning that all airplanes passing through the area were to file flight plans and identify themselves or be prepared to deal with "defensive emergency measures" likely raised the ire of neighbors. Indeed, the new air defense identification zone (ADIZ) included contested territory claimed not only by China, but also Taiwan, Japan, and South Korea. Of particular note were uninhabited but disputed islands in the area known as Senkaku in Japan and Diaoyu by the Chinese. Their significance has, in the past, focused on fishing rights and shipping lanes; however, there was also the possibility of fossil fuel reserves in the area.

The United States Department of State characterized China's newly declared defense zone as "an attempt to unilaterally change the status quo in the East China Sea" and accordingly warned that it would "raise regional tensions and increase the risk of miscalculation, confrontation and accidents." In defiance of China's decision to declare the new ADIZ, the United States and Japan respectively ordered fighter jets to be flown through this area of the East China Sea. China was thus prompted to scramble warplanes to monitor those American and Japanese fighter jets crossing through the ADIZ.

For both Japan and the United States, the message was clear: they did not officially recognize China's newly declared defense zone in East China Sea. That being said, the United States was quick to note that its decision to fly fighter jets through the ADIZ was not intended to be a provocative act. An official for the United States military told CNN News that its aircrafts and a number of other Japanese military aircraft flew through the ADIZ without incident and as part of scheduled routine operations. The military official was quoted as saying, "This is status quo. We are not changing what we are doing. We are not trying to make a point with China. We fly U.S. aircraft daily in international airspace in the region. This is normal."

South Korea also reportedly dispatched a military aircraft on a routine patrol flight into the ADIZ and did not alert China of its flight plan. An official from the South Korean Defense Ministry said the flight was routine and carried out twice a week; the South Korean official said the patrols would continue irrespective of China's newly declared defense zone in East China Sea.

Still, several commercial airlines, such as Qantas Airlines and Singapore Airlines, were not prepared to take any chances of their own and made it clear that they intended to act in accordance with China's new regulations. As well, the United States advised American commercial carriers to comply with China's new requirements for filing flight plans when they traverse the newly declared ADIZ over the East China Sea for obvious security reasons. It was to be seen if the matter would spark a dispute, especially since at least two Japanese airlines announced they would

not be complying with the new Chinese-dictated regulations.

Complicating matters was an announcement from South Korea on Dec. 8, 2013 that it was expanding its own air defense zone, which that area partially overlapping with China's zone. At issue was the Ieodo rock claimed by both countries and controlled by South Korea. As noted here, South Korea was already challenging China's ADIZ by flying its military aircraft through that zone. The moves were expected to raise already-heightened tensions in eastern Asia.

Meanwhile, in the first week of December 2013, while United States Vice President Joseph Biden was on a trip to Asia, the matter of China's self-declare air defense zone was a matter of discussion. In a joint appearance with Japanese Prime Minister Shinzo Abe in Tokyo, Vice President Biden said, "We, the United States, are deeply concerned by the attempt to unilaterally change the status quo in the East China Sea. This action has raised regional tensions and increased the risk of accidents and miscalculation." Biden said the United States was monitoring the situation with Japan and South Korea and noted that "we will remain steadfast in our alliance commitments." He continued, "The United States has an interest in the lowering of tensions in this vital region. This underscores the need for crisis management mechanisms and effective channels of communication between China and Japan to reduce the risk of escalation."

Vice President Biden then engaged in "very direct" talks regarding the ADIZ with Chinese officials. While China asserted its view that its self-declare air defense zone was consistent with "international law and practice," Vice President Biden pointed out that the move had caused "apprehension" in Asia and he noted that China had "increasing responsibility to contribute positively to peace and security." But Chinese Foreign Ministry spokesman Hong Lei said: "During the talks the Chinese side repeated its principled position, stressing that the Chinese move accorded with international law and practice." Thus, it was clear -- at least in the public purview -- that neither the United States nor China were prepared to step back from the expressly-stated stances.

Unrest in China's tense Muslim Uighur region

In December 2013, China's volatile Xinjiang region was struck by repeated bouts of violence. On Dec. 30, 2013, police shot and killed at least eight people in clashes. Earlier in the month, 16 people, including two police officers, were killed as a result of another confrontation. Chinese authorities characterized the incidences as being the result of terrorism. Referring to the incident that occurred on Dec. 30, 2013, the China Daily offered the following description of what transpired: "At around 6:30 am, nine thugs carrying knives attacked a police station in Kashgar's Yarkand county, throwing explosive devices and setting police cars on fire. The police took decisive measures, shooting dead eight and capturing one."

The Xinjiang region -- home to the country's Muslim Uighur population -- is located close to the

border with Pakistan and Afghanistan and is largely populated by Muslim Uighurs, a Turkic-speaking minority in China, who have been embroiled in a fight for independence. Ethno-sectarian tensions in the area have been an enduring challenge as Han Chinese -- who make up the majority of China's population -- have moved into the Xinjiang region. With the Chinese government enforcing tight control over the area, the Muslim Uighurs has reacted in anger, saying that the crackdown amounts to religious repression. For its part, China has long blamed the Muslim Uighurs for acts of terrorism and unrest in China, pointing to the influence of foreign Uighur entities, such as the East Turkistan Islamic Movement, in eruptions of violence on Chinese soil. China's government has also pointed to the 2009 capture of an alleged terrorist gang in possession of large quantities of bomb making materials.

Pro-democracy activists in Hong Kong take to streets to demand democratic rights

As the year 2014 began, thousands of protesters took to the streets of Hong Kong to demand free elections and a faster pace of democratization. Protest organizers in the Chinese territory, which once a British protectorate, said the demonstration had attracted as many as 30,000 participants. They said their demands included universal suffrage and the resignation of the Beijing-appointed chief executive, Leung Chun-ying.

The Beijing-controlled government of Hong Kong attempted to tamp down the dissonance by saying that the administration respected the public's freedom of expression, and noting that a plan to move to an elected executive branch of Hong Kong was in the works for 2017. This timeline coincided with the conclusion of Leung's term in office.

By September 2014, Hong Kong was marked by pro-democracy protests. The outbreak of mass unrest occurred in reaction to the decision by China's Standing Committee of the National People's Congress (NPCSC) to reject demands that Hong Kong's next leader be democratically elected. The announcement made it clear that long-promised democratic rights for Hong Kong residents to elect their own leaders would not be in the offing, and instead, the NPCSC would retain the right to control who would stand as candidates for leadership positions in Hong Kong. Stated differently, Beijing would continue to filter and control the slate of candidates that could potentially hold the position of Chief Executive in Hong Kong.

The 2014 "Occupy Central" protests in Hong Kong thus commenced when pro-democracy activists convened outside the government headquarters and occupied several major city intersections after authorities announced their decision to limit proposed electoral reforms. The protesters were motivated by ire as the Chinese Communist Party in Beijing announced that any future chief executive of Hong Kong would have to be approved by a nominating panel, which was likely composed of pro-Beijing loyalists.

Soon, the protests had coalesced into a movement of sorts, with student protesters now making good on their vow to occupy the central financial districts of Hong Kong to register their frustration and anger over the slow pace of democratic reform.

The people of Hong Kong -- with their legacy of democratic rule prior to 1997 when the area returned to Chinese control -- have long chafed against Beijing's moves to repress democracy. Since 1997, they have periodically taken to the streets to register their ire over Beijing's control, and to demand democratic rights. In 2014, the so-called Occupy Central movement was threatening to shut down the financial district until Hong Kong was granted full democracy with universal suffrage for all residents.

Beijing -- via the Li Fei, the deputy secretary general of the NPCSC -- was making it clear that the shutdown of Hong Kong's financial district was illegal, saying, "Occupy Central is an illegal activity. If we give in, it will trigger more illegal activities." Meanwhile, as clashes erupted in the streets, security forces used pepper gas to disperse the crowds of pro-democracy activists.

With an eye on calming passions in the streets, Hong Kong's leader, Leung Chun-ying, attempted to suggest that the decision by the NPCSC was not final, as he said, "There is still room for discussion in regards to the issue in Hong Kong legislation." However, by October 2014, there was actually no productive discussion taking place and, instead, the Occupy Central protests were continuing.

While Hong Kong has regularly been subject to pro-democracy rallies and demonstrations by a population demanding the freedoms that had been promised since the territory transitioned from British to Chinese rule, the "Occupy Central" protests constituted a different "flavor" of dissent and unrest. Indeed, they sparked memories of Tiananmen Square protests in Beijing in 1989, which ended with bloodshed when the Chinese military opened fire on protesters, thus earning international condemnation. While most experts posited the view that Beijing was unlikely to take such a hardline stance in the era of social media, there were nonetheless rising anxieties about a possible confrontation -- and the ensuing consequences -- as the protesters continued their civil disobedience program. Indeed, the student and pro-democracy protesters kept up their demand that Chief Executive Leung Chun-ying step down from power and that the people of Hong Kong be given full voting rights in the next leadership election in 2017.

For his part, Chief Executive Leung Chun-ying refused to step down although there were some attempt to organize talks between the two sides. By Oct. 10, 2014, talks aimed at finding a resolution to the impasse in Hong Kong had been called off, and the protest movement was ongoing. Businesses were increasingly frustrated by the impact on their profits, while skirmishes flared when police tried to dismantle barricades in an attempt to ease traffic congestion. Then, on Oct. 13, 2014, Chief Executive Leung Chun-ying made clear that Beijing was not about to be pressured into changing its stance on elections. He also said that because the protests had "spun out

of control," he was prepared to use of force to end them.

Nevertheless, the Occupy Central movement appeared to be prepared to remain in place for some time. The protesters were well equipped with food, water, toilets and even shower facilities, and had a sophisticated clean-up and recycle program to deal with the garbage and debris generated by mass demonstrations. It was to be seen if they would actually retain their commitment to the movement over the longer term. It was also to be seen if Chief Executive Leung Chun-ying would make good on his promise to shut down the mass action pro-democracy movement by force.

In mid-October 2014, despite a sequence of attempts to resolve and end the pro-democracy protests, the mass action was ongoing, sporadic violent clashes were erupting between protesters and security forces, protesters were becoming increasingly provocative in their confrontations with authorities, and the government was growing increasingly impatient with the Occupy Central demonstrations. A climate of political impasse had pervaded the landscape in Hong Kong.

A new round of talks was scheduled to be held on Oct. 21, 2014; however, there was no indication that these negotiations would end any more productively than previous efforts to end the crisis. Indeed, despite a fulsome debate between the Occupy movement student leaders and Hong Kong authorities, there was no resolution and no breakthrough to be found. The debate was actually broadcast live to protesters in the streets, and punctuated by cheers as protesters expressed support for points made by their leadership. In this way, the debate on democracy was a rather participatory event. But debate participation was not translating into any actual moves towards participatory democracy.

With dialogue providing no concrete results in the effort towards a resolution, and with the "Occupy Central" protesters promising to "dig in" for the long haul, Beijing was signaling that its patience was in the fraying stages. Indeed, on Oct. 28, 2014, China's Communist Party said that it would prevent "external forces" from intervening into the affairs of territories under its control, such as Hong Kong and Macau. The Communist Party also said that Hong Kong's chief executive had the full support of Beijing. It was not know what form an "intervention" would take; however, Beijing's flexing of its rhetorical muscle could only be interpreted as a warning of sorts to the protesters.

As October 2014 drew to a close, the political ground in Hong Kong was turning fractious as the leader of Hong Kong's Liberal Party, James Tien Pei-chun, called on Hong Kong Chief Executive Leung Chun-ying to resign. The move effectively aligned Tien Pei-chun with the "Occupy Central" movement, thus spurring China's top parliamentary advisory body to expel him from the Chinese People's Political Consultative Conference (CPPCC). Tien Pei-chun reacted by tendering his resignation from the Liberal Party. He declared, "In the case of CPPCC, my voice was not acceptable. If I want to represent the Hong Kong people, to give them a voice...my resignation (as

leader of the Liberal Party) will allow me to better serve Hong Kong people as a lawmaker."

By the start of November 2014, the leaders of the protest movement were looking to dispatch an intermediary to Beijing to negotiate over their democratic demands. At the top of their list of possible emissaries was Hong Kong's former leader, Tung Chee-hwa, who oversaw the administration of the territory after its handover from British to Chinese jurisdiction in the 1990s. But a spokesman for Tung released a statement indicating that such negotiations would be an exercise in futility since Beijing's position was not likely to change. The statement read as follows: "Mr. Tung points out the central government understands the different views in Hong Kong. The decision of the National People's Congress (NPC) Standing Committee on August 31 will not change."

As November 2014 entered its second week, Hong Kong authorities renewed their warnings to the pro-democracy protesters that they should clear the demonstration zones or face arrest. There was some suggestion that Hong Kong's security forces would commence their effort to force the protesters to exit the demonstration zones in mid-November 2014.

Hong Kong authorities made good on that promise and in mid-November 2014 dismantled the protest site in the Admiralty district, specifically removing the barricades outside the Citic Tower. The action came after the high court granted an injunction on the matter. It should be noted that the high court also authorized the clearance of the Mong Kok site. "Occupy Protest" demonstrators were undeterred and promised to move to other venues, which were not covered in the court injunction.

On Nov. 19, 2014, clashes broke out between police and protesters who were attempting to break into the parliamentary building.

On Nov. 24, 2014, Hong Kong authorities cleared the protest encampment at Mong Kok. While that action ensued in a fairly smooth manner, unrest falred soon after with police arresting as many as 100 people including two student activist leaders. Those two student leaders -- Joshua Wong and Lester Shum -- were reportedly brutally beaten by security forces. Days later, clashes between pro-democracy activists and police were ongoing in the Mong Kok district. Riot police used batons, shields, and pepper spray to quell the protests, but they only managed to anger and incite activists further. Meanwhile, Amnesty International issued a sharp rebuke of Hong Kong police for their use of excessive force against protesters.

By Dec. 1, 2014, pro-democracy protests were going strong -- this time with activists managing to temporarily shut down government headquarters and with student leaders calling for a hunger strike to press their democracy demands. There were reports of clashes at the remaining protest sites. These developments prompted Hong Kong's leader, Leung Chun-ying, to say that security forces had been "tolerant" but the time had come for "resolute action." With possible harsh action in the

offing, on Dec. 2, 2014, leaders of the Occupy Central movement in Hong Kong announced they would present themselves to authorities and urged student protesters to retreat rather than risk becoming embroiled in violence. A day later, the three pro-democracy Occupy Central founders -- Benny Tai, Chan Kin-man and Reverend Chu Yiu-ming -- turned themselves into Hong Kong authorities and urged student activists to retreat from protest sites.

Note: On Dec. 10, 2014, following a final gathering of as many as 10,000 pro-democracy activists, Hong Kong authorities began the process of clearing the Admiralty protest site, which stood as the main "Occupy Central" venue of the movement.

Hong Kong Legislature votes against Beijing election plan

In the third week of June 2015, legislators in Hong Kong rejected a proposal by mainland China to change the way in which the specially-administered Chinese territory selects its top executive.

Going back to September 2014, Hong Kong was rocked by street protests as residents took to the streets to demand free elections and a faster pace of democratization. Protest organizers in the Chinese territory, which once a British protectorate, said their demands included universal suffrage and the resignation of the Beijing-appointed chief executive, Leung Chun-ying. The protests went on through the close of the year and came to be known as the "Occupy Central" movement. Pro-democracy activists convened outside the government headquarters and occupied several major city intersections after authorities announced their decision to limit proposed electoral reforms. The movement ended when the Beijing-controlled government of Hong Kong attempted to tamp down the dissonance by dismantling the protest camps.

Now, in mid-2015, the Beijing-controlled government of Hong Kong was trying to assuage the population of Hong Kong with a proposal that would offer people the right to vote for a chief executive in 2017 -- but from a small slate of pre-approved candidates, most likely aligned with Beijing. Cognizant that the proposal would not give the people of Hong Kong a genuine democratic choice, many lawmakers in Hong Kong voted against it. Without garnering the required two-thirds of Hong Kong's Legislative Council to pass, the motion was defeated -- and by a significant margin.

Editor's Note on Hong Kong's British legacy and return to Chinese rule --

The British presence in Hong Kong occurred in 1699 when the British East India Company arrived in China, and as one of China's main gateways to the outside world, Hong Kong's trade with the British merchants developed rapidly. An opium war between China and Great Britain in 1840 ended with China's loss. Then, in 1842, China and Great Britain signed the Treaty of Nanking by which Hong Kong was ceded to Great Britain. The Second Opium War ensued between 1856 and

1858, again ending with China being on the losing side. The resulting Convention of Beijing in 1860 granted Great Britain a perpetual lease on the Kowloon Peninsula.

Negotiations commenced in 1982 between the British and Chinese governments for the future of Hong Kong. In December 1984, the Sino-British Joint Declaration was signed, which provided for the handover of Hong Kong from British jurisdiction to Chinese jurisdiction at the end of the prevailing lease on July 1, 1997. The agreement also ensured that China would make Hong Kong a special administrative region (SAR) after its handover. According to the agreement, as an SAR, Hong Kong would enjoy considerable autonomy except in areas of defense and foreign policy. The Chinese government also promised to let Hong Kong retain its political, economic and judicial systems for 50 years after the reversion. All these measures for taking over Hong Kong are known as the "one China, two systems" policies. The current disagreements between Beijing and Hong Kong are centered on how precisely Hong Kong's democratic political system would be preserved.

Leaders of China and Taiwan meet for first time in decades

In the first week of November 2015, the respective leaders of China and Taiwan met for the first time since 1949 when the civil war with the Communists ended and nationalists moved to Taiwan. Since that time, the people of Taiwan have been anxious to shed their connection to mainland China, while the Chinese government in Beijing has been adamant in retaining its "One China" policy that asserts it holds dominion over Taiwan. Indeed, mainland China has also never relinquished its warning that it would use military force, if necessary, to bring Taiwan to heel. A prevailing counter-promise from the United States to protect Taiwan has kept relations between mainland China and Taiwan in a state of uneasy truce since that time, although ties has thawed and frosted depending on the leadership in power in Taiwan, along with the popular sentiment of the people. Over the years, pro-Beijing sentiment has ebbed and flowed.

At issue in November 2015 was the landmark meeting between Chinese President Xi Jinping and Taiwan president Ma Ying-jeou at a time when anti-Beijing sentiment was on the rise in Taiwan, and ahead of elections in the technically Chinese territory that considers itself separate from Beijing's grasp. In the impending elections, there was a high possibility that Ma's nationalist Kuomintang party (KMT) would lose control of the government to the pro-independence opposition Democratic Progressive Party (DPP). That was an end the government of China in Beijing was anxious to avoid. Indeed, with trade and tourism between mainland China and Taiwan flourishing, and with the KMT being perceived as a more malleable partner for policy than the opposition, Beijing wanted to augment its links.

As expected, there were no agreement made after the highly-anticipated meeting between Xi and Ma; instead the talks were regarded as a symbolic move. Ma was actually set to step down from the KMT on the basis of term limits, by Ma wanted to have the legacy of being the first Chinese

leader to actually meet face to face with a Taiwanese president in decades. To that end, the meeting could well be regarded as a success. However, according to the opposition DPP leader, Tsai Ing-wen, because President Ma did not advance the island's democratic and independence interests, the meeting could only be interpreted as a failure.

Editor's Note on China's claim of dominion over Taiwan:

China claims jurisdiction over Taiwan, naming it as the 23rd province of China; international recognition of Taiwan as a sovereign entity has been elusive as a result. Of note is that fact that until 1971, Taiwan was a member of the United Nations, but since then has been replaced by China. This shift occurred as a result of China's controversial "One China" policy which asserts sovereignty over Taiwan. With the establishment of diplomatic relations with China on January 1, 1979, the United States Government recognized the People's Republic of China as the sole legal government of China and acknowledged the Chinese position that there is only one China and that Taiwan is part of China. While the United States officially adheres to a "one China" policy that recognizes the mainland's sovereignty over Taiwan, the United States nonetheless continues to maintain a supplementary diplomatic and security relationship with Taiwan, much to China's dismay.

United States and China reach agreement expanding sanctions against North Korea over nuclear activities

In late February 2016, in response to North Korea's provocative nuclear activities in contravention of international law, the United States and China arrived at an agreement intended to expand United Nations Security Council sanctions against that country. In the aftermath of North Korea's hydrogen bomb test in January 2016, Washington D. C. and Beijing have been ensconced in rigorous negotiations aimed at drafting a draft resolution.

The two sides were not in complete agreement about what types of initiatives should be undertaken, with Beijing favoring dialogue and advocating non-proliferation, and with Washington D.C. pushing for more stringent punitive measures, including curbs on Pyongyang's ability to access the global financial system. Other provisions being explored included mandatory inspections on cargo passing from or to North Korea, a ban on all supplies of aviation and rocket fuel to North Korea, and a ban on the transfer to North Korea of any item that could be used for military purposes.

Despite the distance on some of these items, Washington D. C. and Beijing were finally able to find concurrence and craft the draft resolution, which they hoped would be introduced and voted on in the full 15-member United Nations Security Council at the start of March 2016.

-- March 2016

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Political Risk Index

Political Risk Index

The **Political Risk Index** is a proprietary index measuring the level of risk posed to governments, corporations, and investors, based on a myriad of political and economic factors. The [Political Risk Index](#) is calculated using an established methodology by CountryWatch's Editor-in-Chief and is based on varied criteria* including the following consideration: political stability, political representation, democratic accountability, freedom of expression, security and crime, risk of conflict, human development, jurisprudence and regulatory transparency, economic risk, foreign investment considerations, possibility of sovereign default, and corruption. Scores are assigned from 0-10 using the aforementioned criteria. A score of 0 marks the highest political risk, while a score of 10 marks the lowest political risk. Stated differently, countries with the lowest scores pose the greatest political risk. A score of 0 marks the most dire level of political risk and an ultimate nadir, while a score of 10 marks the lowest possible level of political risk, according to this proprietary index. Rarely will there be scores of 0 or 10 due to the reality that countries contain complex landscapes; as such, the index offers a range of possibilities ranging from lesser to greater risk.

Country	Assessment

Afghanistan	2
Albania	4
Algeria	6
Andorra	9
Angola	4
Antigua	8
Argentina	4
Armenia	4-5
Australia	9.5
Austria	9.5
Azerbaijan	4
Bahamas	8.5
Bahrain	6
Bangladesh	3.5
Barbados	8.5-9
Belarus	3
Belgium	9
Belize	8

Benin	5
Bhutan	5
Bolivia	5
Bosnia-Herzegovina	4
Botswana	7
Brazil	7
Brunei	7
Bulgaria	6
Burkina Faso	4
Burma (Myanmar)	4.5
Burundi	3
Cambodia	4
Cameroon	5
Canada	9.5
Cape Verde	6
Central African Republic	3
Chad	4
Chile	9

China	7
China: Hong Kong	8
China: Taiwan	8
Colombia	7
Comoros	5
Congo DRC	3
Congo RC	4
Costa Rica	8
Cote d'Ivoire	4.5
Croatia	7
Cuba	4-4.5
Cyprus	5
Czech Republic	8
Denmark	9.5
Djibouti	4.5
Dominica	7
Dominican Republic	6
East Timor	5

Ecuador	6
Egypt	5
El Salvador	7
Equatorial Guinea	4
Eritrea	3
Estonia	8
Ethiopia	4
Fiji	5
Finland	9
Fr. Yugoslav Rep. Macedonia	5
France	9
Gabon	5
Gambia	4
Georgia	5
Germany	9.5
Ghana	6
Greece	4.5-5
Grenada	8

Guatemala	6
Guinea	3.5
Guinea-Bissau	3.5
Guyana	4.5
Haiti	3.5
Holy See (Vatican)	9
Honduras	4.5-5
Hungary	7
Iceland	8.5-9
India	7.5-8
Indonesia	6
Iran	3.5-4
Iraq	2.5-3
Ireland	8-8.5
Israel	8
Italy	7.5
Jamaica	6.5-7
Japan	9

Jordan	6.5
Kazakhstan	6
Kenya	5
Kiribati	7
Korea, North	1
Korea, South	8
Kosovo	4
Kuwait	7
Kyrgyzstan	4.5
Laos	4.5
Latvia	7
Lebanon	5.5
Lesotho	6
Liberia	3.5
Libya	2
Liechtenstein	9
Lithuania	7.5
Luxembourg	9

Madagascar	4
Malawi	4
Malaysia	8
Maldives	4.5
Mali	4
Malta	8
Marshall Islands	6
Mauritania	4.5-5
Mauritius	7
Mexico	6.5
Micronesia	7
Moldova	5
Monaco	9
Mongolia	5
Montenegro	6
Morocco	6.5
Mozambique	4.5-5
Namibia	6.5-7

Nauru	6
Nepal	4
Netherlands	9.5
New Zealand	9.5
Nicaragua	5
Niger	4
Nigeria	4.5
Norway	9.5
Oman	7
Pakistan	3.5
Palau	7
Panama	7.5
Papua New Guinea	5
Paraguay	6.5-7
Peru	7
Philippines	6
Poland	8
Portugal	7.5

Qatar	7.5
Romania	5.5
Russia	5.5
Rwanda	5
Saint Kitts and Nevis	8
Saint Lucia	8
Saint Vincent and Grenadines	8
Samoa	7
San Marino	9
Sao Tome and Principe	5.5
Saudi Arabia	6
Senegal	6
Serbia	5
Seychelles	7
Sierra Leone	4.5
Singapore	9
Slovak Republic (Slovakia)	8
Slovenia	8

Solomon Islands	6
Somalia	2
South Africa	7
Spain	7.5
Sri Lanka	5
Sudan	3.5
Suriname	5
Swaziland	5
Sweden	9.5
Switzerland	9.5
Syria	2
Tajikistan	4.5
Tanzania	6
Thailand	6.5
Togo	4.5
Tonga	7
Trinidad and Tobago	8
Tunisia	6

Turkey	7
Turkmenistan	4.5
Tuvalu	7
Uganda	6
Ukraine	3.5-4
United Arab Emirates	7
United Kingdom	9
United States	9.5
Uruguay	8
Uzbekistan	4
Vanuatu	7
Venezuela	4
Vietnam	5
Yemen	3
Zambia	4.5
Zimbabwe	3

*Methodology

The [Political Risk Index](#) is calculated by CountryWatch's Editor-in-Chief and is based on the

combined scoring of varied criteria as follows --

1. political stability (record of peaceful transitions of power, ability of government to stay in office and carry out policies as a result of productive executive-legislative relationship, perhaps with popular support vis a vis risk of government collapse)
2. political representation (right of suffrage, free and fair elections, multi-party participation, and influence of foreign powers)
3. democratic accountability (record of respect for political rights, human rights, and civil liberties, backed by constitutional protections)
4. freedom of expression (media freedom and freedom of expression, right to dissent or express political opposition, backed by constitutional protections)
5. security and crime (the degree to which a country has security mechanisms that ensures safety of citizens and ensures law and order, without resorting to extra-judicial measures)
6. risk of conflict (the presence of conflict; record of coups or civil disturbances; threat of war; threats posed by internal or external tensions; threat or record of terrorism or insurgencies)
7. human development (quality of life; access to education; socio-economic conditions; systemic concern for the status of women and children)
8. jurisprudence and regulatory transparency (the impartiality of the legal system, the degree of transparency within the regulatory system of a country and the durability of that structure)
9. economic conditions (economic stability, investment climate, degree of nationalization of industries, property rights, labor force development)
10. corruption (the degree of corruption in a country and/or efforts by the government to address graft and other irregularities)

Editor's Note:

As of 2015, the current climate of upheaval internationally -- both politically and economically -- has affected the ratings for several countries across the world.

North Korea, [Afghanistan](#), [Somalia](#), and [Zimbabwe](#) -- retain their low rankings.

Several Middle Eastern and North African countries, such as [Tunisia](#), [Egypt](#), [Libya](#), [Syria](#), [Iraq](#) and [Yemen](#) were downgraded in recent years due to political instability occurring in the "season of unrest" sweeping the region since 2011 and continuing today. The worst downgrades affected [Syria](#) where civil war is at play, along with the rampage of terror being carried out by Islamist terrorists who have also seized control over part of Syrian territory. [Iraq](#) has been further downgraded due to the rampage of Islamist terrorists and their takeover of wide swaths of Iraqi territory. [Libya](#) has also been downgraded further due to its slippage into failed state status; an issue in [Libya](#) have been an ongoing power struggle between rival militias. [Yemen](#) continues to hold steady with a poor ranking due to continued unrest at the hands of Houthi rebels, secessionists, al-Qaida in the Arabian Peninsula, and Islamic State. Its landscape has been further complicated by the fact that it is now the site of a proxy war between [Iran](#) and [Saudi Arabia](#). Conversely, [Tunisia](#) and [Egypt](#) have seen slight upgrades as these countries stabilize.

In Africa, [Zimbabwe](#) continues to be one of the bleak spots of the world with the Mugabe regime effectively destroying the country's once vibrant economy, and miring [Zimbabwe](#) with an exceedingly high rate of inflation, debilitating unemployment, devolving public services, and critical food shortages; rampant crime and political oppression round out the landscape. [Somalia](#) also sports a poor ranking due to the continuing influence of the terror group, al-Shabab, which was not operating across the border in [Kenya](#). On the upside, [Nigeria](#), which was ineffectively dealing with the threat posed by the terror group, Boko Haram, was making some strides on the national security front with its new president at the helm. [Mali](#) was slightly upgraded due to its efforts to return to constitutional order following the 2012 coup and to neutralize the threat of separatists and Islamists. But the [Central African Republic](#) was downgraded due to the takeover of the government by Muslim Seleka rebels and a continued state of lawlessness in that country. [South Sudan](#) -- the world's newest nation state -- has not been officially included in this assessment; however, it can be unofficially assessed to be in the vicinity of "3" due to its manifold political and economic challenges. [Burkina Faso](#), [Burundi](#) and [Guinea](#) have been downgraded due to political unrest, with [Guinea](#) also having to deal with the burgeoning Ebola crisis.

In Europe, [Ukraine](#) was downgraded due to the unrest facing that country following its Maidan revolution that triggered a pro-Russian uprising in the eastern part of the country. [Russia](#) was also implicated in the Ukrainian crisis due to its intervention on behalf of pro-Russian separatists, as well as its annexation of the Ukrainian territory of Crimea. Strains on the infrastructure of southern and eastern European countries, such as [Serbia](#), [Croatia](#), and [Hungary](#), due to an influx of refugees was expected to pose social and economic challenges, and slight downgrades were made accordingly. So too, a corruption crisis for the Romanian prime minister has affected the ranking of that country. Meanwhile, the rankings for [Spain](#), [Portugal](#), [Ireland](#), and [Italy](#) were maintained due to debt woes and the concomitant effect on the euro zone. [Greece](#), another euro zone nation, was earlier downgraded due to its sovereign debt crisis; however, no further downgrade was added since the country was able to successfully forge a bailout rescue deal with creditor institutions. Cyprus' exposure to Greek banks yielded a downgrade in its case.

In Asia, [Nepal](#) was downgraded in response to continuous political instability and a constitutional crisis that prevails well after landmark elections were held. Both [India](#) and China retain their rankings; [India](#) holds a slightly higher ranking than [China](#) due to its record of democratic representation and accountability. Increasing violence and political instability in [Pakistan](#) resulted in a downgrade for this country's already low rating. Meanwhile, [Singapore](#) retained its strong rankings due to its continued effective stewardship of the economy and political stability.

In the Americas, ongoing political and economic woes, as well as crime and corruption have affected the rankings for [Mexico](#), [Guatemala](#), and [Brazil](#). [Argentina](#) was downgraded due to its default on debt following the failure of talks with bond holders. [Venezuela](#) was downgraded due to its mix of market unfriendly policies and political oppression. For the moment, the [United States](#) maintains a strong ranking along with [Canada](#), and most of the English-speaking countries of the Caribbean; however, a renewed debt ceiling crisis could cause the [United States](#) to be downgraded in a future edition. Finally, a small but significant upgrade was attributed to [Cuba](#) due to its recent pro-business reforms and its normalization of ties with the United States.

Source:

Dr. Denise Youngblood Coleman, Editor in Chief, CountryWatch Inc. www.countrywatch.com

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Political Stability

Political Stability

The **Political Stability Index** is a proprietary index measuring a country's level of stability, standard of good governance, record of constitutional order, respect for human rights, and overall strength of democracy. The [Political Stability Index](#) is calculated using an established methodology* by CountryWatch's Editor-in-Chief and is based on a given country's record of peaceful transitions of power, ability of a government to stay in office and carry out its policies vis a vis risk credible risks of government collapse. Threats include coups, domestic violence and instability, terrorism, etc. This index measures the dynamic between the quality of a country's government

and the threats that can compromise and undermine stability. Scores are assigned from 0-10 using the aforementioned criteria. A score of 0 marks the lowest level of political stability and an ultimate nadir, while a score of 10 marks the highest level of political stability possible, according to this proprietary index. Rarely will there be scores of 0 or 10 due to the reality that countries contain complex landscapes; as such, the index offers a range of possibilities ranging from lesser to greater stability.

Country	Assessment
Afghanistan	2
Albania	4.5-5
Algeria	5
Andorra	9.5
Angola	4.5-5
Antigua	8.5-9
Argentina	7
Armenia	5.5
Australia	9.5
Austria	9.5
Azerbaijan	5
Bahamas	9
Bahrain	6

Bangladesh	4.5
Barbados	9
Belarus	4
Belgium	9
Belize	8
Benin	5
Bhutan	5
Bolivia	6
Bosnia-Herzegovina	5
Botswana	8.5
Brazil	7
Brunei	8
Bulgaria	7.5
Burkina Faso	4
Burma (Myanmar)	4.5
Burundi	4
Cambodia	4.5-5
Cameroon	6

Canada	9.5
Cape Verde	6
Central African Republic	3
Chad	4.5
Chile	9
China	7
China: Hong Kong	8
China: Taiwan	8
Colombia	7.5
Comoros	5
Congo DRC	3
Congo RC	5
Costa Rica	9.5
Cote d'Ivoire	3.5
Croatia	7.5
Cuba	4.5
Cyprus	8
Czech Republic	8.5

Denmark	9.5
Djibouti	5
Dominica	8.5
Dominican Republic	7
East Timor	5
Ecuador	7
Egypt	4.5-5
El Salvador	7.5-8
Equatorial Guinea	4.5
Eritrea	4
Estonia	9
Ethiopia	4.5
Fiji	5
Finland	9
Fr.YugoslavRep.Macedonia	6.5
France	9
Gabon	5
Gambia	4.5

Georgia	5
Germany	9.5
Ghana	7
Greece	6
Grenada	8.5
Guatemala	7
Guinea	3.5-4
Guinea-Bissau	4
Guyana	6
Haiti	3.5-4
Holy See (Vatican)	9.5
Honduras	6
Hungary	7.5
Iceland	9
India	8
Indonesia	7
Iran	3.5
Iraq	2.5

Ireland	9.5
Israel	8
Italy	8.5-9
Jamaica	8
Japan	9
Jordan	6
Kazakhstan	6
Kenya	5
Kiribati	8
Korea, North	2
Korea, South	8.5
Kosovo	5.5
Kuwait	7
Kyrgyzstan	5
Laos	5
Latvia	8.5
Lebanon	5.5
Lesotho	5

Liberia	3.5-4
Libya	2
Liechtenstein	9
Lithuania	9
Luxembourg	9.5
Madagascar	4
Malawi	5
Malaysia	8
Maldives	4.5-5
Mali	4.5-5
Malta	9
Marshall Islands	8
Mauritania	6
Mauritius	8
Mexico	6.5-7
Micronesia	8
Moldova	5.5
Monaco	9.5

Mongolia	6.5-7
Montenegro	8
Morocco	7
Mozambique	5
Namibia	8.5
Nauru	8
Nepal	4.5
Netherlands	9.5
New Zealand	9.5
Nicaragua	6
Niger	4.5
Nigeria	4.5
Norway	9.5
Oman	7
Pakistan	3
Palau	8
Panama	8.5
Papua New Guinea	6

Paraguay	8
Peru	7.5
Philippines	6
Poland	9
Portugal	9
Qatar	7
Romania	7
Russia	6
Rwanda	5
Saint Kitts and Nevis	9
Saint Lucia	9
Saint Vincent and Grenadines	9
Samoa	8
San Marino	9.5
Sao Tome and Principe	7
Saudi Arabia	6
Senegal	7.5
Serbia	6.5

Seychelles	8
Sierra Leone	4.5
Singapore	9.5
Slovak Republic (Slovakia)	8.5
Slovenia	9
Solomon Islands	6.5-7
Somalia	2
South Africa	7.5
Spain	9
Sri Lanka	5
Sudan	3
Suriname	5
Swaziland	5
Sweden	9.5
Switzerland	9.5
Syria	2
Tajikistan	4.5
Tanzania	6

Thailand	6
Togo	5
Tonga	7
Trinidad and Tobago	8
Tunisia	5
Turkey	7.5
Turkmenistan	5
Tuvalu	8.5
Uganda	6
Ukraine	3.5-4
United Arab Emirates	7
United Kingdom	9
United States	9
Uruguay	8.5
Uzbekistan	4
Vanuatu	8.5
Venezuela	4.5-5
Vietnam	4.5

Yemen	2.5
Zambia	5
Zimbabwe	3

*Methodology

The Political Stability Index is calculated by CountryWatch's Editor-in-Chief and is based on the combined scoring of varied criteria as follows --

1. record of peaceful transitions of power (free and fair elections; adherence to political accords)
2. record of democratic representation, presence of instruments of democracy; systemic accountability
3. respect for human rights; respect for civil rights
4. strength of the system of jurisprudence, adherence to constitutional order, and good governance
5. ability of a government to stay in office and carry out its policies vis a vis risk credible risks of government collapse (i.e. government stability versus a country being deemed "ungovernable")
6. threat of coups, insurgencies, and insurrection
7. level of unchecked crime and corruption
8. risk of terrorism and other threats to national security
9. relationship with regional powers and international community; record of bilateral or multilateral cooperation
10. degree of economic strife (i.e. economic and financial challenges)

Editor's Note:

As of 2015, the current climate of upheaval internationally -- both politically and economically --

has affected the ratings for several countries across the world. The usual suspects -- North Korea, [Afghanistan](#), and [Somalia](#) -- retain their low rankings. The reclusive and ultra-dictatorial North Korean regime, which has terrified the world with its nuclear threats, has exhibited internal instability. Of note was a cut-throat purge of hundreds of high ranking officials deemed to be a threat to Kim Jung-un. Despite their attempts to recover from years of lawlessness, war, and warlordism, both [Afghanistan](#) and [Somalia](#) continue to be beset by terrorism and turmoil. In [Afghanistan](#), while international forces have seen success in the effort against the terror group, al-Qaida, the other Islamist extremist group, the Taliban, continues to carry out a vicious insurgency using terrorism. In [Somalia](#), while the government attempts to do the nation's business, the terror group, al-Shabab continues to make its presence known not only in [Somalia](#), but across the border into [Kenya](#) with devastating results/ Also in this category is [Iraq](#), which continues to be rocked by horrific violence and terrorism at the hands of Islamic State, which has taken over wide swaths of Iraqi territory.

Syria, [Libya](#), and [Yemen](#) have been added to this unfortunate echelon of the world's most politically unstable countries. [Syria](#) has been mired by the twin hazards of 1. a civil war as rebels oppose the Assad regime; and 2. the rampage of terror being carried out by Islamic State, which also seized control over vast portions of Syrian territory. Meanwhile, the post-Qaddhafi landscape of [Libya](#) has devolved into chaos as rival militias battle for control -- the elected government of the country notwithstanding. Rounding out this grim triad is [Yemen](#), which was dealing with a Houthi rebellion, secessionists in the south, as well as the threat of terrorism from al-Qaida in the Arabian Peninsula as well as Islamic State, while also being the site of a proxy war between Shi'a [Iran](#) and Sunni [Saudi Arabia](#).

Meanwhile, several Middle Eastern and North African countries, such as [Tunisia](#), [Egypt](#), and [Bahrain](#) were downgraded in recent years due to political instability occurring in the "season of unrest" sweeping the region since 2011 and continuing today. All three of these countries have stabilized in recent years and have been upgraded accordingly. In [Bahrain](#), the landscape had calmed. In [Egypt](#), the secular military-backed government has generated criticism for its crackdown on the Muslim Brotherhood; however, the country had ratified the presidency via democratic elections and were on track to hold parliamentary elections as the country moved along the path of democratization. Perhaps the most impressive story was coming out of [Tunisia](#) -- the country whose Jasmine Revolution sparked the entire Arab Spring -- and where after a few years of strife, a new progressive constitution was passed into law and a secular government had been elected to power. [Tunisia](#), [Egypt](#), and [Bahrain](#) have seen slight upgrades as these countries stabilize.

In Africa, the [Central African Republic](#) was downgraded the previous year due to the takeover of the government by Muslim Seleka rebels. Although the country has been trying to emerge from this crisis, the fact of the matter was that it was difficult to halt the precipitous decline into lawlessness in that country. [Zimbabwe](#) has maintained its consistently poor ranking due to the

dictatorial regime of Mugabe, who continues to hold a tight grip on power, intimidates the opposition, squashes dissent, and oppresses the white farmer population of the country. Moving in a slightly improved direction is [Nigeria](#), which has sported abysmal ratings due to the government's fecklessness in dealing with the threat posed by the Islamist terror group, Boko Haram. Under its newly-elected government, there appears to be more of a concerted effort to make national security a priority action item. [Mali](#) was also slightly upgraded due to its efforts to return to constitutional order following the 2012 coup and to neutralize the threat of separatists and Islamists. Political instability has visited [Burkina Faso](#) and [Burundi](#) as the leaders of those countries attempted to side-step constitutional limits to hold onto power. In [Burundi](#), an attempted coup ensued but quelled, and the president won a (questionable) new term in office; unrest has since punctuated the landscape. In [Burkina Faso](#), the political climate has turned stormy as a result of a successful coup that ended the rule of the president, and then a putsch against the transitional government. These two African countries have been downgraded as a result.

It should be noted that the African country of South [Sudan](#) -- the world's newest nation state -- has not been officially included in this assessment; however, it can be unofficially assessed to be in the vicinity of "3" due to its manifold political and economic challenges. [Guinea](#) has endured poor rankings throughout, but was slightly downgraded further over fears of social unrest and the Ebola heath crisis.

In Europe, [Ukraine](#) was downgraded due to the unrest facing that country following its Maidan revolution that triggered a pro-Russian uprising in the eastern part of the country. [Russia](#) was also implicated in the Ukrainian crisis due to its intervention on behalf of pro-Russian separatists, as well as its annexation of the Ukrainian territory of Crimea. [Serbia](#) and [Albania](#) were slightly downgraded due to eruptions of unrest, while [Romania](#) was slightly downgraded on the basis of corruption charges against the prime minister. [Spain](#), [Portugal](#), [Ireland](#), and [Italy](#) were downgraded due to debt woes and the concomitant effect on the euro zone. [Greece](#), another euro zone nation, was downgraded the previous year due to its sovereign debt crisis; however, the country successfully forged a rescue deal with international creditors and stayed within the Euro zone. Greek voters rewarded the hitherto unknown upstart party at the polls for these efforts. As a result, [Greece](#) was actually upgraded slightly as it proved to the world that it could endure the political and economic storms. Meanwhile, [Germany](#), [France](#), [Switzerland](#), the [United Kingdom](#), the [Netherlands](#), and the Scandinavian countries continue to post impressive ranking consistent with these countries' strong records of democracy, freedom, and peaceful transfers of power.

In Asia, [Nepal](#) was downgraded in response to continuous political instability well after landmark elections that prevails today. [Cambodia](#) was very slightly downgraded due to post-election instability that has resulted in occasional flares of violence. Despite the "trifecta of tragedy" in [Japan](#) in 2011 -- the earthquake, the ensuing tsunami, and the resulting nuclear crisis -- and the appreciable destabilization of the economic and political terrain therein, this country has only slightly been downgraded. Japan's challenges have been assessed to be transient, the government

remains accountable, and there is little risk of default. Both [India](#) and China retain their rankings; [India](#) holds a slightly higher ranking than [China](#) due to its record of democratic representation and accountability. Increasing violence and political instability in [Pakistan](#) resulted in a downgrade for this country's already low rating.

In the Americas, [Haiti](#) retained its downgraded status due to ongoing political and economic woes. [Mexico](#) was downgraded due to its alarming rate of crime. [Guatemala](#) was downgraded due to charges of corruption, the arrest of the president, and uncertainty over the outcome of elections. [Brazil](#) was downgraded due to the corruption charges erupting on the political landscape, the stalling of the economy, and the increasingly loud calls for the impeachment of President Rousseff. [Argentina](#) was downgraded due to its default on debt following the failure of talks with bond holders. [Venezuela](#) was downgraded due to the fact that the country's post-Chavez government is every bit as autocratic and nationalistic, but even more inclined to oppress its political opponents. [Colombia](#) was upgraded slightly due to efforts aimed at securing a peace deal with the FARC insurgents. A small but significant upgrade was attributed to [Cuba](#) due to its recent pro-business reforms and its normalization of ties with the United States. Meanwhile, the [United States](#), [Canada](#), [Costa Rica](#), [Panama](#), and most of the English-speaking countries of the Caribbean retain their strong rankings due to their records of stability and peaceful transfers of power.

In the Pacific, [Fiji](#) was upgraded due to its return to constitutional order and democracy with the holding of the first elections in eight years.

In Oceania, [Maldives](#) has been slightly downgraded due to the government's continued and rather relentless persecution of the country's former pro-democracy leader - former President Nasheed.

Source:

Dr. Denise Youngblood Coleman, Editor in Chief, CountryWatch Inc. www.countrywatch.com

Updated:

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Freedom Rankings

Freedom Rankings

Freedom in the World

Editor's Note: This ranking by Freedom House quantifies political freedom and civil liberties into a single combined index on each sovereign country's level of freedom and liberty. The initials "PR" and "CL" stand for Political Rights and Civil Liberties, respectively. The number 1 represents the most free countries and the number 7 represents the least free. Several countries fall in the continuum in between. The freedom ratings reflect an overall judgment based on survey results.

Country	PR	CL	Freedom Status	Trend Arrow
Afghanistan	6 ?	6	Not Free	
Albania*	3	3	Partly Free	
Algeria	6	5	Not Free	
Andorra*	1	1	Free	
Angola	6	5	Not Free	
Antigua and Barbuda*	3 ?	2	Free	
Argentina*	2	2	Free	
Armenia	6	4	Partly Free	
Australia*	1	1	Free	
Austria*	1	1	Free	

Azerbaijan	6	5	Not Free
Bahamas*	1	1	Free
Bahrain	6 ?	5	Not Free ?
Bangladesh*	3 ?	4	Partly Free
Barbados*	1	1	Free
Belarus	7	6	Not Free
Belgium*	1	1	Free
Belize*	1	2	Free
Benin*	2	2	Free
Bhutan	4	5	Partly Free
Bolivia*	3	3	Partly Free
Bosnia-Herzegovina*	4	3	Partly Free
Botswana*	3 ?	2	Free
Brazil*	2	2	Free
Brunei	6	5	Not Free
Bulgaria*	2	2	Free
Burkina Faso	5	3	Partly Free
Burma	7	7	Not Free

Burundi*	4	5	Partly Free	↑
Cambodia	6	5	Not Free	↓
Cameroon	6	6	Not Free	
Canada*	1	1	Free	
Cape Verde*	1	1	Free	
Central African Republic	5	5	Partly Free	
Chad	7	6	Not Free	
Chile*	1	1	Free	
China	7	6	Not Free	
Colombia*	3	4	Partly Free	
Comoros*	3	4	Partly Free	
Congo (Brazzaville)	6	5	Not Free	↓
Congo (Kinshasa)	6	6	Not Free	↓
Costa Rica*	1	1	Free	
Cote d'Ivoire	6	5	Not Free	
Croatia*	1 ?	2	Free	
Cuba	7	6	Not Free	
Cyprus*	1	1	Free	

Czech Republic*	1	1	Free	
Denmark*	1	1	Free	
Djibouti	5	5	Partly Free	
Dominica*	1	1	Free	
Dominican Republic*	2	2	Free	↓
East Timor*	3	4	Partly Free	
Ecuador*	3	3	Partly Free	
Egypt	6	5	Not Free	
El Salvador*	2	3	Free	
Equatorial Guinea	7	7	Not Free	
Eritrea	7	7 ?	Not Free	
Estonia*	1	1	Free	
Ethiopia	5	5	Partly Free	↓
Fiji	6	4	Partly Free	
Finland*	1	1	Free	
France*	1	1	Free	
Gabon	6	5 ?	Not Free ?	
The Gambia	5	5 ?	Partly Free	

Georgia	4	4	Partly Free	
Germany*	1	1	Free	
Ghana*	1	2	Free	
Greece*	1	2	Free	
Grenada*	1	2	Free	
Guatemala*	4 ?	4	Partly Free	
Guinea	7	6 ?	Not Free	
Guinea-Bissau*	4	4	Partly Free	
Guyana*	2	3	Free	
Haiti*	4	5	Partly Free	
Honduras	4 ?	4 ?	Partly Free	
Hungary*	1	1	Free	
Iceland*	1	1	Free	
India*	2	3	Free	
Indonesia*	2	3	Free	
Iran	6	6	Not Free	↓
Iraq	5 ?	6	Not Free	
Ireland*	1	1	Free	

Israel*	1	2	Free	
Italy*	1	2	Free	
Jamaica*	2	3	Free	
Japan*	1	2	Free	
Jordan	6 ?	5	Not Free ?	
Kazakhstan	6	5	Not Free	↓
Kenya	4	4 ?	Partly Free	
Kiribati*	1	1	Free	
Kosovo	5 ?	4 ?	Partly Free ?	
Kuwait	4	4	Partly Free	
Kyrgyzstan	6 ?	5 ?	Not Free ?	
Laos	7	6	Not Free	
Latvia*	2	1	Free	
Lebanon	5	3 ?	Partly Free	
Lesotho*	3 ?	3	Partly Free ?	
Liberia*	3	4	Partly Free	
Libya	7	7	Not Free	
Liechtenstein*	1	1	Free	

Lithuania*	1	1	Free	
Luxembourg*	1	1	Free	
Macedonia*	3	3	Partly Free	↑
Madagascar	6 ?	4 ?	Partly Free	
Malawi*	3 ?	4	Partly Free	
Malaysia	4	4	Partly Free	
Maldives*	3 ?	4	Partly Free	
Mali*	2	3	Free	
Malta*	1	1	Free	↓
Marshall Islands*	1	1	Free	
Mauritania	6	5	Not Free	
Mauritius*	1	2	Free	
Mexico*	2	3	Free	
Micronesia*	1	1	Free	
Moldova*	3 ?	4	Partly Free	
Monaco*	2	1	Free	
Mongolia*	2	2	Free	↑
Montenegro*	3	2 ?	Free ?	

Morocco	5	4	Partly Free	↓
Mozambique	4 ?	3	Partly Free	
Namibia*	2	2	Free	
Nauru*	1	1	Free	
Nepal	4	4	Partly Free	
Netherlands*	1	1	Free	
New Zealand*	1	1	Free	
Nicaragua*	4	4 ?	Partly Free	
Niger	5 ?	4	Partly Free	
Nigeria	5	4	Partly Free	↓
North Korea	7	7	Not Free	↓
Norway*	1	1	Free	
Oman	6	5	Not Free	
Pakistan	4	5	Partly Free	
Palau*	1	1	Free	
Panama*	1	2	Free	
Papua New Guinea*	4	3	Partly Free	
Paraguay*	3	3	Partly Free	

Peru*	2	3	Free	
Philippines	4	3	Partly Free	↓
Poland*	1	1	Free	
Portugal*	1	1	Free	
Qatar	6	5	Not Free	
Romania*	2	2	Free	
Russia	6	5	Not Free	↓
Rwanda	6	5	Not Free	
Saint Kitts and Nevis*	1	1	Free	
Saint Lucia*	1	1	Free	
Saint Vincent and Grenadines*	2	1	Free	
Samoa*	2	2	Free	
San Marino*	1	1	Free	
Sao Tome and Principe*	2	2	Free	
Saudi Arabia	7	6	Not Free	
Senegal*	3	3	Partly Free	
Serbia*	2 ?	2	Free	
Seychelles*	3	3	Partly Free	

Sierra Leone*	3	3	Partly Free	
Singapore	5	4	Partly Free	
Slovakia*	1	1	Free	↓
Slovenia*	1	1	Free	
Solomon Islands	4	3	Partly Free	
Somalia	7	7	Not Free	
South Africa*	2	2	Free	
South Korea*	1	2	Free	
Spain*	1	1	Free	
Sri Lanka*	4	4	Partly Free	
Sudan	7	7	Not Free	
Suriname*	2	2	Free	
Swaziland	7	5	Not Free	
Sweden*	1	1	Free	
Switzerland*	1	1	Free	↓
Syria	7	6	Not Free	
Taiwan*	1 ?	2 ?	Free	
Tajikistan	6	5	Not Free	

Tanzania	4	3	Partly Free	
Thailand	5	4	Partly Free	
Togo	5	4 ?	Partly Free	
Tonga	5	3	Partly Free	
Trinidad and Tobago*	2	2	Free	
Tunisia	7	5	Not Free	
Turkey*	3	3	Partly Free	↓
Turkmenistan	7	7	Not Free	
Tuvalu*	1	1	Free	
Uganda	5	4	Partly Free	
Ukraine*	3	2	Free	
United Arab Emirates	6	5	Not Free	
United Kingdom*	1	1	Free	
United States*	1	1	Free	
Uruguay*	1	1	Free	
Uzbekistan	7	7	Not Free	
Vanuatu*	2	2	Free	
Venezuela	5 ?	4	Partly Free	

Vietnam	7	5	Not Free	↓
Yemen	6 ?	5	Not Free ?	
Zambia*	3	4 ?	Partly Free	
Zimbabwe	6 ?	6	Not Free	

Methodology:

PR and CL stand for political rights and civil liberties, respectively; 1 represents the most free and 7 the least free rating. The ratings reflect an overall judgment based on survey results.

? ? up or down indicates a change in political rights, civil liberties, or status since the last survey.

↑ ↓ up or down indicates a trend of positive or negative changes that took place but that were not sufficient to result in a change in political rights or civil liberties ratings of 1-7.

* indicates a country's status as an electoral democracy.

Source:

This data is derived from the latest edition of Freedom House's Freedom in the World 2010 edition.

Available at URL: <http://www.freedomhouse.org>

Updated:

Reviewed in 2015

Human Rights

Overview of Human Rights in China

The People's Republic of China (PRC) is officially a Communist state with a mixed economic

system. The Chinese Communist Party (CCP) is the only political party allowed in the nation, and it is the utmost source of power according to the Chinese Constitution.

In March 2004, China amended its constitution to include a promise to ensure the human rights of its citizens. This was a step towards acknowledging the importance of the protection of human rights. At the same time, the government, led by the Central Committee of the CCP called for reforms within the Party in order to strengthen its hold over the country. It decreed that while China would remain a one-party state, there would be more rule of law in the land. Notwithstanding these moves toward increasing the rule of law, the legal system itself remains one of the largest perpetrators of human rights abuses.

In China, laws are poorly worded, the judiciary lacks independence, trials favor the prosecutions' side, and official corruption is widespread. That said, there have been serious efforts in the last few years to address the corruption issue. Nevertheless, the justice system is skewed so much that confessions are often coerced out of suspects, as a result of torture or other forms of mistreatment; those confession are later used against suspects in the court of law.

The freedoms of press, expression, speech, assembly, association, religion, and movement are all severely limited. The Internet has emerged as a powerful tool for disseminating information in China. The government has imposed tighter controls by using very sophisticated technologies to limit access and usage of the internet. Arrest, detention and/or long prison sentences await those who are found guilty of 'passing state secrets' on the Internet.

While China is fast becoming one of the major players in the world economy, its workers have yet to see the benefits of the nation's economic growth. Minimum wage requirements are often ignored and health and safety measures are usually not implemented. When state-owned companies went bankrupt or were privatized, former employees of those companies lost their pensions. Independent trade unions are not allowed in China. Massive labor protests are occurring in many regions across the nation in response to the lack of trickle-down economics.

Many of the poor and lower middle class are being forcibly evicted from their homes due to the development of new housing projects. Many have faced imprisonment when they fought for compensation or redress for their losses.

The Uighurs, a Turkic-speaking Muslim people in China's Xinjiang Uighur Autonomous Region, seek political autonomy or independence from China. Referencing its domestic 'war on terror,' China has been harshly repressed this ethno-linguistic minority group. Arbitrary arrest of 'separatists, terrorists and religious extremists' occur almost daily in the Xinjiang region. Thousands of political prisoners are imprisoned indefinitely. Many of those who are charged with terrorist or separatist offences are sentenced to death and executed. No official record of how many have met such fate has been released.

Hundreds of North Korean asylum seekers are arrested and forcibly returned each year as China continues to deny North Koreans access to any refugee determination procedures.

China prohibits any human rights organizations independent of the government to be active in China. International human rights organizations are usually barred from entering the nation. Chinese citizens who seek to pass information to human rights groups face imprisonment, if found out.

Overall, China is considered one of the more repressive states in the international arena.

Human Development Index (HDI) Rank:

See Social Overview of Country Review for full listing of rankings for all countries.

Human Poverty Index Rank:

27th out of 103

Gini Index:

44

Life Expectancy at Birth (years):

72.27 years

Unemployment Rate:

9% (official rate)

Population living on \$1 a day (%):

16.6%

Population living on \$2 a day (%):

46.7%

Population living beneath the Poverty Line (%):

10%

Internally Displaced People:

N/A

Note-Some 350,000 Vietnamese and North Korean refugees are currently seeking asylum in China

Total Crime Rate (%):

19%

Health Expenditure (% of GDP):

Public: 2.0%

% of GDP Spent on Education:

N/A

Human Rights Conventions Party to:

- International Convention on the Prevention and Punishment of the Crime of Genocide
- International Convention on the Elimination of All Forms of Racial Discrimination
- International Covenant on Civil and Political Rights (Signed but not yet ratified)
- International Covenant on Economic, Social and Cultural Rights
- Convention on the Elimination of All Forms of Discrimination against Women
- Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
- Conventions on the Rights of the Child
- Convention relating to the Status of Refugees

*Human Development Index (HDI) is a composite index that measures the level of well-being in 177 nations in the world. It uses factors such as poverty, literacy, life-expectancy, education, gross domestic product, and purchasing power parity to assess the average achievements in each nation. It has been used in the United Nation's Human Development Report since 1993.

*Human Poverty Index Ranking is based on certain indicators used to calculate the Human Poverty Index. Probability at birth of not surviving to age 40, adult literacy rate, population without sustainable access to an improved water source, and population below income poverty line are the indicators assessed in this measure.

*The Gini Index measures inequality based on the distribution of family income or consumption. A value of 0 represents perfect equality (income being distributed equally), and a value of 100 perfect

inequality (income all going to one individual).

*The calculation of the total crime rate is the % of the total population which has been effected by property crime, robbery, sexual assault, assault, or bribery (corruption) related occurrences.

Government Functions

Executive Authority

The Chinese government is organized along unitary principles and it is under direct leadership of the Chinese Communist Party (CCP). Under such pattern, the Chinese government has established parallel bureaucracies from the central government in the capital down to every level of local governments. All local governments are under direct leadership of the central government. The primary organs of state power are the National People's Congress (NPC), the president and the State Council. The executive organ of the central government is the State Council led by the premier, and the Standing Committee of the State Council exercises major decision-making authority.

Legislative Authority

Under the 1982 constitution, all national legislative power is vested in the National People's Congress (NPC) and its Standing Committee. The NPC is in fact the highest organ of state power in China. It meets annually for about two weeks to review and approve major new policy directions, laws, budget and major personnel changes. When the NPC is not in session, its permanent organ, the Standing Committee, exercises state power.

Political System and Decision-Making

Since the late 1970s, China has been making efforts in establishing a more institutionalized system as well as decentralization of government authority. In recent years China has seen an increase of influence from people and organizations outside the party structure. However, the system has not become institutionalized enough for the distribution of power among major bodies to be fixed. The

political system in China determines that actual decision-making authority resides in both the state executive organs and the CCP.

Parallel to the State Council system is the central leadership of the CCP. The National Party Congress is the highest decision-making body of the CCP. Since it convenes only once in about five years, the party Central Committee is empowered to act when the Congress is not in session. The primary organs of power in the party include the Standing Committee of the Political Bureau (Politburo), the Politburo itself, and the Secretariat headed by the general secretary.

The Politburo is empowered to act when the central party committee is not in session, and the Standing Committee of the Politburo guides the work of the Politburo. The Secretariat is in charge of the daily work of the Central Committee and the Politburo. In theory, the CCP sets major policy directions and supervises the implementation of the policy, and the government is responsible for carrying out the party policy while making necessary decisions.

Legal System and Jurisprudence

During the Cultural Revolution, the legal system in China was destroyed. There were no justice departments in the government and no lawyers. Since 1979, the Chinese government has made great efforts in re-establishing the legal system. In 1982, the National People's Congress adopted a new state constitution emphasizing the rule of law. The justice departments of the government have been reestablished as well as the court system. Hundreds of laws and regulations have been promulgated. From the 1990s, the Chinese government has taken legal reform as one of its priorities. Legislation has been enacted aimed at modernizing and professionalizing lawyers and judges. There have been amendments in criminal law to abolish the crime of "counter-revolutionary" activity, and criminal procedural reforms have encouraged establishment of a more transparent trial process. However, due to a shortage of qualified personnel as well as ingrained traditional perspectives of law, China still has a long way to go in perfecting its legal system.

Government Structure

Names:

conventional long form:

People's Republic of China

conventional short form:

China

local long form:

Zhonghua Renmin Gongheguo

local short form:

Zhongguo

abbreviation:

PRC

Type:

Communist state

Executive Branch:

Chief of state:

President Xi Jinping (since 2013)

Head of government:

Premier Li Keqiang(since 2013)

Cabinet:

State Council; appointed by the National People's Congress (NPC)

Note:

The president and vice president were elected by the National People's Congress for five-year terms; the premier was nominated by the president, and confirmed by the National People's Congress.

Election and Confirmation of Leadership:

On March 14, 2013, Xi Jinping officially became the new president of China following a vote procedure by the 3,000 deputies of the National People's Congress in China's Great Hall of the People. This move effectively completed the transition of power from Hu Jintao to Xi Jinping. He would also succeed Hu Jintao as chairman of the Central Military Commission.

Months prior in November 2012, Xi Jinping was confirmed as China's new leader for the next decade during a vote by the Central Committee at the National Congress of the Communist Party of China (CPC). At that time, Xi -- the son of a revolutionary veteran and a former Shanghai party chief who was appointed to the politburo in 2007 -- acknowledged that the party faced great challenges but promised that he would work to meet "expectations of both history and the people."

According to reports by the Xinhua, the Chinese news agency, analysts in China said that Xi would have to deal with the emerging challenge of distorted development whereby rapid development has been seen in certain parts of the country, but which has also led to an increasing wealth gap, growing inequity, discontent over corruption, and environmental degradation.

Note: It should be noted that on March 15, 2013, Li Keqiang was named Chinese premier, thus replacing outgoing Wen Jiabao.

Legislative Branch:

Unicameral "Quanguo Renmin Daibiao Dahui" (National People's Congress):

2987 members; five-year terms; elections take place over a three-month period; members elected by People's Congresses of the PROC's three municipalities, five autonomous regions, 23 provinces, the Hong Kong special administrative region, and the armed forces; number of members per constituency proportional to the number of electors in each constituency

Note:

The "Zhongguo Gongchandang" (Chinese Communist Party) must approve all candidates

Election results:

Only the Chinese Communist Party and eight parties from the China People's Political Consultative Conference were allowed to stand in the last elections, which were held in late 2012 and into the start of 2013.

Percent of votes by party -

NA

Seats by party -

NA

Judicial Branch:

Supreme People's Court (judges appointed by the National People's Congress); Local Peoples Courts (comprise higher, intermediate, and local courts); Special Peoples Courts (primarily military, maritime, and railway transport courts)

Constitution:

Most recent promulgated Dec. 4, 1982

Legal System:

Based on civil law system; complex amalgam of custom and statute, largely criminal law; rudimentary civil code in effect; some aspects of legal system derived from Soviet and continental civil code legal principles; legislature retains power to interpret statutes; constitution ambiguous on judicial review of legislation; has not accepted compulsory ICJ jurisdiction; continuing efforts being made to improve civil, administrative, criminal and commercial law

Political Parties and Leaders:

Chinese Communist Party or CCP [XI Jinping]

There are eight nominally independent small parties ultimately controlled by the CCP

No substantial political opposition groups exist, although the government has identified the Falungong spiritual movement and the China Democracy Party as subversive groups

Suffrage:

18 years of age; universal

Administrative Divisions:

23 provinces (sheng, singular and plural), 5 autonomous regions (zizhiqu, singular and plural), and 4 municipalities (shi, singular and plural)

provinces:

Anhui, Fujian, Gansu, Guangdong, Guizhou, Hainan, Hebei, Heilongjiang, Henan, Hubei, Hunan, Jiangsu, Jiangxi, Jilin, Liaoning, Qinghai, Shaanxi, Shandong, Shanxi, Sichuan, Yunnan, Zhejiang; (see note on Taiwan)

autonomous regions:

Guangxi, Nei Mongol, Ningxia, Xinjiang, Xizang (Tibet)

municipalities:

Beijing, Chongqing, Shanghai, Tianjin

Note:

China considers Taiwan its 23rd province; Hong Kong and Macau are special administrative regions.

Principal Government Officials

Cabinet and Leadership of China

Pres. XI Jinping
Vice Pres. LI Yuanchao
Premier, State Council LI Keqiang
Executive Vice Premier, State Council ZHANG Gaoli
Vice Premier, State Council LIU Yandong
Vice Premier, State Council WANG Yang
Vice Premier, State Council MA Kai
State Councilor, State Council YANG Jing
State Councilor, State Council CHANG Wanquan
State Councilor, State Council YANG Jiechi
State Councilor, State Council GUO Shengkun
State Councilor, State Council WANG Yong
Sec. Gen., State Council YANG Jing
Chmn., Central Military Commission XI Jinping
Chmn., National Development & Reform Commission XU Shaoshi
Min. in Charge of the State Population & Family Planning Commission LI Bin
Min. in Charge of the State Ethnic Affairs Commission WANG Zhengwei
Min. of Agriculture HAN Changfu
Min. of Civil Affairs LI Liguo
Min. of Commerce GAO Hucheng
Min. of Culture CAI Wu
Min. of Education YUAN Guiren
Min. of Environmental Protection ZHOU Shengxian
Min. of Finance LOU Jiwei
Min. of Foreign Affairs WANG Yi
Min. of Housing & Urban-Rural Development JIANG Weixin
Min. of Human Resources & Social Security YIN Weimin
Min. of Industry & Information Technology MIAO Wei
Min. of Justice WU Aiying
Min. of Land & Resources JIANG Daming
Min. of National Defense CHANG Wanquan, Gen.

Min. of Public Security GUO Shengkun
Min. of Science & Technology WAN Gang
Min. of State Security GENG Huichang
Min. of Supervision HUANG Shuxian
Min. of Transportation YANG Chuantang
Min. of Water Resources CHEN Lei
Auditor Gen., National Audit Office LIU Jiayi
Governor, People's Bank of China ZHOU Xiaochuan
Ambassador to the US CUI Tiankai
Permanent Representative to the UN, New York LIU Jieyi

-- as of 2015

Leader Biography

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A biography for the president of China, as set forth by Xinhua, the Chinese News Agency, is as follows: --

Profile: Xi Jinping: Pursuing dream for 1.3 billion Chinese

BEIJING, March 16 (Xinhua) -- Nearly 3,000 deputies to the national legislature made their choice on Thursday, electing Xi Jinping as the leader of China and its military.

Long applause filled the Great Hall of the People as Xi was elected president of the People's Republic of China (PRC) and chairman of the PRC Central Military Commission.

Xi's new role follows his election on Nov. 15 last year, when he was elected general secretary of the Central Committee of the Communist Party of China (CPC) and chairman of the CPC Central Military Commission.

Xi is now the leader of the CPC, the state and the military.

Xi rose from his seat and bowed to the deputies. In a warm handshake, Xi was congratulated by his predecessor Hu Jintao.

Xi is the seventh Chinese president following Mao Zedong, Liu Shaoqi, Li Xiannian, Yang Shangkun, Jiang Zemin and Hu Jintao.

While meeting the press shortly after he became general secretary of the CPC Central Committee, Xi said the new leadership would shoulder the responsibilities for the nation, the people and the Party and he pledged to fulfill the missions entrusted by the people.

Four months into office, Xi has started with a good beginning by pushing forward a series of popular policy measures.

Xi has stressed the importance of reform and the rule of law, initiated a campaign to curb extravagance, and urged strict disciplines on the CPC and the military and an all-out effort to

tackle corruption.

He also reiterated China's policy of peaceful development and underlined opportunities that the world might get from China's rise.

The new leadership led by Xi has won respect and trust from the Chinese people. A media commentary said "China's 'New Deal' has taken shape."

FAITH IN CHINA

Two weeks after his November election, Xi showed his confidence in leading the country while visiting the National Museum of China along with other members of the Standing Committee of the Political Bureau of the CPC Central Committee.

"We will surely complete the building of a moderately prosperous society in all respects when the CPC celebrates its centenary, and turn China into a modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious when the PRC marks its centennial," Xi said.

"I firmly believe that the great dream of the renewal of the Chinese nation will come true," Xi said in front of an exhibition depicting the country's struggles over the past 170 years.

Rising from a CPC branch secretary in a village brigade, Xi fostered his experience in performing duties, dealing with domestic issues and handling foreign and defense affairs while serving higher positions.

An enterprising man, Xi knows how global and national conditions have changed and which challenges are facing the nation. His confidence in coming up with the idea of the "Chinese dream," as well as his determination, is impressive.

"Our system will be improved and the superiority of our

socialist system will be fully demonstrated through a brighter future," Xi said. "We should have firm confidence in our path, in our theories and in our system."

"The selection of path is a life-or-death issue for the future of the CPC," he told the new leadership. "We should unswervingly uphold socialism with Chinese characteristics."

He called for the new leadership to enhance their study and practice of the theory of socialism with Chinese characteristics, accelerate the construction of a moderately prosperous society, improve the people's livelihoods, strengthen Party-building and deepen reform and opening up.

Emphasizing the importance of the rule of law in building a moderately prosperous society, Xi called on CPC members to take the lead to ensure the implementation of the Constitution and act in accordance with the law.

"The people should be able to enjoy justice and fairness in every legal case," Xi said.

"To forge iron, one's own self must be strong," Xi said. "Our job is to work with all CPC members to supervise our own conduct through strict disciplines and effectively solve major problems within the Party."

Extravagance risks the collapse of a political party, Xi said, warning that corruption has become a life-or-death challenge facing the CPC and the nation.

After becoming the general secretary, Xi promised to crack down on corruption, "restrict power by the cage of regulations" and make cadres be respectful of law and refrain from wrongdoing.

He also vowed to go after both "flies" and "tigers," which imply corrupt low-level functionaries and big powers respectively.

A number of suspected corrupt officials have been investigated

or prosecuted over the past four months.

Being the general secretary, Xi conducted his first inspection tour to southern Guangdong Province, a pioneer in China's reform and opening up more than three decades ago.

Many interpreted the move as a strong sign to continue the country's reform and opening-up drive.

To bring the "Chinese dream" to fruition, the country needs to continue its reform and opening-up drive, a point Xi reiterated during his trip to Guangdong and in group studies conducted for the Political Bureau of the CPC Central Committee.

"We'll never stop reform and opening up," Xi said. "We must waste no time in deepening reforms in key areas."

Some of the reforms China needs to carry out include transforming government functions and streamlining the administrative system.

At the second plenary session of the 18th CPC Central Committee held in February, Xi stressed that the government should figure out what it should do and not do in changing its functions.

Different roles and responsibilities of the government, the market and the society should be clearly defined, but the service of the government to the people should never change, Xi said.

Sustainable, high-quality economic growth is also imperative for the "Chinese dream," as China is now the world's second-largest economy.

"Future growth must be tangible and not exaggerated," Xi said. "It should be sustainable with good performance and good quality."

He urged accelerating the adjustment of China's economic structure and the transformation of its mode of economic development, adding that the country must implement an innovation-driven strategy for future development that focuses on

growth quality and performance.

As chairman of the CPC Central Military Commission, Xi said a strong military is needed for the great renewal of the Chinese nation. He has demonstrated his strategic thinking on how to consolidate national defense and build strong armed forces.

For the past four months, Xi has inspected the army, navy, air force, second artillery corps and armed police, boarding warships and combat vehicles.

During an inspection tour to the Guangzhou Military Theater of Operations in December, Xi emphasized that soldiers must be loyal to the CPC and abide by the law.

"The armed forces need to be ready to assemble at the first call of the CPC and be capable of fighting and winning any battle," Xi said while inspecting the Lanzhou Military Area.

While vowing to never allow the country's national sovereignty, security and development interests to be infringed upon, Xi reiterated that China will always remain a staunch force in upholding world peace, as the nation suffered from wars in the past.

"We will never seek hegemony or engage in expansion," he said.

When he met CY Leung and Chui Sai On, chief executives of the Hong Kong and Macao special administrative regions, respectively, last year, Xi said he expects contributions from compatriots in Hong Kong, Macao and Taiwan in realizing the great rejuvenation of the Chinese nation.

During his February meeting with Lien Chan, honorary chairman of the Kuomintang, Xi stressed the CPC's confidence in carrying forward the peaceful development of cross-Strait relations.

The new leadership has full confidence in overcoming difficulties and bringing new prospects for the cross-Strait

relations, he said.

"We sincerely hope Taiwan can develop along with the mainland and compatriots from both sides of the Strait can join hands in realizing the 'Chinese dream,'" he said.

Xi is anything but an unfamiliar name to the rest of the world, as he appeared on the international stage multiple times in recent years.

Since the 1980s, he has visited more than 60 countries and regions to gain experience and seek cooperative opportunities.

After he was elected vice president in 2008, Xi visited more than 40 countries and regions and became increasingly skilled in handling complicated international issues.

Shortly after he served as the top CPC leader last year, Xi met with foreign experts working in China and sought their views and suggestions on China's development.

"China is ready to learn from the achievements of all other cultures," he said.

Since November last year, Xi has met delegations from the United States, Russia, the Republic of Korea and Japan, and representatives from the United Nations, the African Union and the Shanghai Cooperation Organization.

His confident and pragmatic approach has made him well-known among foreign diplomats.

He reassured the world of China's peaceful development with his ideas regarding win-win cooperation and mutual benefit.

Since China and the world share common interests, the "Chinese dream" cannot be realized without peace and development in the world, Xi said.

A prosperous and stable world community offers opportunities to China, while China's development presents great opportunities to

the world, he said.

He called for other countries also to engage in peaceful development in order to develop peaceful coexistence.

"No country should assume that we will trade our core interests for benefits, nor will we swallow the 'bitter fruit' of harming our sovereignty, security or development interests," he said.

FOR PEOPLE

In his first public speech after being elected the general secretary in November, Xi showed his leadership style by reaching out to ordinary people and highlighting the role the people have played.

Xi considers the people to be a source of strength and vows to stand by them in good times and bad.

"Our people have an ardent love for life. They wish to have better education, more stable jobs, more income, greater social security, better medical and health care, improved housing conditions and better environment," Xi said in the speech.

"They want their children to grow well, have ideal jobs and lead a more enjoyable life," he said. "To meet their desire for a happy life is our mission."

Xi has been concerned with the smog that affected people in many parts of the country. He ordered measures to cope with the air pollution, and asked government departments to join all sectors in the society to build a "Beautiful China."

On Dec. 1, 2012, the World AIDS Day, Xi visited a community clinic in Beijing, and shook hands with HIV carriers and AIDS patients, stressing that the whole society must be involved in fighting the disease, and every patient must be taken care of.

Shortly before the Spring Festival, Xi took to Beijing streets

to give holiday regards to subway workers, sanitation workers, police officers and taxi drivers.

"I know that you cannot rest during the holiday, so I come here to see you," Xi told them.

For the past decades, Xi has immersed himself in the populace and strived to work for the benefit of the people.

"To solve problems in China, we should rely on not only the CPC and the government, but also the 1.3 billion people," he said.

In line with the down-to-earth style he has advocated, Xi has traveled to poor counties and villages for visiting the most needy people.

In order to get a real picture of poverty, Xi, after assuming general secretary, traveled three times to areas that are "extremely impoverished."

"The general secretary is easy-going and he talks like any one of us," 69-year-old farmer Tang Rongbin said while recalling Xi's visit to his home in Hebei Province.

"We chatted for half an hour. He asked me how many TV channels I can watch, and whether I can make long-distance calls with my landline," Tang said. "He's like an old friend of mine."

Xi brought cooking oil, flour, quilts and coats to families in the village of Luotuowan in Hebei during his visit in December.

"Without prosperity in rural China, particularly those impoverished areas, we can't complete building a moderately prosperous society in all respects," Xi said.

Xi is also open-minded and never stops learning from ordinary people and those with expertise.

During his visit to Guangzhou, capital of Guangdong Province, he talked with government officials and corporate managers to prepare for the central economic work conference which was held

shortly afterward.

At the end of 2012, he visited leaders of non-Communist parties and the All-China Federation of Industry and Commerce to discuss ways to improve the system of multiparty cooperation and political consultation under the leadership of the CPC.

For the past four months, Xi has chaired four group study sessions for the members of the Political Bureau of the CPC Central Committee. He sought opinions and suggestions from experts and officials from various departments on issues pertaining to the Party and the country.

Turning 60 years old this year, Xi is at an age when a person can be more tolerant of criticism, according to traditional Chinese wisdom. He also asked CPC members to be more tolerant of sharp criticism.

He has asked CPC organizations at all levels to accept comments and supervision from the public in order to improve their work.

"We should let the people see the tangible changes and results of our work," Xi said.

DOWN-TO-EARTH STYLE

While working in localities, Xi often cited an ancient poem written by Yang Wanli of the Southern Song Dynasty (1127-1279) to prepare himself for the hardship ahead:

"Don't say downhill no obstacles before you lie,
Misleading wayfarers to be happy and gay!
You are surrounded by ten thousand mountains high:
One mountain lets you pass, another bars your way."

While China speeds toward completing the construction of a moderately prosperous society in all respects, his sense of hardship remains with him as Xi sees the following challenges:

-- How can the government turn the people's aspirations for a wonderful life into concrete measures and administer the country properly?

-- Since deepening reform and opening up has become a national consensus, how should the government go further in reform?

-- Since it is a solemn pledge of the CPC to keep officials, the government and politics upright, clean and free from corruption, how can the CPC strengthen supervision and guard against corruption in practice?

Xi has resurrected a slogan that started to be used 20 years ago in the Shenzhen Special Economic Zone, where a series of breakthroughs in the country's reform and opening up drive were made.

"Empty talk is harmful to the nation, while practical jobs can help it thrive," he said, encouraging the CPC and the people to be practical, deal with concrete matters and turn visions into reality.

Xi has been seen as a leader with firm beliefs, strategic vision, a sense of hardship and a pragmatic style after coming up with the concept of the "Chinese dream" and vowing to deepen reform and opening up, ordering officials to reduce extravagance and taking drastic measures to crack down on corruption.

Xi presided over meetings of the Political Bureau of the CPC Central Committee that resulted in the issuance of explicit requirements on how Political Bureau members should improve their work style in eight aspects, including rejecting extravagance, formalism and bureaucratism.

"We must start with specific things and ensure their implementation," he said.

The Political Bureau took the lead in setting an example,

followed by CPC and government departments at all levels. Many officials said they have been under great pressure after the implementation of the rules.

"Work styles are not a trifling thing. If we do not resolutely correct poor working styles, they will separate the CPC from the masses like an invisible wall. The CPC will lose the root of its power like a man losing his blood," Xi said at one meeting.

He emphasized that the eight provisions are not the highest standards, but the first step for the CPC to improve its work style.

Xi has set an example through his own deeds.

When making inspections, he required no road closures in order to minimize disturbance to local residents. When he arrived, there was no welcoming pomp and receptions were reduced to simplicity.

Security personnel and escorts were kept to a minimum in order for him to learn the real situation. He also asked local governments not to rehearse visits or stage fake inspections to flatter higher authorities.

He turned down suggestions for him to stay at a better hotel when he inspected Fuping County in Hebei Province in late December.

"Do not make a fuss over where to stay," he said, "it's all right."

The public has noticed that conferences were cut short and officials were accompanied by fewer people.

Business has declined at posh restaurants, as more officials are being thrifty and the idea of living a simple life is winning public support.

He has vowed to stop using public money in excessive spending and penalize violators in this regard.

"We are closer than in any other time of history to the goal of rejuvenating the Chinese nation. We are more confident and capable of achieving this goal than in any other period of history," Xi said.

Foreign Relations

General Relations

After the People's Republic of China was established in October 1949, China adopted a political and economic order modeled on the Soviet example in building up the socialist country. It also adhered to a basic foreign policy of pro-Soviet and pro-communism. In the mid-1950s, in order to turn around its isolated situation in foreign relations for its need of domestic development, China exerted itself in normalizing and establishing friendly relations with many of the Asian and African countries.

From the early 1960s, because of differences with the Soviet Union in various ideological and policy opinions, China broke away from its inclination towards the Soviet Union and initiated a series of independent foreign policies. Accusing the Soviet Union of degenerating into revisionism and social imperialism, China challenged the Soviet leadership in the Third World countries by calling for revolution in the newly independent nations. In the meantime, China also challenged the United States (U.S.) alliance system by establishing formal relations with France.

After the Soviet invasion of Czechoslovakia in 1968 and clashes on the Sino-Soviet border in 1969, China was preoccupied with concerns of its security and strategic positions. In face of the Soviet threat, China and the United States took tremendous steps in reducing mutual antagonism and started diplomatic exchanges in 1971. China was also engaged in improving relations with Japan, and the two countries established diplomatic relations in 1972. See "Regional Relations" for more information about the situation between these two countries more recently.

Since the late 1970s, with the end of the Cultural Revolution and initiation of economic reforms, China has been carrying out a more pragmatic foreign policy aimed at promoting a peaceful and stable environment for domestic economic development. China established diplomatic relations with the United States in 1979, and improved relations with the Soviet Union in the late 1980s. China has advocated arms control and has adopted a more constructive position in many international organizations.

China experienced a setback of foreign relations in the aftermath of 1989 Tiananmen incident, with many countries reducing their diplomatic contacts and economic assistance to China. Nevertheless, by the late 1990s, China had re-established normal relations with these countries after years of efforts. China successfully resumed sovereignty on Hong Kong from Britain in 1997 and on Macau from Portugal in 1999.

China assumed its seat in the United Nations in 1971, and it now has diplomatic relations with about 160 countries. In recent years, China has been an active participant in international affairs, seeking a higher profile in the United Nations and other multilateral organizations.

Note:

In January 2007, China carried out a missile test in space. An article in the American Aviation Week and Space Technology reported that China may have used a ground-based ballistic missile with medium-range to shoot down a weather satellite that had been launched in 1999. It has been regarded as the first known satellite intercept test in two decades. While the international community expressed concern about this development, China offered no comment, essentially declining to either confirm or deny the report. There were some suggestions that China's actions were intended to show that it could destroy spy satellites of other countries.

Regional Relations

Background

As the largest country in the Asia-Pacific region, China has sought to promote cooperation as well as to avoid and reduce tensions in the region. China is a member of the Asia-Pacific Economic Cooperation (APEC) forum, and has engaged itself in promoting economic cooperation with all the APEC countries. In October 2001, China hosted the APEC summit meeting in Shanghai. China also has participated in the ASEAN (Association of Southeast Asian Nations) Regional Forum, seeking a more cooperative relationship with the ASEAN nations in promoting economic cooperation and solving disputes. As for the recent development on the Korean Peninsula, China has played an important role in promoting the dialogue and reconciliation between the two Koreas.

Vietnam

China's relations with Vietnam deteriorated during the late 1970s when Vietnam invaded Cambodia in December 1978, followed by China's attack on Vietnam in February 1979. The relationship between the two countries began to improve in 1989 after Vietnam withdrew its troops from Cambodia. China re-established full diplomatic relations with Vietnam in 1991. From 1999, relations between China and Vietnam have seen significant improvement. In February 1999, China and Vietnam held a summit in Beijing. In December, Chinese Premier Zhu Rongji paid a reciprocal visit to Vietnam. In August 1999, China and Vietnam resumed direct mail service, which had been suspended for more than 20 years. On Dec. 30, 1999, China and Vietnam signed a treaty establishing the land border between the two countries. The signing of the treaty capped lengthy and detailed negotiations, and brought a complete settlement of the land border issue.

India

In June 2003, China and India reached an agreement on the status of Tibet and Sikkim respectively. The agreement not only attempted to resolve the geopolitical issues associated with the areas in question, but also established a landmark cross-border trade agreement. Specifically, India formally recognized the Tibetan autonomous region as part of the People's Republic of China, while China, agreed to border trade through the north-east Indian state of Sikkim. The trade agreement effectively demonstrated Beijing's recognition of India's claim over that area. In sum, the agreement functioned to boost bilateral relations between the two Asian countries, which have been plagued by dismal relations over problematic border issues.

India's recognition of Tibet did not affect the position of the exiled leadership of the region. The spiritual leader of Tibet, the Dalai Lama, who lives in the Indian town of Dharamsala, said he still wished to pursue talks with China regarding Tibet's independence. Also notable was the fact that the Indian government has made a subtle distinction between the Tibet autonomous region and the whole of Tibet.

Japan

In April 2005, China and Japan were involved in a imbroglio, which resulted in massive anti-Japanese protest rallies in China. At issue was a new Japanese history textbook, which allegedly downplayed Japan's wartime offenses in China during the 1930s and early 1940s. For its part, Japan demanded an apology from China after protestors throwing stones attacked the Japanese embassy in Beijing. However, Chinese Foreign Minister Li Zhaoxing noted that China had nothing

to apologize for. His Japanese counterpart, Nobutaka Machimura, was dismayed by this comment. Nevertheless, after a period of notable silence, Chinese officials later called on citizens to show restraint and to refrain from violent action. Meanwhile, in an effort to resolve the diplomatic crisis, Prime Minister Junichiro Koizumi repeated Japan's "deep remorse" over his country's aggressive tactics during the World War II period. The prime minister also expressed the hope that he might meet with his Chinese counterpart at the Asia-Africa summit in Indonesia.

In October 2006, Japan's new Prime Minister Shinzo Abe visited his Chinese counterpart, Hu Jintao, in Beijing. Hu Jintao called Abe's visit a positive development and promised friendly relations between the two countries. Abe's decision to travel to Beijing, rather than Washington D.C., for his first foreign visit was regarded as highly symbolic. Indeed, it suggested that Japan's new leader endeavored to build stronger regional ties. Meanwhile, Hu Jintao's willingness to meet with Abe was regarded as equally significant since he had refused to meet with former Japanese Prime Minister Junichiro Koizumi. At issue was Koizumi's repeated visits to the controversial Yasukuni Shrine. Both China and South Korea have argued that the shrine glorifies the horrendous effects of Japan's militarism during World War II.

On the agenda during the meeting was North Korea's threat to test a nuclear weapon. Japan and China both opposed the notion of a nuclear test by North Korea, deeming it "unacceptable." [As noted above, North Korea did indeed carry out its nuclear threat as promised, suggesting further cooperation between Japan and China in dealing with the North Korean challenge.] Other issues that were discussed included reform of the United Nations, as well as trade, territorial and energy disputes.

In the backdrop of this development were two considerations: (1) The role of China and Japan in multilateral talks with North Korea as regards the nuclear threat; and (2) China's opposition to Japan's bid for a permanent seat on the United Nations Security Council.

Special Entry: China, Japan and the China East Sea

China and Japan are currently involved in a dispute concerning overlapping territorial claims in the East China Sea, which potentially has lucrative natural gas reserves. The two countries have conflicting views on where the demarcation line between their respective exclusive economic zones should be placed. In recent years, China has signed contracts with foreign energy companies to explore natural gas fields near where Japan claims its maritime boundary. In response, Japan has demanded that the Chinese government suspend these explorations because it fears China will be able to access Japanese resources. Both countries are highly dependent on imported energy to fuel their economies, thus heightening the geopolitical stakes of the dispute. Both sides also maintain a military presence in the area, fueling fears that the situation could spark an armed conflict over the resources. China has indicated it would be willing to consider a joint commercial development

arrangement, though bilateral talks on the issue have yet to produce an agreement on the precise details of such an arrangement. Although bilateral talks continue, the deterioration of Sino-Japanese relations over nationalist issues, like Japanese history textbooks and Yasukuni shrine, has stymied efforts to reach an agreement on joint commercial development of the East China Sea.

Background/Context

The United Nations Convention on the Law of the Sea allows coastal states to control the maritime resources of an exclusive economic zone (EEZ) extending 200 nautical miles off their coasts. However, the East China Sea between China and Japan is only 360 nautical miles at its widest. Although both China and Japan have signed the convention, they differ in their interpretations of how the convention applies to the disputed area. China claims its EEZ on the basis of its continental shelf, which extends beyond Japan's declared area. The dispute escalated after the discovery of natural gas and oil fields in the region in the late 1980s. Japanese geologists think the fields may hold upwards of 7 trillion cubic feet of natural gas and upwards of 100 billion barrels of oil.

In August 2003, the Chinese government signed contracts with oil development companies, including Royal Dutch/Shell and Unocal, for exploration and production gas projects in the East China Sea. Japan expressed concerns that the projects would encroach on its EEZ and subsequently requested data on the precise fields China was hoping to develop. The Chinese government declined Japan's request.

In June 2004, Japan discovered that China had started construction on a drilling facility in an undisputed area within China's EEZ, but only four kilometers from Japan's EEZ in a gas field named Chunxiao. Later that month, while visiting Tokyo, the Chinese foreign minister proposed that the two countries cooperate on jointly developing the resources of the disputed area. The Japanese foreign minister requested more precise data on Chinese drilling projects already underway, but was again denied that request. The Japanese government concluded that China was collecting oceanographic data for possible submarine warfare in the area, which is believed strategically essential for in the event of war with the U.S. or Taiwan.

In July 2004, in order to counter Chinese gas exploration at nearby location, Japan began surveying its own EEZ in the East China Sea. This marked the first time Japan had taken such a step toward exploiting the resources of the disputed area. In response, China lodged an official complaint with the Japanese ambassador, criticizing Japan for infringing upon Chinese sovereignty. Japan claimed that it was necessary to ensure that China was not stealing Japanese resources.

In November 2004, a nuclear-powered Chinese submarine entered Japanese waters near Okinawa and remained there for two hours. Although China claimed the action was an accident, it inflamed Sino-Japanese tensions.

In May 2005, the Japanese Ministry of Economy, Trade, and Industry authorized Teikoku Oil, a Japanese energy company, to explore contested areas for natural gas. Teikoku Oil started that it would not begin drilling until the Japanese government could provide security assurances.

In September 2005, China deployed a fleet of five warships near a gas fields in the East China Sea on the eve of Japanese national elections. One naval destroyer pointed its guns at a Japanese surveillance plane that flew over the Chunxiao gas field. In response, both the ruling Liberal Democratic Party and the opposition Democratic Party of Japan prepared a bill to authorize the military to protect Japanese drillers in the disputed waters by force if necessary. High-ranking Japanese officials accused China of "gunboat diplomacy."

China and Japan held talks on the issue in early January 2006. Although the talks did not render an agreement, Japan did indicate it would be open to the possibility of joint commercial development of the gas fields.

In October 2005, two days of talks in Tokyo ended without agreement. Although the Japanese foreign minister had been scheduled to visit China, the Chinese foreign ministry cancelled the trip after Prime Minister Koizumi once again visited the controversial Yasukuni shrine, which honors Japan's 2.5 million war dead - including class-A war criminals. That same month, a Japanese newspaper reported that China had been sending spy planes to collect data on Japanese military vessels operating in the East China Sea.

In April 2006, reports surfaced that the Chinese government had banned all unauthorized sea traffic near the Pinghu gas field until September 2006, leading to speculation that China planned to extend its pipeline facilities during this period.

In May 2006, the Chinese and Japanese foreign ministers discussed the issue on the sidelines of the Asia Cooperation Dialogue in Qatar. The two countries subsequently held another round of talks later that month in Tokyo. Although a resolution was not reached, the two sides did agree to meet again. In July 2006, a sixth round of talks was held in Beijing. Both sides acknowledged the importance of maintaining stability in East China Sea and agreed to establish a maritime hotline to deal with unpredictable security situations in the area. China and Japan also agreed to form a "technical panel" of experts to explore various forms of joint exploration in the disputed waters. Though both sides stated that "great differences" remain, they nonetheless characterized the talks as productive and anticipate that future rounds of talks will be held "at an appropriate time."

Current Initiative

Bilateral talks on the dispute over the gas fields have been held in October 2004, May 2005, October 2005, January 2006, May 2006, and July 2006. It is expected that future rounds of talks will be held. Although both sides seem to agree in principle on the concept of joint development of the natural gas fields, neither side has agreed to any precise details on such an arrangement. Rising

Sino-Japanese tensions on other issues frequently evoke nationalist sentiments that complicate efforts to negotiate a resolution to the dispute. The two sides have agreed to form a technical panel of experts to explore various options for joint development and have established a maritime hotline to reduce the likelihood of conflict erupting. Despite tensions on the political front, Sino-Japanese economic ties remain quite substantial.

China

China claims that its EEZ extends to the edge of its continental shelf and does not accept the legitimacy of the Japanese demarcation line. Unlike Japan, which cites the United Nations Convention on the Law of the Sea to argue its case, China relies on the 1958 Geneva Convention of the Continental Shelf, which allows coastal states to claim sovereignty to the edges of their underwater continental shelves. As in other geopolitical arenas, China's global quest for energy security appears to be driving its foreign policy towards the dispute. China thus views Japan's territorial claims as infringing on its sovereignty and economic interests. China also thinks that Japan feels threatened by China's economic growth and is thus seeking to contain it - at least in the East China Sea. China believes that its Chunxiao gas field project should not be an issue because, even if the Japanese demarcation line were used, it would still be within China's EEZ.

China has indicated that it would be willing to consider Japan's longstanding request to obtain Chinese exploration data if the two countries could agree to a joint development agreement. However, at times Chinese negotiators have also stated they would only be willing to pursue joint projects on the Japanese side of the demarcation line. China's believes its joint development offers should be taken seriously, as it has already reached similar agreements with Russia, Vietnam, and the Philippines over resources in disputed territorial waters.

Japan

Japan cites the United Nations Convention on the Law of the Sea as the legal basis for what it considers its EEZ border. It believes that setting the border halfway between both countries' coasts is a fair solution. Japan claims that China is drilling so close to the Japanese line that it may be tapping Japanese resources. The fact that U.S. and European companies are involved in the Chunxiao project makes the situation an even more difficult foreign policy dilemma. Many in Japan, especially conservatives, worry that bilateral negotiations are merely giving China more time to extract as much material benefit from the gas fields as possible while delaying a final status agreement. However, Japan has expressed its willingness to accept an equitable joint development arrangement.

Other Regional Disputes

China has resolved many territory disputes with its neighboring countries. But it still has a number of remaining disputes, such as the complex dispute over the Spratly Islands in South China Sea

with Malaysia, Philippines, Taiwan (which China claims to hold jurisdiction over), Vietnam and Brunei.

North Korea

From around 2002 through the next several years, China worked with Japan and several other countries within a multilateral framework to deal with the threat of nuclear proliferation by North Korea. Those talks stalled soon thereafter and China promised that it would bring North Korea back to the negotiating table. Those efforts were not immediately successful.

In mid-2006, North Korea test-fired a number of short-range missiles and one Taepodong-2 long-range missile into the Sea of Japan. The situation sparked international condemnation and threats of punitive measures by some countries, including sanctions. Others, including China, called for a return to multilateral talks on North Korea. Those talks had stalled in recent years. For its part, North Korea said that further missile tests would be launched. North Korea also warned that it would react strongly to punitive pressures from the international community, and it threatened to carry out an "annihilating" nuclear strike if its atomic facilities were pre-emptively hit by the United States.

In the first week of October 2006, North Korea said that it intended to test a nuclear weapon. A week after issuing this threat, North Korea announced that it had indeed conducted its first nuclear weapons test. The South Korean news agency, Yonhap, suggested that the explosion may have occurred in an area called Gilju in North Korea's Hamgyong province. The apparent test took place in defiance of warnings by the international community not to go through with the test. Prior to the nuclear test, Chinese Premier Hu Jintao had previously met with his Japanese counterpart, Prime Minister Shinzo Abe, in Beijing to discuss regional concerns and had jointly issued their opposition to the notion of a nuclear test by North Korea. Clearly, their joint statement went unheeded by Pyongyang.

The missile tests, in conjunction with the nuclear weapons test, have intensified the widely-held view that North Korea is a threat to global security. Moreover, these moves by North Korea effectively served to further isolate the country and confirm its pariah status within the international community. The impact on relations with China was yet to be determined.

Note: A draft document by the United States underwent revisions to accommodate the reservations of China and Russia. Those two countries had stated that they would not support the military enforcement of financial and security sanctions against North Korea in response to the nuclear test. With adjustments made, the United Nations Security Council unanimously approved Resolution 1718 on October 14, 2006. The resolution called for the inspections on cargo going to and from North Korea to search for weapons, a ban on the sale or transfer of materials related to

North Korea's unconventional weapons program, and a freeze on the transfer of funds connected with North Korea's nuclear and ballistic missile programs. Absent from Resolution 1718 was the Chapter Seven [of the United Nations charter] provision, which would enforce the sanctions via military force.

The issue of North Korea's weapons proliferation and testing has also served to build Sino-Japanese relations in recent years. This is because China and Japan have worked within a multilateral framework to deal with the threat of nuclear proliferation by North Korea.

In late January 2007, it was announced that six-party talks on North Korea's nuclear program would resume. A previous round of talks ensued in December 2006 but ended inconclusively. In the background of such developments was the testing of a nuclear device by North Korea in the fall of 2006. That action did little to bolster Pyongyang's case for its right to a nuclear program, and overshadowed prevailing hopes that North Korea might abandon its nuclear ambitions and rejoin the Nuclear Non-Proliferation Treaty in exchange for economic aid and security guarantees.

By February 2007, it was announced that concurrence had been reached thanks to a Chinese-brokered initiative. North Korea agreed to shut down its nuclear facilities at Yongbyon within 60 days in exchange for 50,000 tonnes of fuel oil or economic aid of equal value, with 950,000 tonnes of fuel oil or equivalent received after further disarmament steps are taken. Yet to be seen was whether or not the agreement would be ratified by all six parties, and also whether or not North Korea would fully comply with the provisions of the deal.

In June 2007, North Korea reportedly agreed to shut down its nuclear reactor at Yongbyon and, then, disable its nuclear facilities. North Korea also noted that it was inviting International Atomic Energy Agency (IAEA) inspectors to return to North Korea to monitor the closure of its nuclear program and facilities. To that end, IAEA inspectors were expected to visit North Korea on June 26, 2007, for the first time since their dismissal from that country in 2002.

These announcements came months after the Chinese drafted an agreement in February 2007 (discussed above), in which the closure of the reactor at Yongbyon would be secured, in lieu of heavy fuel oil that would be secured by other countries participating in the multilateral nuclear disarmament talks. The total amount of fuel oil -- one million metric tons -- appeared to more substantial than the original quantity discussed earlier in the year under the Chinese-brokered plan. In addition, diplomatic recognition and humanitarian aid benefits were included in the deal. Also included in the arrangement was the untangling of a financial dispute.

A new round of six-party disarmament talks, which has included North Korea, South Korea, China, Japan, Russia and the United States, began in July 2007. North Korea said that it shut down its nuclear reactor at Yongbyon. A team of inspectors from the International Atomic Energy Agency (IAEA) was monitoring the situation at Yongbyon in order to verify Pyongyang's claim.

Nevertheless, the announcement was welcomed by the countries of the West, the wider world, and particularly by the countries participating in multilateral talks with North Korea aimed at disarmament.

More than a year later, however, relations with North Korea began to devolve once again. In January 2009, North Korea announced that it had enough plutonium stocks to produce four or five nuclear weapons. At the start of February 2009, it was reported that North Korea was preparing to test-fire the long-range Taepodong-2 missile. Then, by mid-month, North Korea was declaring its right to launch a “space program.” Since North Korea has, in the past, characterized rocket launches in similar terms, it was believed that the term “space program” was associated with the anticipated missile launch.

In March 2009, North Korea was threatening to go to war with any entity that tried to shoot down the (aforementioned) satellite it intended to launch. A statement by the North Korean military read, “We will retaliate any act of intercepting our satellite for peaceful purposes with prompt counter-strikes by the most powerful military means.” It also included the following assertion: “Shooting our satellite for peaceful purposes will precisely mean a war.” In a presumed effort to augment its warning, North Korea said its military was placed on full combat alert. This warning came at a time when scheduled joint military exercises between South Korea and the United States were about to commence. Meanwhile, the newly-appointed United States envoy to North Korea, Stephen Bosworth, who was in Asia to revitalize six-party denuclearization talks, noted that a launch by North Korea would be “ill advised.”

In early April 2009, North Korea said that its attempt to launch a satellite into orbit ended in failure with parts of the rocket landing in the Pacific Ocean. But such an end did little to quell the international outcry. The United States, South Korea and Japan regarded the launch to be an abrogation of United Nations Security Resolution 1718, which in 2006 banned North Korea from ballistic missile activity. On the other side of the equation, China and Russia have advocated a restrained and measured response.

Late in April 2009, North Korea announced that it was withdrawing from multilateral disarmament talks and restarting its operations at the Yongbyon nuclear plant.

On May 25, 2009, North Korea said that it had successfully conducted an underground nuclear test. Several independent entities confirmed that a powerful explosion had been registered, resulting in the conclusion that it was caused by the nuclear test. Geopolitical analysts were trying to determine why North Korea had chosen to move from negotiations to a clearly confrontational stance. There was some speculation that after a woeful harvest, with up to a quarter of the North Korean population in desperate need of food aid, according to the World Food Programme, Pyongyang may have been trying to divert attention from this internal crisis. There was also some

suggestion that the domestic worries may have prompted an internal power struggle, which ultimately may have spurred this action by hard-liner within the regime.

For its part, Pyongyang appeared to indicate its motive via a communique announced on state radio, which asserted that the underground nuclear testing had been "successfully conducted... as part of measures to enhance the Republic's self-defensive nuclear deterrent in all directions." The statement went on to note that the test was intended to "contribute to safeguard the sovereignty of the country and the nation and socialism." Pyongyang also offered assurances that the underground nuclear testing had ensued in a safe manner with advanced technology.

International news agencies reported that in addition to the underground nuclear test, North Korea also test-fired two short-range missiles.

The international community -- including reliable allies of North Korea, such as China and Russia - - reacted with outrage and condemnation to these collective actions, which occurred just a month after North Korea test fired a long-range missile capable of reaching Asia as well as parts of the United States.

Russia, which was at the helm of the rotating presidency, called for an emergency session of the United Nations (UN) Security Council, noting that North Korea had violated UN Security Council Resolution 1718. Indeed, UN Security Council Resolution 1718 exists in tandem with Article 41 of Chapter VII of the UN Charter and compels compliance by all member states. A nuclear test would be an unassailable violation of UN Security Resolution 1718, which itself imposed sanctions in North Korea after it conducted a previous test in 2006.

Not surprisingly, the UN Security Council rapidly reacted with a strenuous statement of condemnation, registering North Korea's contravention of the resolution, demanding that North Korea return to multilateral talks aimed at denuclearization, and reminding all member states that they must comply with sanctions imposed on North Korea. The UN Security Council also made clear that further action, in the form of a new resolution with stronger measures, was in the offing.

In June 2009 when the United Nations Security Council decided to impose harsh new sanctions against North Korea in response to the nuclear test carried out in May 2009. Included in the new sanctions regime was the expected provision for the increased inspection of North Korean cargo not only on shipping vessels, but also on land and by air, and it authorized the destruction of any materials suspected of being linked to weapons of mass destruction. The new sanctions regime also expanded the arms embargo against North Korea, effectively prohibiting the sale of heavy and small arms by North Korea.

Undeterred, North Korea was said to be preparing for another missile test into the Pacific. On July 2, 2009, North Korea test-fired four short-range missiles. According to South Korea's Yonhap News Agency, two surface-to-ship missiles had been fired from the port of Wonsan while the

other two were launched from Sinsang-ni. All four were fired into the Sea of Japan, which South Korea regards as the "East Sea." The missile tests were not surprising as Pyongyang issued warnings to shipping vessels, urging them to avoid coastal waters. Two days later, North Korea was suspected of firing another seven ballistic missiles. These seven Scud-type missiles were launched from an east coast base and, as before, fell into the Sea of Japan, also known as the East Sea.

The United States was joined by Russia and China in calling for calm. Russia and China urged North Korea to return to the negotiating table and said all parties should work to avoid further destabilization of the region. The United States also said that the tense situation should not be exacerbated. Using highly restrained language, a United States Department of State official said the volley of missile tests were "not helpful" and said that North Korea should not "aggravate tensions" but instead "focus on denuclearization talks." While British Foreign Secretary David Miliband echoed this sentiment by saying that tensions on the Korean peninsula should remain "at manageable levels," Japan and South Korea struck a somewhat harsher tone in saying that the missile launches constituted an "act of provocation."

On October 12, 2009, North Korea fires five short-range missiles into Sea of Japan (also known as the East Sea). The surface-to-surface KN-02 missiles with a range of 75 miles were launched south of Musudan-ri in the North Hamgyeong Province. As a precaution, North Korea had banned shipping vessels from the waters off the east and west coasts from October 10 to October 20, 2009, according to the Yonhap news agency. It was the first missile launches by North Korea in several months and came after North Korea said that it was willing to return to multilateral talks about its nuclear program.

By early 2010, North Korea indicated that part of the new phase of negotiations on the denuclearization of the Korean Peninsula should include a new peace treaty to replace the armistice that ended the Korean War. North Korea said that a peace agreement should form the fulcrum of negotiations on this matter and should be addressed prior to the return to six-party talks aimed at ending Pyongyang's nuclear weapons program, or, as a central part of those multilateral negotiations. But the year 2010 was marked by an escalation of aggressive actions by North Korea and China was playing a far less overt role in trying to ratchet down tensions.

On January 29, 2010, North Korea reportedly fired artillery shells in the area of the Yellow Sea, close to the country's maritime border with South Korea. It was third day that North Korea had carried out such action, according to the South Korean military. Speculation abounded that the provocative action by North Korea may have been aimed at forcing the United States and South Korea to respond to its proposal for a peace treaty to officially end the Korean War, which has effectively ceased via a prevailing armistice rather than an actual peace agreement. North Korea has argued that it cannot advance further denuclearization talks without the foundation of a peace treaty.

In June 2010, South Korea had referred North Korea to the United Nations over the matter of a torpedoed warship that left 47 people dead. At issue was the sinking of its Cheonan warship months earlier, which an international investigation ultimately blamed on North Korea despite Pyongyang's denial of culpability.

In late October 2010, North Korean and South Korean troops exchanged fire across the border. According to accounts from authorities in Seoul, North Korean troops fired two rounds in the direction of a front line unit at Hwacheon, prompting South Korean troops to return fire. No further exchange of fire followed the incident and there were no injuries to South Korean troops. There was no consensus as to whether or not North Korea's actions constituted a direct provocation. Only days later on November 3, 2010, South Korea's navy fired warning shots at a North Korean fishing vessel in maritime border waters.

In the last week of November 2010, an exchange of fire occurred between North Korean and South Korean forces, leaving two South Korean marines dead, 16 other South Korean marines injured, and three civilians wounded. At issue was the shelling of the inhabited Yeonpyeong Island by North Korea, located in close proximity the disputed Yellow Sea maritime border, just off the North Korean coast. South Korea, whose military was conducting military exercises in the waters off Yeonpyeong Island, reportedly returned fire, spurring one of the most serious clashes between the North and the South since the Korean War. Some fifty shells reportedly landed on the island, largely hitting a South Korean military base in the area. South Korea returned a fire with about 80 shells; the casualties on the north side of the border were not known.

South Korean President Lee Myung-bak convened a meeting of the Joint Chiefs of Staff in the capital city of Seoul. Following the meeting, he announced that the South Korean military would punish North Korea for its attack, adding that it was vital that Pyongyang not engage in further provocation.

For its part, Pyongyang placed the blame on South Korea for igniting the clashes. It should be noted that Seoul disputes the North Korean version of the events that transpired. Nevertheless, according to the state-run KCNA news agency, "The South Korean enemy, despite our repeated warnings, committed reckless military provocations of firing artillery shells into our maritime territory near Yeonpyeong Island." The North, therefore, was prepared to strike back if South Korea "dares to invade our sea territory."

United States President Barack Obama characterized the incident an "outrageous, provocative act" by North Korea. Russia struck a similar tone with Russian Foreign Minister Sergei Lavrov warning of a "colossal danger" and characterizing those responsible for the clashes as carrying a huge responsibility. The European Union also added its voice to the litany of condemnations. Japanese Prime Minister, Naoto Kan, took a defensive stance in the national interests of his country, saying that his government had to prepare for the occurrence of "any unexpected event." But China,

North Korea's closest ally, offered a murky suggestion that the two Koreas should "do more to contribute to peace." A spokesperson for the Chinese government also called for restarting six-party negotiations on North Korea's nuclear program -- a prospect that seemed practically unlikely, given these latest developments. Indeed, according to South Korea's Yonhap news agency, President Lee Myung-bak was reported to have informed a visiting Chinese foreign policy adviser, Dai Bingguo, that his country (South Korea) was not interested in the resumption of the multilateral nuclear talks; the South Korean leader apparently emphasized the importance of immediately dealing with North Korea's aggressive actions of late.

Meanwhile, although a senior United States Department of State envoy, Stephen Bosworth had traveled to Asia on a trip aimed at reviving the multilateral negotiations, these latest acts of provocation by North Korea left the United States with no choice but to disengage from the multilateral diplomatic process, essentially ruling out the resumption of six-party talks on North Korea's nuclear disarmament for the foreseeable future. China continued to advocate for a resumption of talks but with little effect on several key parties including South Korea and the United States. In fact, in an interview with ABC News, United States President Barack Obama characterized North Korea's shelling of Yeonpyeong Island as "a serious and ongoing threat that needs to be dealt with. President Obama also reaffirmed his country's alliance with South Korea, describing that country as an important ally. He said, "We strongly affirm our commitment to defend South Korea as part of that alliance." The United States president also noted, "We want to make sure all the parties in the region recognize that this is a serious and ongoing threat that needs to be dealt with." This statement appeared to target China, as he continued saying that Pyongyang needs to know "that there are a set of international rules they need to abide by."

In a related development, the notorious website, Wikileaks, in the fall of 2010 published hundreds of thousands of secret United States documents dealing with the 2003 invasion of Iraq and its aftermath. Earlier, Wikileaks published tens of thousands of secret documents dealing with the war in Afghanistan. The United States military analyst responsible for originally leaking the documents was himself awaiting trial for charges related to the illegal release of the materials. As well, the director of Wikileaks, Julian Assange, was wanted by the Swedish authorities in connections with rape allegations. These two legal cases aside, at the close of 2010, further secret documents were being revealed, this time with possible implications for sensitive diplomatic relations around the world. Some of the key leaks revealed in secret cable correspondence included the following with regard to China and the two Koreas -

As published by the Guardian, a June 2009 cable depicts China becoming increasingly frustrated with North Korea, even suggesting that the two Koreas should be reunited with Seoul ultimately having control over a unified Korea.

Russia

China's relations with post-Soviet Russia took a cooperative turn in 2006 when Russian President Vladimir Putin was visited Chinese President Hu Jintao in Beijing for two days. The two leaders signed nearly 30 agreements, and crafted the terms of a political, economic and technological alliance that some may regard as a historic shift in the geopolitical alignment of the globe.

Other Important Relations

When the Chinese Communist Party established the People's Republic of China in 1949, instead of recognizing it the legal government, the United States recognized the government of Taiwan as the legal government of China. The Korean War in the early 1950s further deteriorated the China-U.S. relations in the years followed. In the late 1960s, however, in face of the Soviet threat, China and the United States (U.S.) reached a common understanding of improving bilateral relations to offset the Soviet threat. In July 1971, the U.S. Secretary of State Henry Kissinger made a secret visit to China followed by President Nixon's visit to China in February 1972. The historic visits ushered in the new era of Sino-U.S. relations, with the Chinese and U.S. leaders issuing the Shanghai Communiqué to pledge to work toward the full normalization of diplomatic relations. The Shanghai Communiqué stated the U.S. acknowledgement of China's "one China" position and that Taiwan is part of China. Since then, this principle has been the foundation for the Sino-U.S. relations.

On Jan. 1, 1979, China and the United States formally established diplomatic relations, with the United States transferring diplomatic recognition from Taipei to Beijing. While the United States reiterating its position on "one China" policy, China also acknowledged that the American people would continue to carry on commercial, cultural and other unofficial contacts with the people of Taiwan. In April 1979, the U.S. Congress passed the Taiwan Relations Act to make necessary changes in U.S. domestic law to continue unofficial relations with Taiwan, but at the same time the United States would also maintain arms sales to Taiwan. Though bilateral relations expanded significantly as a result of high-level and working-level contacts between China and the United States, the Taiwan question has always been a central issue of the Sino-U.S. relations. In 1981, relations strained when the United States increased its level of arms sales to Taiwan. After eight months of negotiations, a China-U.S. joint communiqué was issued on Aug. 17, 1982 stating the U.S. intention to gradually reduce the level of arms sales to Taiwan.

China-U.S. relations suffered a setback in the aftermath of the Tiananmen incident in June 1989. The United States suspended high-level official exchanges with China as well as U.S. weapons exports to China. The United States and other Western countries also imposed a series of economic sanctions on China. Bilateral trade relations were also disrupted with the U.S. investors' interest in China dropping dramatically.

Since China and the United States established normal commercial relations in 1979, as a non-

market economy country, China's normal trade status (which allows non-discriminatory tariff treatment for Chinese exports to the U.S.) must be debated by the U.S. Congress and renewed annually by a U.S. presidential waiver stipulating that China meets the freedom of emigration requirements set forth in the Jackson-Vanik amendment to the Trade Act of 1974. China had received the waiver routinely prior to 1989, but after the Tiananmen incident, the U.S. Congress began to exert strong pressure to oppose normal trade status renewal. In 1991 and 1992, the U.S. Congress voted to place conditions on normal trade status renewal for China, but those conditions were vetoed by the Bush administration. In 1993, President Clinton launched the policy of constructive engagement with China, and in 1994, President Clinton dropped the link of the annual trade status review process from China's human rights record. Since then, Sino-U.S. relations had seen improvement with resuming of high-level exchanges. In October 1997, Chinese President Jiang Zemin visited the United States, and President Clinton visited China in June 1998.

In May 1999, during the NATO bombardment of Belgrade at the time of civil conflict in the former Yugoslavia, United States-led forces bombed and destroyed the Chinese embassy there. Three people were killed and more than 20 people were injured. After the bombing, the U.S. government apologized and claimed that the bombing of the embassy was a mistake, but the Chinese government refused to accept that the bombing was accidental. Diplomatic ties were temporarily suspended, and anti-American demonstrations ensued in Beijing. After months of negotiations, an agreement was reached by the two sides that the United States would pay \$4.5 million to the Chinese government on behalf of those killed or injured. This measure symbolized an easing of tensions between the two countries.

Since then, from late 1999 well into early 2000, it appeared as if ties between the two countries had been strengthened, in large part due to support from the United States for Chinese entry into the World Trade Organization. But relations became strained once again in early 2000 before the Taiwan presidential election. In anticipation that the pro-independence candidate Chen Shui-bian was likely to be elected, the Chinese government conveyed the message of the possibility of using force in the matter of reunification with Taiwan.

The United States responded by stating it was prepared to deploy aircraft carrier groups, as it had in 1996 when a similar situation occurred. What was different from the situation in 1996 was that this time both countries adopted a more positive attitude toward the other side. The Clinton administration had kept close contact with the Beijing leadership during and after the Taiwan presidential election, and China had taken a "wait-and-see" attitude toward the Taiwan President-elect Chen Shui-bian. The crisis had passed, and the relations between China and the United States seemed strengthened once more. Both sides agreed that the relations were at a "critical juncture" over Taiwan and China's trading status with the United States. The Clinton administration had reiterated the U.S. position in adherence to the "one China" policy and pledged to support China's entry into the World Trade Organization (WTO) and to seek passage in the U.S. Congress of China's Permanent Normal Trade Relations (PNTR).

On May 24, 2000, the U.S. House of Representatives passed the bill of China's Permanent Normal Trade Relations (PNTR) by a vote of 237-197, the U.S. Senate passed the bill on Sept. 19, 2000 by a vote of 83-15, and in late December 2001 President George W. Bush signed the PNTR agreement into law. The legislation is a consequence of a trade agreement between the U.S. and China in November 1999 that opened the way for China's entry into the World Trade Organization (WTO). The approval of normal trade relations with China ended 20 years of annual congressional reviews of China's trade status with the United States. The annual review was used to try to pressure the Chinese government on such issues as human rights and labor standards.

The establishment of permanent normal trade relations will help create a stable environment for the economic and trade cooperation between China and the United States. It will guarantee Chinese goods the same low-tariff access to the U.S. market as products from most other nations. In exchange, U.S. businesses will have access to a wide range of China's markets once it joins the World Trade Organization. In December 2001, China officially became the member of WTO, and according to the agreement between the two countries, its tariffs on U.S.-made manufactured goods will fall from an overall average of 25 percent to nine percent by 2005. China will also be required to open its financial and service industries to U.S. companies, allowing greater foreign ownership of the telecom industry. The Farm Bureau also has predicted that it could double agricultural exports to China. However, some U.S. senators opposing the bill have questioned the wisdom of giving up trade as a policy tool for forcing China to improve on its track record on human rights. Human rights groups have argued that annual review of China's trade status keep the pressure on China.

In the first few months of 2001, China-U.S. relations went through some difficult times. After President Bush took office in January, he made it clear that he regarded China as a strategic competitor rather than a partner. The Bush administration's China position has been reflected by several China policy concerns by both the executive branch and the U.S. Congress. Some high-ranking officials as well as Congress members have suggested a tougher stance towards China in matters such as human rights issues and arms sales to Taiwan. Among them, the central issue was arms sale to Taiwan by the United States. Under the 1979 Taiwan Relations Act, the U.S. policy is to provide Taiwan with adequate defense needs. With China's increasing deployment of missiles allegedly targeted at Taiwan, Taiwan has demanded the United States to sell them sophisticated new weapons including warships equipped with the Aegis battle-management radar system. The Bush administration must decide whether to sell such weapons to Taiwan as it has made it clear to continue to help defend Taiwan in face of China's threat to the island. The U.S. has decided to go ahead with the National Missile Defense (NMD) system or missile defense shield which China regards itself as a target. China has warned the United States not to sell the Aegis to Taiwan which can be linked to the shield. It was out of this concern that Chinese Vice Premier Qian Qichen came to the United States in March to meet President Bush and Secretary of State Colin Powell.

It was at this sensitive time of delicate China-U.S. relations that another incident took place in early April as a U.S. EP-3 surveillance plane collided with a Chinese fighter jet and made an emergency landing on southern Chinese island of Hainan. The collision caused the death of the Chinese pilot and the loss of the fighter jet, and the U.S. spy plane was seriously damaged. After 11 days of political and diplomatic wrangling between the two governments, the 24 U.S. spy plane crew members were released from the Chinese custody. On April 18, a team of U.S. military and diplomatic officials went to Beijing for negotiations with the Chinese on the release of the crippled EP-3 as well as on future flights of the U.S. surveillance planes off the Chinese coast. China demanded that the United States end its spy missions along the Chinese coastline. China rejected the U.S. requests to let the EP-3 be repaired and flown back to the United States. China also refused to let a U.S. Navy ship bring back the plane. After months of negotiations, EP-3 was disassembled and returned to the United States on two Russian cargo planes in early July.

Although the spy plane incident was over, it did result in certain negative feelings on both sides. For the Chinese, the incident reminded them of the 1999 U.S. bombing of the Chinese Embassy in Belgrade. On the other side, some U.S. Congress members urged sanctions against China over the incident and opposed further free-trade agreements with China. Nevertheless, the governments of the two countries seem to have adopted a more pragmatic approach, emphasizing the importance of maintaining a good relationship. On April 23, President Bush decided not to sell to Taiwan the Arleigh Burke destroyers equipped with Aegis radar system, but approved a package of weapons including four Kidd-class destroyers, submarines and anti-submarine planes. The Bush administration said that the package of the arms sale to Taiwan would address in a "measured" way a regional military balance that had tilted in the People's Republic of China's favor, and that there was nothing for China to fear in this package. Opposing any arms sale to Taiwan, China expressed serious concern in a measured way over the report of the U.S. arms package to Taiwan, but at the same time felt relieved that the package did not include the sophisticated destroyers with the Aegis radar system.

In early July, U.S. President Bush called Chinese President Jiang Zemin to discuss areas of cooperation and disagreement. Bush's call represented the final chapter of the standoff between the two countries by the spy plane incident. In late July, U.S. Secretary of State Colin Powell visited China. One of his primary reasons for going was to arrange the visit by President Bush in October for the APEC summit. Powell also wanted to smooth over Sino-U.S. ties, which were strained from virtually the beginning of the Bush administration.

While U.S.-China relations grew warmer after the spy plane incident, the September 11 terrorist attacks on the United States further united the countries as they worked to fight international terrorism. In October, President Bush went to Shanghai as planned to attend the APEC summit meeting. During the meeting, President Bush and President Jiang had a very friendly talk. Both leaders said that the two countries had a common understanding of the threat posed by international terrorists. President Jiang said that China was willing to work to develop a

constructive relationship with the United States. The United States expressed its satisfaction with China's cooperation against terrorism by showing its support at the United Nations and its decision to close its border with Afghanistan.

President Bush visited China again in February 2002 after a rather tense situation: One month before his visit, Chinese intelligence officials disclosed to journalists from the *Financial Times* and the *Washington Post* that at least 27 spying devices were discovered hidden in a Boeing 767 airliner built in the United States for President Jiang Zemin. Despite the discovery, China publicly stated that diplomatic relations between the two countries would remain friendly and the summit continued as planned.

Relations between China and the United States were strained over the United Nations Security Council voting regarding Iraq from 2002 to 2003.

Relations were challenged over Taiwan in 2004 over the sale of arms by the United States to Taiwan.

In 2005, relations between mainland China and the United States were again challenged over the issue of Taiwan. Challenges arose in the aftermath of China's announcement about its "anti-secession" law.

In 2006 and 2007, amidst geopolitical challenges stemming from North Korea to the Middle East, relations between China and the United States have been more collaborative as both work to establish stability. China has been a particularly important figure within the multilateral process involving North Korea.

The year 2006 also marked a visit by Chinese President Hu Jintao to the United States.

In mid-February 2009, United States Secretary of State Hillary Clinton embarked on her first overseas trip as America's leading diplomat in Asia. Her Asian trip included stops in Japan, Indonesia, South Korea and China. Not since the 1960s has Asia had the distinction of being the first destination for a United States Secretary of State. Working on behalf of the Obama administration, Secretary of State Clinton indicated that she would focus on a range of issues ranging from climate change and clean energy to the global financial crisis.

On her first stop in Asia, Clinton assured Japan that the United States intended to maintain strong ties with that country. Clinton aimed to assuage Tokyo of its primacy, given Tokyo's concern about the possibility of increasing rapport between Washington and Beijing.

In China, the antagonistic dynamic that was cast during the Bush years was on its way out.

Instead, Clinton suggested that she, on behalf of the Obama administration, would strive to cultivate a more cooperative relationship between Washington and Beijing. This stance was not unexpected since Clinton has often emphasized the importance of improving Sino-American relations. Clinton did receive some criticism because human rights issues were left off the agenda in her meetings in Beijing. For her part, Secretary of State Clinton noted that while she did, indeed, hope to press China on issues including the status of Tibet and human rights, her immediate focus involved the global economic crisis. To that end, she said, "Our pressing on those issues can't interfere on the global economic crisis, the global climate change crisis and the security crisis."

Overall, Secretary of State Clinton emphasized the significance of Asian-American ties. Striking a clearly collaborative tone, and making it apparent that Asia would factor as highly as Europe, the United States Secretary of State said during an address to the Asia Society, "I hope to signal that we need strong partners across the Pacific, just as we need strong partners across the Atlantic." She continued, "We are, after all, both a trans-Atlantic and trans-Pacific power." Upon arriving in Asia, Clinton said, "I have come to Asia on my first trip as secretary of state to convey that America's relationships across the Pacific are indispensable to addressing the challenges and seizing the opportunities of the 21st century."

In this way, Clinton was foregrounding an emphasis on regional alliances from east to west. At the philosophical level, Clinton was also indicating a return to the integrationist model of international relations. It was an ostensible departure from the hegemonic mode of neoconservative policy, which was made famous under the Bush-Cheney administration.

Sino-American relations were quickly tested in March 2009. The United States Pentagon said that five Chinese ships manoeuvred in close proximity to an unarmed United States navy vessel -- the USNS Impeccable -- in the South China Sea. United States authorities said that one Chinese navy intelligence ship and four other Chinese vessels were acting in an "increasingly aggressive" manner over the course of days leading up to this incident. They described the incident as the ships moving dangerously close to the USNS Impeccable, which was conducting routine ocean surveillance in international waters. They described the moves by the Chinese ships as "unprofessional manoeuvres" and "harrassment." Accordingly, United States authorities indicated they would be launching a protest, pointing to the violation of international law that calls for respectful and responsible regard for the rights and safety of other vessels on the sea.

Leaders of the world's largest economies, known as the "G-20," met in London to explore possible responses to the global financial crisis. To that end, they forged a deal valued at more than one trillion dollars (USD).

Central to the agreement was an infusion of \$750 billion to the International Monetary Fund (IMF), which was aimed at helping troubled economies. After some debate, the G-20 leaders decided to levy sanctions against clandestine tax havens and to institute strict financial regulations.

President Obama was hailed for his diplomatic skills after he brokered an agreement between France and China on tax havens. The American president played the role of peacemaker between French President Sarkozy and Chinese Premier Hu Jintao, paving the way for a meeting of the minds on the matter of tax havens.

French President Nicolas Sarkozy said that the concurrence reached at the G-20 summit were "more than we could have hoped for." President Sarkozy also credited President Obama for the American president's leadership at the summit, effusively stating: "President Obama really found the consensus. He didn't focus exclusively on stimulus ... In fact it was he who managed to help me persuade [Chinese] President Hu Jintao to agree to the reference to the ... publication of a list of tax havens, and I wish to thank him for that."

Meanwhile, in talks between the Chinese and American leaders at the G-20 summit, President Obama accepted Premier Hu Jintao's invitation to visit China.

After leaving the 2009 Asia-Pacific summit in Singapore, President Barack Obama traveled to China for a three-day visit to that country, beginning in Shanghai. The two countries have sought to strengthen ties in recent times, and the United States and China were expected to continue to work together on international issues ranging from climate change to nuclear proliferation in North Korea and Iran. Despite a desire to work cooperatively, Washington and Beijing have nonetheless had to balance significant differences on these issues. Washington and Beijing must deal with the chasm in their targets for the reduction of greenhouse gas emissions. As well, Washington has taken a harsher approach than Beijing in dealing with the uranium enrichment activities of North Korea and Iran -- a scenario that will eventually have to be reconciled. In the background of these global challenges -- where both countries have played leading roles -- there is the reality that China holds much of the United States' debt, the fact that a trade imbalance exists largely due to the undervalued Chinese currency, as well as the prevailing objections held by the United States to China's human rights record, and its anxieties about the build-up of the Chinese military.

It has been precisely this complicated relationship that has led the Obama administration toward a highly diplomatic tone in which there has been less focus on these contentious issues, and, instead, on the gradually improved bilateral ties. To this end, President Obama addressed a large gathering of the bilateral delegations in Shanghai saying, "Both of the countries have benefited greatly from the progress we have made over the last two decades." This diplomatic tone, which eschews the negative elements and emphasizes the common ground, was not likely to gain President Obama support from hardliners at home. Nevertheless, analysts have noted that President Obama has been cognizant of the fact that ascendant China -- with one of the world's largest economies -- cannot be easily subordinated.

While in Shanghai, President Obama attended a town-hall style meeting attended by university students who had been selected by the Chinese authorities. There, President Obama said his

country did not seek to impose its will or system of government upon other nation states; however, he expressly noted that principles of freedom were not unique to only the United States. To this end, President Obama said, "These freedoms of expression, and worship, of access to information and political participation - we believe they are universal rights." President Obama also emphasized the importance of unfettered access to information in the information age, including the freedom of people to criticize his own policies. His statement held particular poignance, given the fact that the town hall was scrubbed from Internet access -- a manifestation of what has been called the "Great Firewall of China." President Obama was scheduled to travel on to Beijing for a state visit, which was to be hosted by Chinese President Hu Jintao.

Special Entry

Nuclear Politics

March 2012 was marked by the Nuclear Security Summit in South Korea, and attendance of global leaders from Russia, China, and the United States. The summit agenda aimed at reducing the risk of nuclear terrorism.

Ahead of the Nuclear Security Summit, United States President Barack Obama reiterated his call for "a world without nuclear weapons" and advanced his foreign policy agenda that advocates non-proliferation and the reduction of nuclear weapons through increase diplomacy.

In a speech to students at South Korea's Hankuk University of Foreign Studies, President Obama said the United States -- the only nation to have ever used nuclear weapons -- was fully committed to reducing its stockpile of nuclear arms. The United States leader said his country had a "moral obligation" to pursue strategic arms cuts. President Obama also drew thunderous applause from the audience of students when he said that, as a father, he did not wish to see his daughters growing up in a world with nuclear threats.

"I say this as president of the only nation ever to use nuclear weapons," Obama said. "I say it as a commander in chief who knows that our nuclear codes are never far from my side. Most of all, I say it as a father, who wants my two young daughters to grow up in a world where everything they know and love can't be instantly wiped out."

President Obama acknowledged his country's unique position in the world, but he noted that "serious sustained global effort" was needed to achieve his expressed hope for a nuclear weapons-free world.

The issue of nuclear proliferation has been at the forefront of the international purview given the ongoing concerns about North Korea's nuclear arsenal as well as Iran's nuclear ambitions. To that

latter end, President Obama was expected to meet with Russia's outgoing President Dmitry Medvedev on the matter of Iran's nuclear program -- an issue that has not always seen progress due to divisions among countries with veto power on the United Nations Security Council. With an eye on working cooperatively with such countries, President Obama pledged to work with Russia and China at reducing the risk of nuclear terrorism.

With regard to China, President Obama noted that he has called on Beijing to work directly with Washington and this offer "remains open." He further noted that the Nuclear Security Summit in Seoul presented an opportunity for the United States and China to fortify bilateral relations. He said, "I think this is also an opportunity to build on the excellent cooperation and dialogue across all the dimensions of our relationship that we've been able to establish over the last three years" The United States leader observed that the summit "shows the progress that the international community has made in preventing nuclear proliferation and making sure that we've secured nuclear materials." He continued, "And I know that's in the interest of both the United States and China."

With regard to Russia, the United States president said he hoped to follow up on the New Start Treaty (Strategic Arms Reduction Treaty).

The "New START" provided for the significant reduction of the arsenal of nuclear weapons held by the United States and Russia; it would limit the United States' stockpile of 2,000 strategic nuclear weapons, and Russia's stockpile of nearly 3,000 to between 1,500 and 1,675 warheads respectively. "New START" was regarded as a milestone in the decades-long thrust to decrease the chances of nuclearized warfare. Indeed, it could arguably be characterized as one of the most important treaties forged in a generation.

President Obama expressed hope there could be a deal forged with Russia for further strategic arms cuts with Russia as part of the nuclear disarmament agenda. "Going forward, we'll continue to seek discussions with Russia on a step we have never taken before -- reducing not only our strategic nuclear warheads, but also tactical weapons and warheads in reserve," President Obama said.

That being said, President Obama was overheard telling his Russian counterpart President Dmitry Medvedev that dealing with the European missile defense shield would have to wait until after the election. The White House explained that President Obama was expressing the political reality of the campaign season where rigorous diplomacy and negotiations would be difficult to accommodate.

President Obama addressed the issue of Iran's controversial nuclear development program, saying that time remained to resolve the deadlock through diplomacy. "But time is short," said President Obama. "Iran must act with the seriousness and sense of urgency that this moment demands," he continued.

For its part, Iran has insisted that it has the right to develop nuclear development for peaceful civilian purposes. On the other side of the equation, the West has asserted that Iran is seeking to build nuclear weapons via its clandestine nuclear arms development program. While Iran has been subject to sanctions as a result of its failure to fulfill its international obligations, international concurrence has not come easily due to objections from China and Russia. However, President Obama made it clear that he intended to work with these two countries as he stated: "Today, I'll meet with the leaders of Russia and China as we work to achieve a resolution in which Iran fulfills its obligations."

Addressing the matter of North Korea's nuclear ambitions, President Obama made it clear that the United States held "no hostile intent" to that country, but warned that there would be "no rewards for provocation."

Note: In addition to the controversial and difficult issues of nuclear development in Iran and North Korea, the summit would also address the threats posed by nuclear terrorists, as well as radiological materials that could be used to construct a "dirty bomb" (i.e. a bomb that would spread radiological contamination rather than causing a nuclear explosion). Also on the agenda was a plan for nuclear power stations to convert to low-enriched fuel. Due to the complexity of these issues, it was unlikely that new agreements and concurrence would be found anytime soon despite the participation of 50 countries at the Nuclear Security Summit. Notably absent from the list of participants at the summit were North Korea and Iran.

Special Entry

China declares new defense zone in East China Sea

In late November 2013, China tested the patience of the international community by declaring a new defense zone in the East China Sea. To that end, China announced it was deploying warplanes in the new air defense identification zone (ADIZ) for surveillance purposes. However, Chinese Foreign Ministry spokesperson Qin Gang noted that if disputes occurred in the region, his country hoped to resolve them through "peaceful means via friendly negotiation."

China's self-declaration of dominion over the territory and its warning that all airplanes passing through the area were to file flight plans and identify themselves or be prepared to deal with "defensive emergency measures" likely raised the ire of neighbors. Indeed, the new air defense identification zone (ADIZ) included contested territory claimed not only by China, but also Taiwan, Japan, and South Korea. Of particular note were uninhabited but disputed islands in the area known as Senkaku in Japan and Diaoyu by the Chinese. Their significance has, in the past, focused on fishing rights and shipping lanes; however, there was also the possibility of fossil fuel reserves in the area.

The United States Department of State characterized China's newly declared defense zone as "an attempt to unilaterally change the status quo in the East China Sea" and accordingly warned that it would "raise regional tensions and increase the risk of miscalculation, confrontation and accidents." In defiance of China's decision to declare the new ADIZ, the United States and Japan respectively ordered fighters jets to be flown through this area of the East China Sea. China was thus prompted to scramble warplanes to monitor those American and Japanese fighter jets crossing through the ADIZ.

For both Japan and the United States, the message was clear: they did not officially recognize China's newly declared defense zone in East China Sea. That being said, the United States was quick to note that its decision to fly fighter jets through the ADIZ was not intended to be a provocative act. An official for the United States military told CNN News that its aircrafts and a number of other Japanese military aircraft flew through the ADIZ without incident and as part of scheduled routine operations. The military official was quoted as saying, "This is status quo. We are not changing what we are doing. We are not trying to make a point with China. We fly U.S. aircraft daily in international airspace in the region. This is normal."

South Korea also reportedly dispatched a military aircraft on a routine patrol flight into the ADIZ and did not alert China of its flight plan. An official from the South Korean Defense Ministry said the flight was routine and carried out twice a week; the South Korean official said the patrols would continue irrespective of China's newly declared defense zone in East China Sea.

Still, several commercial airlines, such as Qantas Airlines and Singapore Airlines, were not prepared to take any chances of their own and made it clear that they intended to act in accordance with China's new regulations. As well, the United States advised American commercial carriers to comply with China's new requirements for filing flight plans when they traverse the newly declared ADIZ over the East China Sea for obvious security reasons. It was to be seen if the matter would spark a dispute, especially since at least two Japanese airlines announced they would not be complying with the new Chinese-dictated regulations.

Complicating matters was an announcement from South Korea on Dec. 8, 2013 that it was expanding its own air defense zone, which that area partially overlapping with China's zone. At issue was the Ieodo rock claimed by both countries and controlled by South Korea. As noted here, South Korea was already challenging China's ADIZ by flying its military aircraft through that zone. The moves were expected to raise already-heightened tensions in eastern Asia.

Meanwhile, in the first week of December 2013, while United States Vice President Joseph Biden was on a trip to Asia, the matter of China's self-declare air defense zone was a matter of discussion. In a joint appearance with Japanese Prime Minister Shinzo Abe in Tokyo, Vice President Biden said, "We, the United States, are deeply concerned by the attempt to unilaterally

change the status quo in the East China Sea. This action has raised regional tensions and increased the risk of accidents and miscalculation." Biden said the United States was monitoring the situation with Japan and South Korea and noted that "we will remain steadfast in our alliance commitments." He continued, "The United States has an interest in the lowering of tensions in this vital region. This underscores the need for crisis management mechanisms and effective channels of communication between China and Japan to reduce the risk of escalation."

Vice President Biden then engaged in "very direct" talks regarding the ADIZ with Chinese officials. While China asserted its view that its self-declared air defense zone was consistent with "international law and practice," Vice President Biden pointed out that the move had caused "apprehension" in Asia and he noted that China had "increasing responsibility to contribute positively to peace and security." But Chinese Foreign Ministry spokesman Hong Lei said: "During the talks the Chinese side repeated its principled position, stressing that the Chinese move accorded with international law and practice." Thus, it was clear -- at least in the public purview -- that neither the United States nor China were prepared to step back from the expressly-stated stances.

Special Entry:

China declares "red line" on North Korea

On Feb. 27, 2014, North Korea fired four short-range missiles over the sea off its eastern coast -- essentially to the north of the border with South Korea. The South Korea Yonhap News Agency speculated that the missiles were Scud short-range missiles with a capacity of traversing 125 miles and thus capable of reaching targets in South Korea but not as far as Japan. There were suggestions that North Korea was reacting to the start or annual joint military exercises by United States and South Korean forces, which Pyongyang typically characterizes as acts of war and aggression. Fueling the fire for North Korea was the flight of a United States nuclear-capable B-52 bomber over South Korea.

This theory held resonance since on March 2, 2014, North Korea fired another two short-range missiles into the sea off the eastern coast of the Korean peninsula. The South Korea Yonhap news Agency reported that the missiles likely flew about 300 miles and were believed to be Scud-C models, this time capable of reaching targets in both South Korea and Japan.

Perhaps exasperated by North Korea's provocative acts and saber rattling, which were manifest most recently by the missile launches, China entered the equation. China declared a "red line," saying that it would not allow war or chaos on the Korean peninsula, and asserting that peace was possible only via denuclearization. Chinese Foreign Minister Wang Yi said, "The Korean peninsula is right on China's doorstep. We have a red line, that is, we will not allow war or instability on the Korean peninsula." Wang demanded that all parties "exercise restraint" and noted

that "genuine and lasting peace" on the Korean peninsula was only possible with denuclearization. He said, "Confrontation can only bring tension, and war can only cause disaster." The Chinese foreign minister also endorsed the resumption of multilateral nuclear talks, saying, "Some dialogue is better than none, and better early than later."

This stance by China -- North Korea's most important diplomatic and economic supporter -- suggested that Beijing was no longer willing to accept Pyongyang's theatrics on its doorstep. Pressure on North Korea had already begun to intensify a month earlier in February 2014 when the United Nations High Commissioner for Human Rights, Navi Pillay, urged global powers to refer North Korea to the prosecutor of the International Criminal Court following a report that documented horrific crimes against humanity in that country. While China was unlikely to join the human rights chorus against North Korea, it certainly seemed prepared to use its influence to compel North Korea to return to the nuclear negotiating table.

Special Entry:

United States and China reach agreement on expanding sanctions against North Korea over nuclear activities

In late February 2016, in response to North Korea's provocative nuclear activities in contravention of international law, the United States and China arrived at an agreement intended to expand United Nations Security Council sanctions against that country. In the aftermath of North Korea's hydrogen bomb test in January 2016, Washington D. C. and Beijing have been ensconced in rigorous negotiations aimed at drafting a draft resolution.

The two sides were not in complete agreement about what types of initiatives should be undertaken, with Beijing favoring dialogue and advocating non-proliferation, and with Washington D.C. pushing for more stringent punitive measures, including curbs on Pyongyang's ability to access the global financial system. Other provisions being explored included mandatory inspections on cargo passing from or to North Korea, a ban on all supplies of aviation and rocket fuel to North Korea, and a ban on the transfer to North Korea of any item that could be used for military purposes.

Despite the distance on some of these items, Washington D. C. and Beijing were finally able to find concurrence and craft the draft resolution, which they hoped would be introduced and voted on in the full 15-member United Nations Security Council at the start of March 2016.

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National Security

External Threats

China and Taiwan, which China regards as its 23rd province, have had a long history of strained relations. Despite the tension between the cross-strait rivals, there are notable signs of reconciliation.

Animosity between Taiwan and the Chinese is rooted in civil war fought over six decades ago. During the 1930s and 1940s, Mao Zedong's Chinese Communist Party (CCP) and Chiang Kai-shek's Nationalists (KMT) fought for control of mainland China. The CCP emerged victorious and the KMT leadership fled to Taiwan, along with its supporters. In December 1949, it established a government there headed by Chiang Kai-shek. China steadfastly refused to recognize the legitimacy of the Taiwanese government. Likewise, Taiwan's leadership officially maintained that it held sovereignty over all of mainland China, as well as Taiwan. Initially, a host of nations, including the United States, officially recognized the Taiwanese government. The tides of fortune began to change for Taiwan, however, when in 1971 China essentially subsumed Taiwan's seat at the United Nations. Many countries followed suit, shifting their official relations from Taipei to Beijing.

China poses a greater military threat to Taiwan than the reverse. China incurs the risk, however, that in the eventuality of an outbreak of hostilities, other countries will intervene on behalf of Taiwan, most notably its powerful protector the United States (U.S.). To this day, Beijing maintains that Taiwan is a province of mainland China. The Chinese government has periodically implied its willingness to use military force to regain control of Taiwan, in public declarations and by conducting military exercises in the Straits of Formosa, the thin margin that separates the two. Beijing has not acted upon its threat. China and Taiwan have managed to avoid a major military confrontation throughout their tumultuous history. In addition to producing some tense moments in the annals of diplomatic history, however, the Chinese government's aggressive overtures have forced both Taiwan and the U.S. to remain on guard for the eventuality of a cross-strait invasion.

While the international pressure may have checked its military designs on Taiwan, China has definitely emerged victorious on the diplomatic front. The Chinese government continues to pressure other countries into choosing between establishing official ties with Beijing or with Taipei. In recent years, Taiwan has enjoyed formal diplomatic relations with just over two dozen countries. China also consistently blocks Taiwan's membership to international organizations, generally invoking the principle that Taiwan does not meet the requirement of statehood and therefore cannot belong to a multinational body. Taiwan has managed to maintain unofficial links with many nations to offset China's diplomatic blockade, including foreign trade offices. In this regard, Taiwan had informal links with over 100 countries. Still, China has greatly undermined Taiwan's claim of being an independent nation state.

Meanwhile the Taiwanese government no longer claims sovereignty over all of China. The notion that Taiwan should retain its independence from the mainland, however, still holds political currency there. Likewise, the Chinese government continues to insist that Taiwan is a renegade province of mainland China. Furthermore, it maintains that it will not participate in a cross-strait dialogue unless the Taiwanese government officially acknowledges that there is only one China and that its capital is Beijing. Thus, while there is evidence of improved relations, China and Taiwan have yet to overcome a very significant obstacle standing in the way of complete normalization.

Despite appearances to the contrary, there is evidence that relations between China and Taiwan are not quite as bad as they seem. This is most evident in the steady increase in trade between the two over the last decade. As of the end of 2003, China was Taiwan's third largest trading partner and Taiwan was China's fourth largest. With an estimated investment in the mainland of US\$ 70 billion, Taiwan ranks below only Hong Kong (officially part of China since 1997) in terms of overall investment in China. In January 2001, the Taiwanese government formally declared the legality of "three mini-links" between the longtime rivals: direct trade, travel, and postal links from Taiwan's Quemoy and Matsu Islands to China's Fujian Province.

That said, in recent years, an imbroglio over Taiwan's issuance of Taiwanese passports led to the ratcheting up of cross-strait hostilities. The level of ire has been somewhat heightened further since the decision in by the government in Beijing to pass the aforementioned anti-secession law, allowing the use of force against Taiwan if it were to formally declare its independence.

At the same time, Beijing has courted the favor of opposition forces in Taiwan. Notably, in April 2006, Lien Chang, the former leader of Taiwan's opposition Kuomintang party, encouraged the idea of direct transport and expanded trade links between Beijing and Taipei, saying the absence of such ties presented an obstacle in the path toward further development. Rather than demonizing mainland China, Chang suggested joining forces with Beijing, which had experienced marked growth in recent years. To this end, he said, "Faced with China's rise, we should be benign, optimistic and focused on co-existence and shared prosperity." Chang was expected to meet with

Chinese President Hu Jintao during a visit to the mainland with the Chinese Communist Party. Jia Qinglin, a Communist Party official, noted that good opportunities existed for increased cooperation between Beijing and Taipei, particularly in the realm of industrial development.

Observers surmised that Beijing has been interested in augmenting its relationship with the Taiwanese opposition as a matter of strategy, as it hopes to isolate pro-independence Taiwanese President Chen Shui-bian. Not surprisingly, Chang's trip to the mainland, along with his views on strengthening cross-Strait ties, spurred criticism by pro-independence factions at home in Taiwan.

Outside of political differences with Taiwan, China is involved in numerous territorial disputes. Most of China's highly militarized border with India is disputed. China, India, and Pakistan all claim sections of the volatile region of Kashmir. China, Taiwan, Malaysia, the Philippines, Vietnam and Brunei disagree over the sovereignty of the Spratly Islands. Rights to the oil and gas reserves beneath the adjacent seabed are at the crux of the matter. Also, the waters surrounding the chain of approximately 100 islands and reefs are highly coveted for fishing. Both Taiwan and Vietnam claim the Chinese occupied Paracel Islands. China and Taiwan have asserted claims to the Senkaku (Diaoyu Tai) Islands, currently under Japanese administration. The Chinese government has implemented measures aimed at stemming the flow of illegal immigrants across its border with North Korea. China and Russia continue to negotiate a resolution to a dispute over small alluvial islands and the convergence of the Amur and Ussuri Rivers.

See "Political Conditions" for China's self-declared air defense zone that affected Japan and South Korea.

Crime

Crime rates vary from region to region in China and accurate crime statistics are not readily available. The United States Department of State reports that overall, China is an extremely safe country but its instances of crime are increasing in recent years. Robbery, mugging, and pick pocketing are becoming increasingly common in the urban areas. Violent crimes are rare, but are also rising in quantity as well. Counterfeiting is amongst the more prevalent illicit enterprises there. Also, large quantities of Golden Triangle heroin transit China.

Insurgencies

While there are no major insurgent movements in China, extremists based primarily in its western Xinjiang province have committed sporadic acts of violence to further their political agenda, (see below section on terrorism).

See "Political Conditions" for developments related to the pro-democracy movement in Hong

Kong.

Terrorism

The United States Department of State reports the existence of a Chinese extremist organization that uses terrorism as a means to further its political agenda. Based in western China 's Xinjiang province, the Eastern Turkistan Islamic Movement (ETIM) is comprised of ethnic Uighur separatists who seek to establish an independent "Eastern Turkistan." In addition to Xinjiang, the proposed state would include Turkey, Kazakhstan, Kyrgyzstan, Uzbekistan, Pakistan, and Afghanistan. ETIM has also demonstrated an anti-Western bent. According to the United States Department of State, from 1990 to 2001, ETIM orchestrated over 200 acts of terrorism in China, which resulted in at least 162 deaths and over 440 injuries. In May 2002, Kyrgyz officials deported two ETIM members to China for allegedly plotting to attack the United States embassy in Kyrgyzstan, and other United States interests abroad. The United States Department of State indicates that ETIM's agenda to create a pan-Asian, Turkic state does not enjoy widespread support amongst China's ethnic Uighurs. The group's total membership is unknown, but it is believed to have few operatives. The Chinese government alleges the other organizations in China are similarly predisposed to use violence to achieve political objectives, including: the East Turkestan Liberation Organization (a.k.a. SHAT), the World Uighur Youth Congress, and the East Turkestan Information Center.

In the global war on terrorism, China has been an important partner in United States counterterrorism efforts. China voted in favor of United Nations Security Council Resolution 1373, as well as publicly supporting the coalition campaign in Afghanistan, and contributing \$150 million of bilateral assistance to Afghan reconstruction following the defeat of the Taliban. China also pledged \$25 million to the reconstruction of Iraq. Shortly after 9-11, the United States and China also commenced a counterterrorism dialogue, the fourth round of which was held in the summer of 2004.

Defense Forces

Military Data

Military Branches:

People's Liberation Army (PLA): Ground Forces, Navy (includes marines and naval aviation), Air Force (includes Airborne Forces), and II Artillery Corps (strategic missile force); People's Armed Police Force (internal security troops considered to be an adjunct to the PLA); People's Armed Police

Eligible age to enter service:

18 for compulsory service; no minimum age for male volunteers; 18-19 years of age for women high school graduates who meet requirements for specific military jobs

Mandatory Service Terms:

24 months for compulsory service

Manpower in general population-fit for military service:

males age 16-49: 318,265,016

females age 18-49: 300,323,611

Manpower reaching eligible age annually:

male: 10,406,544

female: 9,131,990

Current Capabilities:

Active: 2,255,000

Reserve: approx. 800,000

Military Expenditures-Percent of GDP:

1.99%

Appendix: Hong Kong

People

Hong Kong is comprised of the Hong Kong Island, the Kowloon Peninsula and the New Territories. Hong Kong has a population of 6.9 million, and 95 percent of the population are ethnic Chinese. Hong Kong is one of the most densely populated areas in the world, with approximately 6,100 people per square kilometer. Both Chinese and English are official languages, and Cantonese, a Chinese dialect, is spoken by most of the population in Hong Kong. The use of Mandarin Chinese has been rising since Hong Kong was returned to China in 1997. About half of the population in Hong Kong practice a kind of major religion, and Confucian influence is also strong in Hong Kong.

The population of Hong Kong has an average life expectancy of 81.39 years at birth, with 78.72 years for males and 84.3 years for females, according to recent estimates. The infant mortality rate of Hong Kong is 2.97 deaths/1,000 live births. In terms of literacy rate, 94 percent of the population in Hong Kong age 15 years-old and over have attended school.

One notable indicator used to measure a country or territory's quality of life is the Human Development Index (HDI), which is compiled annually since 1990 by the United Nations Development Programme (UNDP). The HDI is a composite of several indicators, which measure achievements in three main arenas of human development: longevity, knowledge and education, as well as economic standard of living. In a recent ranking of 175 countries and territories, the HDI placed Hong Kong in the high human development category, at 26th place. A subsequent ranking of 177 countries placed Hong Kong in the 22nd spot.

Note: Although the concept of human development is complicated and cannot be properly captured by values and indices, the HDI, which is calculated and updated annually, offers a wide-ranging assessment of human development in certain countries, not based solely upon traditional economic and financial indicators.

History

The discovery of an ancient tomb at Lei Cheung in Kowloon and the carbon dating of the finding, lends credence to the theory that during the seventh century of the C.E., the Han Chinese settled in Hong Kong. Meanwhile, the first major migration from northern China to Hong Kong occurred during the Song Dynasty (960-1279).

In 1699, the British East India Company arrived in China, beginning a relationship of mercantilism and politics between two nations. As one of China's main gateways to the outside world, Hong Kong's trade with the British merchants developed rapidly from its onset. Although the Chinese government issued laws prohibiting opium in China in 1799, opium was one of the significant trading items for the British with China, and Britain had monopoly of the opium trade until 1834. The rapid increase of opium use in China forced Chinese government officials to seize and destroy large quantities of opium as an action to eradicate the opium trade. This resulted in an opium war between China and Britain in 1840 with the British sending forces to China to protect its commercial benefits there.

As China lost the war, in 1842, China and Britain signed the Treaty of Nanking by which Hong Kong was ceded to Britain. Encouraged by the British victory in China, other Western powers, including the United States, sought out Chinese territories for their commercial privileges. These demands and resulting disputes over shipping gave rise to the Second Opium War in 1856-1858. A second loss by China resulted in the Convention of Beijing in 1860 granting Britain a perpetual lease on the Kowloon Peninsula. Stressing the importance of putting the surrounding areas of Hong Kong under the British control in defense of the region, in 1898 Britain executed a 99-year lease of the new territories, thus expanded the size of Hong Kong colony by a large scale.

In the late 19th century and early 20th century, Hong Kong developed into a warehousing and distribution center for the British trade with China. The end of World War II as well as the civil war in China in late 1940s brought a large number of immigrants to Hong Kong. The next few decades saw great changes in the region in terms of economic development. Being a free port, Hong Kong has become a manufacturing, commercial and tourism center with few equals. Its achievements make it one of the four "small dragons" in East Asia characterized by its rapid economic growth and high per capita income.

Negotiations started in 1982 between the British and Chinese governments for the future of Hong Kong. In December 1984 the Sino-British Joint Declaration was signed for the British to hand over Hong Kong to China at the end of their lease on July 1, 1997. China agreed to make Hong Kong a special administrative region (SAR) after its handover. According to the agreement, as an SAR, Hong Kong would enjoy considerable autonomy except in areas of defense and foreign policy. The Chinese government also promised to let Hong Kong retain its political, economic and judicial systems for 50 years after the reversion. All these measures for taking over Hong Kong are known as the "one China, two systems" policies.

In April 1990, the Chinese National People's Congress promulgated the "Basic Law" of Hong Kong for establishing Hong Kong's post-reversing political and legal structure and serving as a "mini constitution" for Hong Kong. In 1996 the Chinese government to work for the transition of Hong Kong to China formed a 150-member Preparatory Committee. Among them, 94 members

were chosen from Hong Kong. In December 1996, the 400-member Selection Committee of prominent Hong Kong residents selected Tung Chee-hwa as the first chief executive of the Hong Kong SAR.

On July 1, 1997, Hong Kong was formally handed over to the People's Republic of China under the terms agreed upon in the 1984 Sino-British Joint Declaration.

Government Functions

When Hong Kong was a British colony, it was administered by a governor appointed by the monarch of the United Kingdom. The governor served as the commander in chief in Hong Kong and presided over two main organs of the government, the Executive Council and the Legislative Council.

Since it was handed over to the People's Republic of China in July 1997, Hong Kong has been administered under the principle of the Basic Law of the Hong Kong special administrative region known as the mini-constitution of the region. Under the principle of "one country, two systems," Hong Kong is allowed to maintain its economic system and retain a large degree of political autonomy for 50 years. The executive authority is vested in the chief executive who is under the jurisdiction of the Chinese central government and serves a five-year term.

As the legislative authority is vested in the Legislative Council, the Legislative Council was selected by the Selection Committee. Hong Kong's Basic Law provides that the Legislative Council consist of directly and popularly elected members, members elected by functional (occupational) constituencies, and members chosen by a committee of elected community representatives. The elections held in May 1998 marked the first such governmental process for Hong Kong, under the jurisdiction of the Chinese nation state.

Political Conditions

On May 24, 1998, Hong Kong held its first legislative elections since its hand-over to the People's Republic of China. Twenty seats in the legislature were contested in the elections, just one-third of the total 60 seats of the Legislative Council. About 53 percent of the registered voters went to the polls despite bad weather conditions, and the turnout was rather encouraging for the territory which had little history of direct elections.

The second legislative elections took place in September 2000. Only 43 percent of the registered voters turned out, which dropped nearly 10 percent compared with that of the 1998 elections. Many people blamed the partially democratic system and the limited powers of the legislators that

had resulted in the low turnout. In addition, only a small number of the legislators were to be directly elected, and a large number of them were selected by a powerful election committee as well as by professional, business and citizen groups.

In these two elections, the Democratic Party gained the majority of the popular votes, closely followed by the Democratic Alliance for the Betterment of Hong Kong. However, the popularity of the Democratic Party suffered a sharp decline in the 2000 elections, with one-third of the voters who backed the party in the 1998 elections not doing so again in 2000. Many people thought that the party's fall in support was caused by its internal conflict as well as its distance from everyday concerns of the people.

Since its handover to the Chinese sovereignty, the transition has been smooth in Hong Kong. The territory remains a free and open society, with the civil service maintaining its quality and the judiciary retaining independence. However, it is not without any difficulty. In January 2001, Hong Kong's Chief Secretary for Administration Anson Chan announced that she would resign her post at the end of April, 18 months earlier than scheduled. Chan was appointed to the position in 1993 by Governor Chris Patten, becoming the first local and the first female to be appointed to such a position.

In 1997, she kept her post when Hong Kong was officially returned to China. As the deputy to Chief Executive Tung Chee-hwa, Chan was seen as a symbol of stability during the transition. Her resignation aroused considerable shock to the Hong Kong society. There were rumors that she was leaving because of personal differences with Tung Chee-hwa, and because of the central government in Beijing's calling on her to show more support to Tung. But Chan denied the allegations, saying that her decision of leaving was personal reasons and that she enjoyed a good relationship with Tung.

As for its economy, with continuing commercial and economic autonomy, Hong Kong has managed to put the after-effects of the Asian financial crisis behind. In 2000, Hong Kong's GDP growth rate reached 10.5 percent, the highest since 1987, making it the fastest growing economy in Asia. Despite these positive developments, Hong Kong has had to deal with a possible slowing-down economic growth and a budget deficit forecast for the next few years.

In early 2001, the Hong Kong government predicted a sharp drop in its economic growth because of problems in the economies of Hong Kong's key trading partners, such as the United States and Japan. In 2000, Hong Kong suffered a bigger than expected deficit of almost US\$1.5 billion, because of falling revenues from property charges in the aftermath of the Asian financial crisis and poor returns on government investments. Even with the large deficit, Hong Kong has left taxes untouched as not to stifle the economic growth, with about 70 percent of the Hong Kong people paying no tax at all. Instead, officials raised charges on tobacco, liquor, airport passenger fees and vehicle licenses. The government of Hong Kong said its aim was not to rush to the improvement of the finances at the cost of economic growth by raising taxes, but to keep the simple and predictable

tax regime as well as its low tax rate.

In July 2003, more than half a million people in Hong Kong took to the streets to protest a proposed subversion bill, and to press for democratic reforms as well as elections. They also wanted to express their displeasure with Hong Kong's leadership, which is appointed from Beijing. Indeed, most of Hong Kong's political structure is filled by either pro-business or pro-China individuals, many of whom are sanctioned by Beijing.

Technically, Hong Kong's constitution provides for full and free direct elections after 2007, however, no specific schedule has been offered. Hong Kong's political activists have grown increasingly impatient with the situation and called for elections and democratic reforms. In a place where economic interests have been the priority, the pro-democracy message of political activists has had enormous resonance. Still, democratic activists have said they need to strategically channel their energies so they can effectively pressure the government without alienating Beijing completely.

Meanwhile, under fire from rising public pressure, Hong Kong's leader, Tung Chee-hwa went to Beijing to gather support. For his part, he has been committed himself to securing the confidence of Hong Kong's population, while the Chinese government in Beijing has said that democratic reforms should take place in a sensible manner and on a gradual timetable.

In April 2004, Chinese legislators ruled out the possibility of direct elections for the leadership of Hong Kong in 2007. The hardline decision was met with mass discontent in Hong Kong and gave rise to mass pro-democracy protests in early July 2004. Many people in Hong Kong expressed feelings of betrayal that the mainland had reversed its commitment to afford Hong Kong significant autonomy in its affairs. In response, during the summer of 2004, Beijing planned extravagant military displays and parades by the Chinese People's Liberation Army. Political observers noted that overwhelming display of military might was a symbolic gesture aimed at delivering a message of domination not only to Hong Kong but also to Taiwan.

By early 2005, Chief Executive Tung Chee-hwa resigned from office for "personal reasons." His formal resignation came on March 10, 2005. His deputy, Donald Tsang, was to function as his replacement until elections were held. Tung became increasingly unpopular following mass pro-democracy protests in Hong Kong in 2004 mentioned just above.

By May 2005, however, newly-installed acting Chief Executive Donald Tsang also resigned from office. In Tsang's case, his decision was spurred by his desire to run for election to Hong Kong's top spot in mid-2005. In the interim period until the election was held and results were made official, Tsang was to be replaced by Finance Chief Henry Tang as acting Chief Executive.

Donald Tsang was expected to contest the election along with two other candidates -- Lee Wing-

at, the chairman of the Democratic Party, and Chim Pui-chung, a former broker who was jailed for conspiring to forge documents. Tsang, who enjoyed support from Chinese leaders in Beijing, was expected to win the position of Hong Kong's chief executive. This was because the election was not held among the citizenry but instead among an electoral college of several hundreds of people. Most of the participants in the electoral college were aligned with Beijing.

In mid-2005, Tsang was elected to the top spot and was tasked with serving out the duration of Henry Tang's term until fresh elections could be held in 2007.

In January 2006, despite his expressed stance in favor of a democratic system, Donald Tsang said that he was halting moves to reform Hong Kong's voting system. The announcement came after his proposals for modest democratic reform were rejected by pro-democracy legislators in late December 2005 because they were not extensive enough. It was not known if Tsang would continue to hold favor with the people of Hong Kong as a result. The question of whether or not he would hold favor with Beijing was also yet to be seen. Nevertheless, his attention moved to other arenas, such as the economy, which saw bouyant growth in the following year.

The state of the economy did not prevent people from agitating for democracy. In July 2006, tens of thousands of demonstrators rallied in Hong Kong calling for a return to full democracy. It was the ninth anniversary of Hong Kong's return to Chinese rule from British colonial status.

In March 2007, Donald Tsang won a second term in office following the first contested leadership race since the specially-administered territory reverted to Chinese rule in 1997. Given his close ties to Beijing, his high approval ratings, as well as the strong state of the economy, Tsang was favored to win. Indeed, his position as the favorite appeared to exist despite the fact that he had not advanced specific proposals for democratic reform or the formation of a new constitution.

After a vote by secret ballot in the 800-member election committee, it was clear that Tsang garnered an overwhelming victory with 649 votes in his favor. Tsang's main rival, Alan Leong, responded by charging that the process was fixed. Leong, a legislator, demanded democratic elections in Hong Kong.

That call for elections was likely to resonate with the people Hong Kong who have been demanding democratic reform -- even taking to the streets several months prior, as noted above. So, despite this victory for Tsang, it was yet to be seen if his stewardship of the economy would be enough to satisfy the people in Hong Kong in the long run.

A December 2007 by-election in Hong Kong was viewed as a key test for democracy and a barometer of the popular mood. The main contenders -- both female -- were pro-democracy candidate pro-democracy candidate Anson Chan and Beijing-backed Regina Ip. Six other candidates were also contesting the by-election.

Since resorting to Chinese jurisdiction in 1997 from British control, Beijing said that democratic rule would eventually prevail in Hong Kong. However, no date has ever been set for Hong Kong to enjoy full democracy. Meanwhile, the people of Hong Kong have not always responded well to Beijing's direction. In recent times, many pro-democracy demonstrations have taken place with people demanding democratic rights, including the election of their chief executive by universal suffrage.

With the votes counted, Anson Chan claimed victory. She appeared to have carried around 55 percent of the vote; Ip received around 43 percent. Chan, who returned from retirement to campaign on the basis of democratic rights and reform, had argued that Hong Kong's chief executive should be directly elected by 2012, rather than being selected by committee from among a pro-Beijing pool of candidates. Chan also asserted that the by-election result indicated that Hong Kong was anxious for democracy. To that end, she said, "I'm sure that the [Hong Kong] government and [Beijing] government would wish to listen to the genuine voice of Hong Kong people."

Chan's victory was by no means guaranteed. Recent district council elections awarded strong victories to Beijing-backed groups while pro-democracy parties endured a number of losses. The strong performance of pro-Beijing groups appeared to have been due to the strong economy in combination with good on the ground organization. However, Chan's main competition, Ip, gained notoriety in 2003 for attempting to introduce anti-subversion security laws that were deeply unpopular and led to mass protests in the streets of Hong Kong.

In the first week of September 2008, people in Hong Kong went to the polls to vote in legislative elections. At stake were the seats in the legislature although only about half of the 60 seats were actually being contested by the parties, with the other half occupied by interest groups.

The escalation in nationalist sentiment following the 2008 summer Olympics in Beijing was expected to result in strong support for those aligned with the government of mainland China. Conversely, it was expected that there would be depressed support for the pro-democracy camp. The pro-democracy camp actually won the most votes in previous elections -- 25 of the 30 seats in the part of the legislature where members are elected to power -- but it was not able to ultimately control the legislative chamber since a full half of the other seats were occupied by interest groups. Given the nationalist climate, the pro-democracy camp was hoping not to lose too many seats.

On election day, turnout was reported to have been low. When the votes were counted, the result showed that the pro-democracy camp had control of a total of 23 seats (only two less than before). As such, it actually outperformed expectations and held on to enough representation to veto future legislation.

In October 2008, at an Organization for Economic Co-operation and Development (OECD) meeting in Paris, France and Germany led a charge that included 15 other countries, to draw up a new "blacklist" of tax havens. Soon thereafter, it was reported that Hong Kong might be included on that listing.

At issue has been the allegation that there are several more countries across the globe where undeclared funds are concealed, and where unrelegated financial activities take place (such as non-regulated hedge funds).

Increased attention on such matters has gained steam in the wake of the global financial crisis, perhaps leading to action from various countries across the world. In the first part of 2009, Hong Kong announced that it would take steps to avoid being classified as a tax haven.

Note: The Organization for Economic Co-operation and Development(OECD) has focused on what it terms as "harmful tax practices" and tax havens since 1998. While some parties have supported OECD's activities, noting that transparency is a key component of healthy financial activity, opponents of the OECD have pointed to the sanctity of tax policy within sovereign states. The OECD has maintained a "blacklist," in actuality "The List of Uncooperative Tax Havens" in their charge to increase transparency tax affairs.

In 2009, three Hong Kong journalists alleged police brutality and spurred a mass rally sponsored by Hong Kong Journalists' Association (HKJA) and the Foreign Correspondents' Club (FCC) in favor of media freedom. At issue was a protest in in Urumqi in western China's Xinjiang province earlier in the month of September 2009. Thousands of Han Chinese were protesting against stabbings using syringes by Uighur Muslims; it was the latest manifestation of ethno-sectarian tension between the two groups in the region. Riot police used tear gas to quell the crowds of protestors, and brutally beat and detained the journalists who were trying to record the events.

With an eye on drawing public support to their plight, journalists from the HLJA and FCC led a rally that included reporters, politicians and residents in Hong Kong in which they demanded an apology and called for an investigation into the incident. Many carried signs that read, "Reporting the news is not a crime." The rally occurred after a number of pro-Beijing politicians and even the pro-communist Ta Kung Pao newspapers all decried the attacks on the journalists, which they said was akin to an affront of media freedom. Indeed, one politician, Lee Cheuk-yan, said that the situation had spurred support from unlikely allies with strong ties to Beijing. He said, "I think that shows the real power of public opinion in Hong Kong - it can force the pro-Beijing parties and the Hong Kong government officials to say that this was wrong, a line has been crossed."

In late 2009, the authorities in Hong Kong put forth a political reform proposal; the move was aimed at spurring increased democracy in the specially-administered region under Beijing's ultimate

jurisdiction. Included in the plan was an expanded Legislative Council. The move did not resonate favorably with critics, who complained that the changes did not amount to democratic reform.

The year 2010 was marked by by-elections, when five members of parliament resigned from the seats in an effort to pressure Beijing to grant Hong Kong full democracy. The result of the by-election simply returned the five members of the opposition to power. Also that year, the anti-Beijing opposition Democratic Party convened meetings with a representative from the Chinese (Beijing) government. The talks were regarded as significant since there had been no such meeting between the two sides since Hong Kong was handed over to Chinese (Beijing) jurisdiction in 1997.

In 2012, all eyes were on the internal election to choose a new chief executive for the Hong Kong Special Administrative Region. Who would succeed David Tsang, who had served from 2005 and was returned to power in 2007, but was not eligible to continue on in this post?

On March 25, 2012, it was Leung Chun-ying who emerged as the new head of government in Hong Kong, following a vote within the 1,200-member Election Committee composed of about 1,200 pro-Beijing business and community leaders, who have tended to be aligned with the elite of the Chinese Communist Party.

The early frontrunner was Henry Tang, but a series of unfortunate scandals, followed by a particularly turbulent campaign, appeared to have negatively affected his prospects. Specifically, Tang -- the heir to a textile fortune -- confessed to cheating on his wife, as well as constructing an illegal underground basement suite that contained a jacuzzi and a wine cellar. These revelations appeared to have opened the door for Leung to win the election contest with more than 60 percent of the vote share. A third contender, Albert Ho, has been an avid advocate for democracy rights, thus rendering his candidacy less than viable by power brokers in Beijing.

It should be noted that as the Elections Committee gathered to select the new chief executive, hundreds of pro-democracy protesters rallied outside and demanded that Hong Kong's residents be able to elect their own leader in a direct vote. The protesters chanted "democracy is dead" and symbolically threw paper money in the air, as is the customs at Chinese funerals.

For their part, Chinese authorities in Beijing have said that residents of Hong Kong will be afforded direct voting for the post of chief executive in 2017. For now, though, the Chinese power base in Beijing was congratulating Leung for winning leadership of Hong Kong.

Parliamentary elections were set to be held in Hong Kong in 2012. At stake was the composition of the unicameral Legislative Council. Of the 60 seats of that body, 30 seats are indirectly elected by functional constituencies (i.e. interest groups), and 30 seats are elected by popular vote; members serve four-year terms. The previous elections were held in September 2008. When the

votes were counted in 2008, the result showed that the pro-democracy camp had control of a total of 23 seats (only two less than before). As such, it actually outperformed expectations and held on to enough representation to veto future legislation. It was yet to be seen how the pro-democracy camp would fare in 2012.

Note that in 2013, Xi Jinping became the new president of China and thus the official head of state of Hong Kong.

As the year 2014 began, thousands of protesters took to the streets of Hong Kong to demand free elections and a faster pace of democratization. Protest organizers in the Chinese territory, which once a British protectorate, said the demonstration had attracted as many as 30,000 participants. They said their demands included universal suffrage and the resignation of the Beijing-appointed chief executive, Leung Chun-ying.

The Beijing-controlled government of Hong Kong attempted to tamp down the dissonance by saying that the administration respected the public's freedom of expression, and noting that a plan to move to an elected executive branch of Hong Kong was in the works for 2017. This timeline coincided with the conclusion of Leung's term in office.

By September 2014, Hong Kong was marked by pro-democracy protests. The outbreak of mass unrest occurred in reaction to the decision by China's Standing Committee of the National People's Congress (NPCSC) to reject demands that Hong Kong's next leader be democratically elected. The announcement made it clear that long-promised democratic rights for Hong Kong residents to elect their own leaders would not be in the offing, and instead, the NPCSC would retain the right to control who would stand as candidates for leadership positions in Hong Kong. Stated differently, Beijing would continue to filter and control the slate of candidates that could potentially hold the position of Chief Executive in Hong Kong.

The 2014 "Occupy Central" protests in Hong Kong thus commenced when pro-democracy activists convened outside the government headquarters and occupied several major city intersections after authorities announced their decision to limit proposed electoral reforms. The protesters were motivated by ire as the Chinese Communist Party in Beijing announced that any future chief executive of Hong Kong would have to be approved by a nominating panel, which was likely composed of pro-Beijing loyalists.

Soon, the protests had coalesced into a movement of sorts, with student protesters now making good on their vow to occupy the central financial districts of Hong Kong to register their frustration and anger over the slow pace of democratic reform.

The people of Hong Kong -- with their legacy of democratic rule prior to 1997 when the area returned to Chinese control -- have long chafed against Beijing's moves to repress democracy.

Since 1997, they have periodically taken to the streets to register their ire over Beijing's control, and to demand democratic rights. In 2014, the so-called Occupy Central movement was threatening to shut down the financial district until Hong Kong was granted full democracy with universal suffrage for all residents.

Beijing -- via the Li Fei, the deputy secretary general of the NPCSC --was making it clear that the shutdown of Hong Kong's financial district was illegal, saying, "Occupy Central is an illegal activity. If we give in, it will trigger more illegal activities." Meanwhile, as clashes erupted in the streets, security forces used pepper gas to disperse the crowds of pro-democracy activists.

With an eye on calming passions in the streets, Hong Kong's leader, Leung Chun-ying, attempted to suggest that the decision by the NPCSC was not final, as he said, "There is still room for discussion in regards to the issue in Hong Kong legislation." However, by October 2014, there was actually no productive discussion taking place and, instead, the Occupy Central protests were continuing.

While Hong Kong has regularly been subject to pro-democracy rallies and demonstrations by a population demanding the freedoms that had been promised since the territory transitioned from British to Chinese rule, the "Occupy Central" protests constituted a different "flavor" of dissent and unrest. Indeed, they sparked memories of Tiananmen Square protests in Beijing in 1989, which ended with bloodshed when the Chinese military opened fire on protesters, thus earning international condemnation. While most experts posited the view that Beijing was unlikely to take such a hardline stance in the era of social media, there were nonetheless rising anxieties about a possible confrontation -- and the ensuing consequences -- as the protesters continued their civil disobedience program. Indeed, the student and pro-democracy protesters kept up their demand that Chief Executive Leung Chun-ying step down from power and that the people of Hong Kong be given full voting rights in the next leadership election in 2017.

For his part, Chief Executive Leung Chun-ying refused to step down although there were some attempt to organize talks between the two sides. By Oct. 10, 2014, talks aimed at finding a resolution to the impasse in Hong Kong had been called off, and the protest movement was ongoing. Businesses were increasingly frustrated by the impact on their profits, while skirmishes flared when police tried to dismantle barricades in an attempt to ease traffic congestion. Then, on Oct. 13, 2014, Chief Executive Leung Chun-ying made clear that Beijing was not about to be pressured into changing its stance on elections. He also said that because the protests had "spun out of control," he was prepared to use of force to end them.

Nevertheless, the Occupy Central movement appeared to be prepared to remain in place for some time. The protesters were well equipped with food, water, toilets and even shower facilities, and had a sophisticated clean-up and recycle program to deal with the garbage and debris generated by mass demonstrations. It was to be seen if they would actually retain their commitment to the

movement over the longer term. It was also to be seen if Chief Executive Leung Chun-ying would make good on his promise to shut down the mass action pro-democracy movement by force.

In mid-October 2014, despite a sequence of attempts to resolve and end the pro-democracy protests, the mass action was ongoing, sporadic violent clashes were erupting between protesters and security forces, protesters were becoming increasingly provocative in their confrontations with authorities, and the government was growing increasingly impatient with the Occupy Central demonstrations. A climate of political impasse had pervaded the landscape in Hong Kong.

A new round of talks was scheduled to be held on Oct. 21, 2014; however, there was no indication that these negotiations would end any more productively than previous efforts to end the crisis. Indeed, despite a fulsome debate between the Occupy movement student leaders and Hong Kong authorities, there was no resolution and no breakthrough to be found. The debate was actually broadcast live to protesters in the streets, and punctuated by cheers as protesters expressed support for points made by their leadership. In this way, the debate on democracy was a rather participatory event. But debate participation was not translating into any actual moves towards participatory democracy.

With dialogue providing no concrete results in the effort towards a resolution, and with the "Occupy Central" protesters promising to "dig in" for the long haul, Beijing was signaling that its patience was in the fraying stages. Indeed, on Oct. 28, 2014, China's Communist Party said that it would prevent "external forces" from intervening into the affairs of territories under its control, such as Hong Kong and Macau. The Communist Party also said that Hong Kong's chief executive had the full support of Beijing. It was not known what form an "intervention" would take; however, Beijing's flexing of its rhetorical muscle could only be interpreted as a warning of sorts to the protesters.

As October 2014 drew to a close, the political ground in Hong Kong was turning fractious as the leader of Hong Kong's Liberal Party, James Tien Pei-chun, called on Hong Kong Chief Executive Leung Chun-ying to resign. The move effectively aligned Tien Pei-chun with the "Occupy Central" movement, thus spurring China's top parliamentary advisory body to expel him from the Chinese People's Political Consultative Conference (CPPCC). Tien Pei-chun reacted by tendering his resignation from the Liberal Party. He declared, "In the case of CPPCC, my voice was not acceptable. If I want to represent the Hong Kong people, to give them a voice...my resignation (as leader of the Liberal Party) will allow me to better serve Hong Kong people as a lawmaker."

By the start of November 2014, the leaders of the protest movement were looking to dispatch an intermediary to Beijing to negotiate over their democratic demands. At the top of their list of possible emissaries was Hong Kong's former leader, Tung Chee-hwa, who oversaw the administration of the territory after its handover from British to Chinese jurisdiction in the 1990s.

But a spokesman for Tung released a statement indicating that such negotiations would be an exercise in futility since Beijing's position was not likely to change. The statement read as follows: "Mr. Tung points out the central government understands the different views in Hong Kong. The decision of the National People's Congress (NPC) Standing Committee on August 31 will not change."

As November 2014 entered its second week, Hong Kong authorities renewed their warnings to the pro-democracy protesters that they should clear the demonstration zones or face arrest. There was some suggestion that Hong Kong's security forces would commence their effort to force the protesters to exit the demonstration zones in mid-November 2014.

Hong Kong authorities made good on that promise and in mid-November 2014 dismantled the protest site in the Admiralty district, specifically removing the barricades outside the Citic Tower. The action came after the high court granted an injunction on the matter. It should be noted that the high court also authorized the clearance of the Mong Kok site. "Occupy Protest" demonstrators were undeterred and promised to move to other venues, which were not covered in the court injunction.

On Nov. 19, 2014, clashes broke out between police and protesters who were attempting to break into the parliamentary building.

On Nov. 24, 2014, Hong Kong authorities cleared the protest encampment at Mong Kok. While that action ensued in a fairly smooth manner, unrest falred soon after with police arresting as many as 100 people including two student activist leaders. Those two student leaders -- Joshua Wong and Lester Shum -- were reportedly brutally beaten by security forces. Days later, clashes between pro-democracy activists and police were ongoing in the Mong Kok district. Riot police used batons, shields, and pepper spray to quell the protests, but they only managed to anger and incite activists further. Meanwhile, Amnesty International issued a sharp rebuke of Hong Kong police for their use of excessive force against protesters.

By Dec. 1, 2014, pro-democracy protests were going strong -- this time with activists managing to temporarily shut down government headquarters and with student leaders calling for a hunger strike to press their democracy demands. There were reports of clashes at the remaining protest sites. These developments prompted Hong Kong's leader, Leung Chun-ying, to say that security forces had been "tolerant" but the time had come for "resolute action." With possible harsh action in the offing, on Dec. 2, 2014, leaders of the Occupy Central movement in Hong Kong announced they would present themselves to authorities and urged student protesters to retreat rather than risk becoming embroiled in violence. A day later, the three pro-democracy Occupy Central founders -- Benny Tai, Chan Kin-man and Reverend Chu Yiu-ming -- turned themselves into Hong Kong authorities and urged student activists to retreat from protest sites.

Note: On Dec. 10, 2014, following a final gathering of as many as 10,000 pro-democracy activists, Hong Kong authorities began the process of clearing the Admiralty protest site, which stood as the main "Occupy Central" venue of the movement.

In the third week of June 2015, legislators in Hong Kong rejected a proposal by mainland China to change the way in which the specially-administered Chinese territory selects its top executive.

Going back to September 2014, Hong Kong was rocked by street protests as residents took to the streets to demand free elections and a faster pace of democratization. Protest organizers in the Chinese territory, which once a British protectorate, said their demands included universal suffrage and the resignation of the Beijing-appointed chief executive, Leung Chun-ying. The protests went on through the close of the year and came to be known as the "Occupy Central" movement. Pro-democracy activists convened outside the government headquarters and occupied several major city intersections after authorities announced their decision to limit proposed electoral reforms. The movement ended when the Beijing-controlled government of Hong Kong attempted to tamp down the dissonance by dismantling the protest camps.

Now, in mid-2015, the Beijing-controlled government of Hong Kong was trying to assuage the population of Hong Kong with a proposal that would offer people the right to vote for a chief executive in 2017 -- but from a small slate of pre-approved candidates, most likely aligned with Beijing. Cognizant that the proposal would not give the people of Hong Kong a genuine democratic choice, many lawmakers in Hong Kong voted against it. Without garnering the required two-thirds of Hong Kong's Legislative Council to pass, the motion was defeated -- and by a significant margin.

Editor's Note on Hong Kong's British legacy and return to Chinese rule --

The British presence in Hong Kong occurred in 1699 when the British East India Company arrived in China, and as one of China's main gateways to the outside world, Hong Kong's trade with the British merchants developed rapidly. An opium war between China and Great Britain in 1840 ended with China's loss. Then, in 1842, China and Great Britain signed the Treaty of Nanking by which Hong Kong was ceded to Great Britain. The Second Opium War ensued between 1856 and 1858, again ending with China being on the losing side. The resulting Convention of Beijing in 1860 granted Great Britain a perpetual lease on the Kowloon Peninsula.

Negotiations commenced in 1982 between the British and Chinese governments for the future of Hong Kong. In December 1984, the Sino-British Joint Declaration was signed, which provided for the handover of Hong Kong from British jurisdiction to Chinese jurisdiction at the end of the prevailing lease on July 1, 1997. The agreement also ensured that China would make Hong Kong a special administrative region (SAR) after its handover. According to the agreement, as an SAR, Hong Kong would enjoy considerable autonomy except in areas of defense and foreign policy. The

Chinese government also promised to let Hong Kong retain its political, economic and judicial systems for 50 years after the reversion. All these measures for taking over Hong Kong are known as the "one China, two systems" policies. The current disagreements between Beijing and Hong Kong are centered on how precisely Hong Kong's democratic political system would be preserved.

Editor's Note on governance and democracy in Hong Kong --

When Hong Kong was a British colony, it was administered by a governor appointed by the monarch of the United Kingdom. The governor served as the commander in chief in Hong Kong and presided over two main organs of the government, the Executive Council and the Legislative Council.

Since it was handed over to the People's Republic of China in July 1997, Hong Kong has been administered under the principle of the Basic Law of the Hong Kong special administrative region known as the mini-constitution of the region. Under the principle of "one country, two systems," Hong Kong is allowed to maintain its economic system and retain a large degree of political autonomy for 50 years. The executive authority is vested in the chief executive who is under the jurisdiction of the Chinese central government and serves a five-year term.

As the legislative authority is vested in the Legislative Council, the Legislative Council was selected by the Selection Committee. Hong Kong's Basic Law provides that the Legislative Council consist of directly and popularly elected members, members elected by functional (occupational) constituencies, and members chosen by a committee of elected community representatives. The elections held in May 1998 marked the first such governmental process for Hong Kong, under the jurisdiction of the Chinese nation state.

Since 1997, when Hong Kong reverted to Chinese rule, the issue of freedom and autonomy has been at the forefront of the political agenda. For their part, Chinese authorities in Beijing have said that residents of Hong Kong will be afforded direct voting for the post of chief executive in 2017. That being said, the people of Hong Kong who have enjoyed freedom and autonomy under the previous British administration were not patient in regards to the proposed pace of democratization. As such, Hong Kong in recent years had been home to a vocal pro-democracy movement demanding fully free and open elections.

Principal Government Officials

Chief Executive LEUNG Chun-ying
Chief Sec. for Admin. Carrie LAM Cheng Yuet-ngor
Sec. for Civil Service Paul TANG Kwok-wai

Sec. for Commerce & Economic Development Gregory SO Kam-leung
Sec. for Constitutional & Mainland Affairs Raymond TAM Chi-yuen
Sec. for Development Paul CHAN Mo-po
Sec. for Education Eddie NG Hak-kim
Sec. for Environment WONG Kam-sing
Sec. for Finance John TSANG Chun-wah
Sec. for Financial Services & the Treasury K. C. CHAN Ka-keung
Sec. for Food & Health KO Wing-man, Dr.
Sec. for Home Affairs TSANG Tak-sing
Sec. for Justice Rimsky YUEN Kwok-keung
Sec. for Labor & Welfare Matthew CHEUNG Kin-chung
Sec. for Security LAI Tung-kwok
Sec. for Transport & Housing Anthony CHEUNG Bing-leung
Chief Executive, Hong Kong Monetary Authority Norman CHAN Tak-lam
Chief Justice Geoffrey MA Tao-li
Pres., Legislative Council Jasper TSANG Yok-sing
Commissioner of Police TSANG Wai-hung
Commissioner, Independent Commission Against Corruption Simon PEH Yun-lu
Director of Audit David SUN Tak-kei

Note that an election to the chief executive was held in March 2012. See Elections Note below for details about that election.

Government Structure

Names:

conventional long form:

Hong Kong Special Administrative Region (SAR)

conventional short form:

"Hong Kong, China"

Type:

Special Administrative Region of the People's Republic of China

Executive Branch:

Chief of state:

People's Republic of China President Xi Jinping (since March 2013); elected by the PROC's National People's Congress for a five-year term

Head of government:

Chief Executive Leung Chun-ying (since March 2012)

Cabinet:

Executive Council consists of three ex-officio members and 10 appointed members

Primer on Elections of Chief Executive in Hong Kong

March 25, 2012 --

Hong Kong, which is under the jurisdiction of the People's Republic of China, is officially led by Chinese President Xi Jinping. The head of government in Hong Kong has been Chief Executive Donald Tsang, who has served since 2005 and was returned to power in 2007. After his last term, Tsang was not eligible to continue in this post. Therefore, in 2012, all eyes were on the internal election to choose a new chief executive for the Hong Kong Special Administrative Region.

On March 25, 2012, it was Leung Chun-ying who emerged as the new head of government in Hong Kong, following a vote within the 1,200-member Election Committee composed of about 1,200 pro-Beijing business and community leaders, who have tended to be aligned with the elite of the Chinese Communist Party.

The early frontrunner was Henry Tang, but a series of unfortunate scandals, followed by a particularly turbulent campaign, appeared to have negatively affected his prospects. Specifically, Tang -- the heir to a textile fortune -- confessed to cheating on his wife, as well as constructing an illegal underground basement suite that contained a jacuzzi and a wine cellar. These revelations appeared to have opened the door for Leung to win the election contest with more than 60 percent of the vote share. A third contender, Albert Ho, has been an avid advocate for democracy rights, thus rendering his candidacy less than viable by power brokers in Beijing.

It should be noted that as the Elections Committee gathered to select the new chief executive, hundreds of pro-democracy protesters rallied outside and demanded that Hong Kong's residents be able to elect their own leader in a direct vote. The protesters chanted "democracy is dead" and symbolically threw paper money in the air, as is the customs at Chinese funerals.

For part, Chinese authorities in Beijing have said that residents of Hong Kong will be afforded direct voting for the post of chief executive in 2017. For now, though, the Chinese power base in Beijing was congratulating Leung for winning leadership of Hong Kong.

Legislative Branch:

Unicameral Legislative Council:

70 seats (changed from 60 seats; some seats indirectly elected by functional constituencies, some seats elected by popular vote; members serve four-year terms)

Primer on 2012 parliamentary elections in Hong Kong

September 9, 2012 --

Parliamentary elections were set to be held in Hong Kong in 2012. At stake was the composition of the unicameral Legislative Council. Of the 70 seats of that body, 30-35 seats are indirectly elected by functional constituencies (i.e. interest groups), and 35-40 seats are elected by popular vote; members serve four-year terms. The previous elections were held in September 2008 and at the time, the total number of seats was 60; since 2008, ten seats have been added to the Legislative Council for a total of 70 seats, as specified here.

When the votes were counted in 2008, the result showed that the pro-democracy camp had control of a total of 23 seats (only two less than before). As such, it actually outperformed expectations and held on to enough representation to veto future legislation. It was yet to be seen how the pro-democracy camp would fare in 2012.

On Sept. 9, 2012, voters in Hong Kong went to the polls to vote in elections to the Legislative Council. The main political issues surrounding the election included corruption, employment, and relations with mainland China. A day later on Sept. 10, 2012, with the votes counted, results showed that the pro-democracy camp outperformed its 2009 results. Indeed, the pro-democracy umbrella entity won 27 of 70 seats. As before, having retained more than a third of the seats, the pro-democracy camp would retain veto power in Hong Kong's legislative chamber.

Judicial Branch:

Court of Final Appeal in the Hong Kong Special Administrative Region

Constitution:

Basic Law approved in March 1990 by China's National People's Congress is Hong Kong's "mini-constitution"

Legal System:

Based on English common law

Political Parties and Leaders:

Association for Democracy and People's Livelihood or ADPL; Citizens Party; Democratic

Alliance for the Betterment and Progress of Hong Kong of DAB; Democratic Party; Frontier Party; Liberal Party

Note:

political blocs include: pro-democracy - ADPL, Democratic Party, Frontier Party; pro-Beijing - DAB, Liberal Party

Suffrage:

Direct elections:

18 years of age; universal for permanent residents living in the territory of Hong Kong for the past seven years

Indirect elections:

Limited to about 100,000 members of functional constituencies and an 800-member Election Commission drawn from broad regional groupings and other central government bodies

Foreign Relations

General Relations

Since its handover to China in 1997, the People's Republic of China is responsible for Hong Kong's foreign relations and defense. China has a foreign ministry office in Hong Kong which primarily echoes the central government's positions in regard of Hong Kong matters. However, China has granted Hong Kong considerable autonomy in economic and commercial relations. Hong Kong has continued to be an active, independent member of the World Trade Organization.

Regional Relations

Hong Kong is a member of the Asia-Pacific Economic Cooperation (APEC) forum. It also shares a cooperative relationship with members of the Association of Southeast Asian Nations (ASEAN) and has participated in the ASEAN Regional Forum. Hong Kong has a close economic and cultural relationship with Taiwan. Since Hong Kong was returned to China, relations between Hong Kong and Taiwan have become more complicated. In February 2001, Taipei mayor of Taiwan Ma Ying Jeou paid an official visit to Hong Kong aimed at exchanging views and establishing a formula for future contacts.

Other Significant Relations

Hong Kong has a close economic relationship with the United States. About 1,100 U.S. firms are stationed in Hong Kong, and 50,000 U.S. citizens now live in Hong Kong. In the past few years, the U.S. export to Hong Kong totaled over US\$10 billion annually, with the two-way trade totaling over US\$20 billion. Hong Kong is the 15th largest trading partner for the United States, and the United States is one of Hong Kong's largest investors with about US\$20 billion direct investment in the territory.

Defense Forces

The PROC is responsible for Hong Kong's defense.

Economic Conditions

Background

On July 1, 1997, Hong Kong Special Administrative Region, or HKSAR, reverted to Chinese control as a special administrative region of the People's Republic of China. This special status allows Hong Kong to continue its policy of minimal government intervention in the economy, manage its own financial affairs, use its own monetary system, and participate freely in world economic organizations. Indeed, HKSAR remains very open to trade under this "One Country, Two Systems" plan and enjoys the continuation of the colonial era heritage of no import tariffs or customs duties. Because of this enviable status, HKSAR continues to serve an important function as a gateway and financial and trade services center for the mainland economy.

Under British rule, manufacturing cheap toys and electronics served as the backbone of HKSAR's economy. But, when Premier Deng announced to the People's Republic of China in 1978 that "it's glorious to be rich," investment in manufacturing facilities in Guandong province nearby Hong Kong and progressively the rest of China grew rapidly so that, by the time control of Hong Kong reverted back to China in 1997, manufacturers had largely completed the process of tapping the motherland for a source of cheaper labor, and HKSAR had evolved into a world-class service economy in which services account for approximately 85 percent of GDP. HKSAR is second only to Tokyo as Asia's largest financial hub. Long a truly globalized economy, HKSAR contains nearly 380 foreign banking institutions and hosts to more than 800 international regional headquarters. However, the role of services center for the world doing business in China is increasingly being challenged by the fast-growing financial services complex growing up in Shanghai.

HKSAR's free market policies leave it vulnerable to international market fluctuations. Like China PRC, HKSAR maintains a peg of its currency (the Hong Kong dollar) to the US dollar. However,

in contrast to the mainland, HKSAR's monetary policy is based on a currency board, which limits creation of Hong Kong dollars to reserves of US dollars held, and, perhaps more significantly, HKSAR is open to free movement of international capital. As a result, the Asian financial crisis hammered the HKSAR economy while having a minor impact on the mainland's. While HKSAR's regional competitors sharply depreciated their currencies during and after the crisis, HKSAR held its HK\$7.8/US\$ peg and doing business in HKSAR became relatively much more expensive. As a result, the economy contracted sharply and, with the exchange rate fixed, local prices and asset values had to make all the downward price adjustments to reduced demand. Speculators who had routed other currencies in the region made a run at the Hong Kong dollar as well, but were forcefully rebuffed by the monetary authority's steadfast maintenance of the currency board regime, backed by the more than US\$90 billion in reserves held at that time by the Hong Kong Monetary Authority which manages the currency board.

In 1998, HKSAR suffered a sharp 5.3 percent contraction in GDP, but the economy recovered in 1999 and 2000 as Hong Kong benefited from rapidly rising export activity during the IT investment boom of the late 1990s. Growth reached 10.2 percent in 2000, but in 2001, the economy barely grew at all-about 0.6 percent on an annual basis-as exports fell while other elements of aggregate demand also stagnated. Given that export and import volumes for HKSAR are about twice the size of GDP, small percentage changes in export and import growth rates have large effects on the GDP growth rate. Deflation in consumer prices and in the GDP deflator has continued consistently since the Asian financial crisis with the GDP deflator falling 6.2 percent, 1.3 percent and 2.8 percent in 2000, 2001 and 2002 respectively and the CPI falling by similar but a bit smaller amounts. Unemployment, negligible for many years, averaged 7.3 percent in 2002, up sharply from the 5.1 percent and 4.9 percent rates of 2001 and 2000.

The accession of mainland China into the World Trade Organization is, according to many analysts, bringing both challenges and opportunities to HKSAR. Although Hong Kong is a special administrative region of China, it does not enjoy any preferential trade treatment from the mainland. Hong Kong's role as an intermediary between the mainland and the rest of the world will come under challenge as it may add less value as foreign operations increasingly move into the mainland itself and HKSAR's role in facilitating trade with the mainland becomes less necessary. The benefits of China's WTO membership will be in terms of the volume of both goods and services trade. It is estimated that by 2010, HKSAR's exports involving the mainland will rise by an additional 15 percent and its GDP by an extra 5.5 percent.

Involvement in China's services market could well usher in the next wave of Hong Kong investment into the mainland. However, HKSAR may well need to redefine its role as a facilitator of trade with mainland China and it will need to keep its services sector very sharp to stay ahead of new rivals for the mainland's services business rising up continuously in the major coastal cities of China.

Recent Developments

Hong Kong's open economy left it exposed to the global economic slowdown in 2008-2009, but its increasing integration with China, through trade, tourism, and financial links, helped it recover more quickly than many observers had projected. The Hong Kong government adopted several temporary fiscal policy support measures in response to the crisis. By 2010, credit expansion and tight housing supply conditions caused Hong Kong property prices to surge, and some lower income segments of the population became increasingly unable to afford adequate housing. By late September 2011, Hong Kong shares plunged, closing out their worst quarter in a decade. In late November 2012, China's domestic rating agency Dagong Global Credit Rating Co Ltd announced plans to maintain the local and foreign currency credit rating of Hong Kong at AAA with a stable outlook.

Hong Kong has been able to keep its average growth at a relatively high level. Dagong predicted Hong Kong would see 1.4 percent growth in 2012, mainly boosted by domestic consumption and government-driven infrastructure investment. The region's economy was expected to expand even more in 2013.

During the past decade, as Hong Kong's manufacturing industry moved to the mainland, its service industry has grown rapidly. Growth slowed to 5 percent in 2011, and less than 2 percent in 2012. Credit expansion and tight housing supply conditions caused Hong Kong property prices to rise rapidly and inflation to rise 4.1 percent in 2012. Lower and middle income segments of the population are increasingly unable to afford adequate housing. Hong Kong continues to link its currency closely to the US dollar, maintaining an arrangement established in 1983.

The mainland has long been Hong Kong's largest trading partner, making up about half of Hong Kong's exports by value. Hong Kong's natural resources are limited, and food and raw materials must be imported. As a result of China's easing of travel restrictions, the number of mainland tourists to the territory skyrocketed to 34.9 million in 2012 from 4.5 million in 2001, outnumbering visitors from all other countries combined. Hong Kong has also established itself as the premier stock market for Chinese firms seeking to list abroad. In 2012 mainland Chinese companies constituted about 46.6 percent of the firms listed on the Hong Kong Stock Exchange and accounted for about 57.4 percent of the Exchange's market capitalization.

Status of Economic Conditions

RMB deposits grew to roughly 12 percent of total system deposits in Hong Kong by the end of 2013. The government is pursuing efforts to introduce additional use of RMB in Hong Kong financial markets and is seeking to expand the RMB quota. Credit expansion and tight housing supply conditions have caused Hong Kong property prices to rise rapidly; consumer prices increased by more than 4 percent in 2013. Lower and middle-income segments of the population

are increasingly unable to afford adequate housing. In 2013, Hong Kong and China signed new agreements under the Closer Economic Partnership Agreement, adopted in 2003 to forge closer ties between Hong Kong and the mainland. The new measures, effective from January 2014, cover services and trade facilitation, and will improve access to the mainland's service sector for Hong Kong-based companies.

Hong Kong SAR's growth recovered in 2013 as resilient domestic demand helped offset the continued drag from net exports. As the global recovery took hold, external demand was forecast by the IMF to improve and lift growth in 2014, while domestic demand remained solid.

After a prolonged rise, both residential and commercial property prices had leveled off by May 2014, albeit at an elevated level. The authorities' have proactively implemented measures to safeguard financial stability and stabilize the property market. Supply-side measures have also been proposed with more land supply and a new 10-year housing target. Despite the recent price stabilization, housing affordability remains a concern with the highest price-to-income ratio among regional peers.

In August 2014, Bloomberg wrote a report about how the gap between Hong Kong's rich and the rest of its population was widening as surging asset prices protected the wealthy from an economic contraction.

Rising asset prices have helped make Hong Kong home to the highest concentration of multimillionaires on earth -- and create the world's most unaffordable housing market, Bloomberg pointed out. Meanwhile, one in five of the city's residents lives in poverty, the government said in 2013.

Supplementary Sources: Bloomberg and Reuters

Economic Relationship with Mainland China:

Hong Kong and mainland China enjoy a mutually beneficial relationship. Hong Kong's interests in China make up 50 percent of China's foreign direct investment, and 40 percent of Hong Kong's total trade. Lacking natural resources, Hong Kong depends heavily on China for food and raw materials. The two economies have become increasingly integrated over the years, with HKSAR becoming a platform for mainland exports and a supplier of financial services. Manufacturing facilities formerly located in Hong Kong have shifted SAR to the mainland. The share of manufacturing dropped from 25 percent of GDP in 1984 to six percent of GDP in 1999.

Hong Kong is endeavoring to improve its attractiveness as a commercial and trading center, especially after China's entry into the WTO, and continues to refine its financial architecture. The government is deepening its economic interaction with the Pearl River Delta in an effort to

maintain Hong Kong's position as a gateway to China. These efforts include the conclusion of a free trade agreement with China, the Closer Economic Partnership Arrangement (CEPA), which applies zero tariffs to 1,087 products and improved market access for 26 service areas. Hong Kong, along with the Macau SAR, is also participating in a new pan-Pearl River Delta trade block with nine Chinese provinces, which aims to lower trade barriers among members, standardize regulations, and improve infrastructure.

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Written by Dr. Denise Youngblood Coleman, Editor in Chief, www.countrywatch.com. See Bibliography for research sources.

Appendix: Taiwan

Editor's Note:

China claims jurisdiction over Taiwan, naming it as the 23rd province of China; international recognition of Taiwan as sovereign has been elusive as a result.

People

Taiwan is comprised primarily of the island of Taiwan, also known as Formosa, 80 miles off the coast of mainland China, and several other smaller islands. Taiwan has a population of 22.2 million. The great majority of the population, more than 18 million, are descendants of Chinese who migrated from Fujian and Guangdong provinces on the mainland, primarily in the 18th and 19th centuries. About 15 percent of the population known as "mainlanders" came to Taiwan from all parts of China in the 1940s, including those who came after China took back Taiwan from the

rule of Japan at the end of World War II, and those who fled with the KMT government in 1949. About 370,000 indigenous people constituting about two percent of the population inhabit the mountainous central and eastern parts of the island and are believed to be of Malayo-Polynesian origin.

Mandarin Chinese is the principal language of Taiwan, and it has been the medium of instruction in schools for more than four decades. Native Taiwanese and many others also speak one of the Southern Fujianese dialects, Min-nan, also known as Taiwanese. Recently there has been a growing use of Taiwanese in the broadcast media. The Hakka from southern Fujian province who are concentrated in several counties throughout Taiwan have their own distinct dialect.

The principal religions in Taiwan are Taoism and Buddhism, with over 75 percent of all religious believers in the island. There are a growing number of Christians in Taiwan, with a population of about 600,000. Confucianism is also an honored school of thought and ethical code which has had an immense influence in ethics, morality and academic thinking of the people of Taiwan.

The overall life expectancy of the Taiwan people at birth is 76.35 years, with 73.62 years for male and 79.32 years for female. The infant mortality rate in Taiwan is 7.06 deaths/1,000 live births. In terms of literacy in Taiwan, 94 percent of the total population age 15 and over can read and write.

History

The aboriginal Taiwanese originated from Austronesia and southern China. From 500 C.E., large groups of people from Mainland China began to migrate to Taiwan. In the 17th century, the Dutch traders came to the island; in 1624 they first claimed Taiwan as a base for Dutch commerce with Japan and the China coast. In 1626, the Spanish occupied the northwest coast of Taiwan and they established a settlement there, only to be driven out by the Dutch in 1642. Because of political and economic chaos on mainland China caused by the Manchu invasion of the country, a large number of immigrants from the mainland settled in Taiwan during the period of Dutch rule.

In 1664, a loyalist of the Ming Dynasty, Cheng Ch'eng-kung (Zheng Chenggong or known in the West as Koxingga), retreated from mainland China, which was under the Qing Dynasty then, and came to Taiwan with his fleet. Cheng usurped the Dutch and occupied Taiwan, in his bid to restore the Ming Dynasty with Taiwan as his base. But he died there not long after, and his successors submitted to the rule of the Qing Dynasty in 1683. The Qing Dynasty then ruled Taiwan as a prefecture. In 1887, Taiwan became a province of China. During the 18th and 19th centuries, Taiwan saw a significant influx of immigrants (which eventually formed the majority of the population) from Fujian and Guangdong provinces of China.

In 1895, as a result of the Sino-Japanese War and its resulting Treaty of Shimonoseki, Taiwan was ceded to Japan. For five decades Taiwan was ruled by the Japanese. During this period, Taiwan's economy developed significantly; at the same time the island had undergone a process of "Japanization" with considerable Japanese cultural influence on the society.

The end of World War II brought Taiwan back under Chinese authority. During the first few years of Chinese rule, Taiwan suffered under the corrupt government, the KMT. The local Taiwanese discontent towards the mainland government was sparked by an event of singular, but striking, force called the "2-28 Incident." A cigarette seller was injured and a passerby was shot to death on Feb. 28, 1947, in an anti-mainland violence. The incident produced a groundswell of violence, which spread throughout the island, and thousands of people were killed by the KMT troops. The Feb. 28 incident led to a deep resentment to the mainlanders by the native Taiwanese. In 1995 a monument was dedicated to the victims of the Feb. 28 incident, and for the first time Taiwan's leader, President Lee Teng-hui, publicly apologized for the nationalists' brutality.

After the end of World War II, the civil war between the KMT government led by Chiang Kai-shek and the Chinese Communist Party led by Mao Zedong resumed; it came after several years of cooperation of the two in anti-Japanese war during World War II. The Chinese civil war ended in the late 1940s with the KMT government fleeing to Taiwan. In October 1949, fresh from victory in the civil war, the People's Republic of China was founded. In December 1949, Chiang Kai-shek established Taipei as the "provisional" capital of the KMT government.

During the 1950s, the KMT government implemented land reform in Taiwan. Land was redistributed among small farmers, and large landowners were compensated with commodity certificates as well as stock in state-owned industries. The land reform proved very successful, and the farmers turned their compensation into capital and started commercial and industrial enterprises. These new entrepreneurs, together with the businessmen fled from mainland with the KMT government, made considerable contributions to the island's transition from an agricultural to a commercial, industrial economy.

The next few decades saw Taiwan's economy accelerate, as it became a major international trading power with more than \$218 billion in two-way trade. Economic development brought prosperity, and prosperity brought social stability. The people of Taiwan had been under severe government control for almost six decades under the Japanese and Chinese authorities. As economic achievements brought about great changes to the society, the KMT government began to liberalize Taiwan's political system. In 1987, President Chiang Ching-kuo lifted the martial law decree, which had been in place since 1948. President Lee Teng-hui continued with the political liberalizing process. The Civic Organizations Law was passed in 1989 to allow the formation of new political parties, thus ushering in the competition of the opposition parties in presidential elections. As a result, in the 2000 presidential elections, the opposition party DPP's candidate Chen Shui-bian won the election and became the first non-KMT president in Taiwan.

Government Organization

In 1949 when the KMT established Taipei as its "provisional" capital, the KMT government claimed that it was the sole legitimate government of all of China, including the mainland. The 1947 constitution applied to a government structure of Taiwan with the full array of central political bodies that had existed on the mainland. The KMT's claim of governing all China continued until 1991 when the KMT shifted its focus to Taiwan itself and abandoned their claim of governing mainland China.

Under the 1947 constitution, as amended in 1991, 1994 and 1997, the central government of Taiwan include five constitutionally mandated councils of governing bodies (Yuans): the Executive Yuan (the cabinet), the Legislative Yuan, the Judicial Yuan, the Control Yuan and the Examination Yuan.

In addition, there is a popularly elected National Assembly with duties of amending the constitution, ratifying certain presidential appointments and impeachment of the president and vice president.

The president is the head of the state and commander in chief of the armed forces and has authority over the five Yuans. The president also appoints the premier, the head of the Executive Yuan. The Executive Yuan comprises the premier and the cabinet members who are responsible for policy and administration.

The Legislative Yuan is the supreme legislative institution in Taiwan according to the constitution. In 1948, 760 members were elected to form the first Legislative Yuan. Based on the constitution amendment in 1991, all members who were elected in 1948 retired on Dec. 31, 1991. The second Legislative Yuan was elected in 1992 with members reduced to 161, and since then all members will serve a three-year term as the constitution originally provided. The 1998 election increased the number of the members to 225. As a result of constitutional amendments approved by National Assembly in June 2005, number of seats in legislature will be reduced from 225 to 113 beginning with election in 2007; amendments also eliminated National Assembly thus giving Taiwan a unicameral legislature.

The Judicial Yuan administers Taiwan's court system. It includes a Council of Grand Justices (COGJ) that interprets the constitution. The president appoints the members of the COGJ, with the consent of the National Assembly, to nine-year terms.

The Control Yuan was formed in 1931 to serve as the highest control organ of the government by exercising the powers of auditing and monitoring the efficiency of public service as well as

investigating instances of corruption. In 1948 the first constitutional Control Yuan was organized by members elected by representative councils. According to the constitution amendment in 1991, the second Control Yuan was formed in 1993 with 29 members appointed by the president and approved by the National Assembly. Since then, all members will be no longer elected by the representative councils, and they will serve a six-year term.

The Examination Yuan was formally established in 1930 to take charge of national examinations and the civil service system. Under the provisions of the constitution, it has developed into the highest personnel organization in Taiwan. The Examination Yuan includes the Ministry of Examination and Ministry of Civil Service, with responsibilities of conducting examinations of government employees and other matters related to the civil service. The head of the Examination Yuan and its 19 members are nominated by the president and appointed to six-year terms upon confirmation by the Legislative Yuan.

Political Conditions

For four decades since the KMT government moved to Taiwan in 1949, the island had been ruled under a dictatorship. Under the martial law imposed on Taiwan as early as in 1948, people had no freedom to express dissenting views. In the 1980s, economic development brought changes to the Taiwan society, especially changes in politics. Responding to public demands, the KMT government led by President Chiang Ching-kuo began allowing some liberalization in Taiwan, and in 1987 he lifted the martial law decree.

Until the late 1980s, the Taiwanese government had been controlled by one political party, the KMT. As the ruling party, the KMT was able to maintain political control of the island by filling appointed government positions with its members. Before 2000, all Taiwanese presidents had been KMT chairmen.

The Civic Organizations Law was passed in 1989 to allow the formation of new political parties. Thus, Taiwan's first opposition party, the Democratic Progressive Party (DPP), was legalized and its support and influence increased. In the 1992 Legislative Yuan (LY) elections, the DPP won 51 seats out of the 161 seats. While this was only half the number of KMT seats, it made the DPP's voice an important factor in legislative decisions. The DPP continued its strong showing in the 1995 and 1998 LY elections, winning 45 out of the 157 seats in 1995 and 70 out of 225 seats in 1998. In 1996, the DPP captured 99 out of 334 seats in the National Assembly. In the November 1997 local elections, for the first time the DPP succeeded in out-polling the KMT in gaining 12 of the 23 magistrate and mayoral seats as opposed to the KMT's eight and winning 43 percent of the vote versus the KMT's 41 percent. The DPP membership is made up largely of native Taiwanese, and the party is seen as advocate of Taiwan independence.

The second major opposition party, the Chinese New Party (CNP), was formed in August 1993, by a group made up largely of second-generation mainlander KMT members who were unhappy both with corruption in the KMT and with what they saw as the "Taiwanization" of KMT ideology and leadership. CNP influence remains modest, winning only 21 out of the 164 seats in the 1995 and 11 out of 225 seats in the 1998 Legislative Yuan elections. In the 1996 National Assembly election it gained only 46 out of 334 seats.

Lee Teng-hui succeeded Chiang Ching-kuo as president when Chiang died on Jan. 13, 1988. The National Assembly elected Lee to a six-year term in 1990, marking the final time a president was elected by the National Assembly. On March 23, 1996, in the first direct presidential election in Taiwan, Lee Teng-hui was elected president and Lien Chan vice president. Lee was returned to office with 54 percent of the vote, while the DPP candidate, Peng Ming-min, received 21 percent.

On March 18, 2000, Taiwan held its second direct presidential election. The Democratic Progressive Party (DPP) candidate Chen Shui-bian won 39.3 percent of the votes and was elected the president of Taiwan. On May 20, 2000, Chen Shui-bian and Annette Lu Hsiu-lien were sworn in as president and vice president. This was the first time in Taiwan's history that an opposition party won the presidency. More significantly, it marked the end of the era of KMT ruling for more than half a century of the island.

In the wake of the presidential election, on March 24, 2000, former President Lee Teng-hui announced his resignation as leader of the KMT—the party which had dominated Taiwanese politics for more than 50 years. His departure 18 months earlier was the result of the demand of the angry KMT supporters for the presidential election defeat. Former Vice President Lien Chan was unanimously approved as acting chairman of the KMT.

The 2000 presidential election has brought changes to the function of the National Assembly. After the presidential election, many members of the National Assembly from both the KMT and the DPP proposed to reform or even dissolve the assembly. Despite its majority presence, the KMT noted that the loss of ruling power had significantly weakened its disciplinary powers. If it kept allowing its assemblymen to indefinitely occupy seats in the assembly, voters would be very disappointed in the KMT's lack of sincerity to eradicate corruption. For the DPP, after the victory of the presidential election, the public at large had high expectations of the party and of the assemblymen. If the DPP Party Central Committee did not take a tough stance toward its assemblymen, it would seriously send the public support on a downwards spiral. All these considerations resulted in the stripping the body of most of its powers. As a result, on May 19, 2000, during the fifth session of the third National Assembly, the current term of the members ended. Since then, the National Assembly has ceased to be a standing body and will convene only when required to discuss constitutional revisions or presidential impeachment resolutions proposed by the Legislative Yuan. Most of its powers, particularly that of amending the constitution, will be transferred to Legislative Yuan.

Although the DPP won the presidential election and thus ended the half century rule by the KMT, the Legislative Yuan, the parliament of Taiwan, was still controlled by the KMT, now the main opposition party. Of the 225 parliament members, the KMT held 115 seats, while the DPP only held 66 seats. With the KMT still angry about the defeat in the presidential election, the ruling DPP was facing a hostile parliament dominated by the KMT who have not cooperated with President Chen's party. Since the new government came to office, the major conflict between the ruling DPP and the opposition had been the issue of the construction of a controversial nuclear power plant. In early October 2000, Premier Tang Fei resigned, citing ill health. But it was widely known that the real reason behind the resignation was the disagreement between the premier and the president on the issue of the nuclear power plant. Tang Fei had been a former defense minister and a member of the KMT, and was appointed premier by President Chen Shui-bian in April allegedly aimed at smoothing relations with the lawmakers in the parliament dominated by the KMT. Tang Fei supported continuing construction of the partially-built US\$5.6 billion nuclear power plant which was commissioned by the KMT, while President Chen Shui-bian had pledged to scrap the plant during presidential campaign.

After Tang Fei resigned from the premier position, the former Vice Premier Chang Chun-hsiung from the ruling DPP was appointed the new premier by President Chen Shui-bian. Lai In-jaw was appointed the vice premier. It was said that Lai's appointment was based on his close ties to the second largest opposition party in Taiwan, the People First Party. The People First Party is headed by James Soong, a maverick politician who ran as an independent presidential candidate in the 2000 election after failing to win KMT's nomination. He organized the party after he lost in the 2000 presidential election in which he gained 36.84 percent of the votes and was closely behind Chen Shui-bian. As a winner with minority of votes, the ruling DPP was said to seek closer ties with the People First Party to help offset the power of the main opposition KMT.

In late October, Premier Chang Chun-hsiung announced that the government was scraping construction of the nuclear power plant, saying that safety and environment concerns were key factors for the decision. The announcement resulted in a political standoff in the parliament between the ruling party DPP and the main opposition. The KMT lawmakers argued that the government violated the constitution by stopping the project, since the project had been approved by the legislature years ago. The opposition legislators even sought to impeach the president. As for the views from other fields of Taiwan society, the business community mostly favored building the nuclear power plant, while environmentalists argued that Taiwan was not able to process nuclear waste or deal with accidents. As a way to end the standoff, in early February 2001, President Chen Shui-bian's Democratic Progressive Party agreed to resume building the nuclear power plant, but only until the end of the year and then to let a newly-elected legislature decide whether to finish it. The DPP said that the party was forced to bow to the opposition for the sake of political stability and economic prosperity.

In fact, the nuclear power plant issue had more implication of other conflicts between the ruling DPP and the main opposition KMT. President Chen Shui-bian came to power with a minority of votes, winning only 39.3 percent of the total votes in the 2000 presidential election. He had been counting on an intensified war against political corruption and political links to organized crime since coming into power to bolster his popularity. For the main opposition KMT, the government's efforts to identify corrupt bank loan deals had posed a threat to some KMT members, because Taiwan's major banks are controlled either by the state or the KMT, and a cleanup of the banking system in Taiwan has been long overdue. Nevertheless, the Chen government continued with the war against corruption during the standoff with the legislature, charging more than 200 people with graft in December. Among them, the president of Taiwan's largest commercial bank, the state-owned Bank of Taiwan, Ho Kuo-hua, was accused of trying to pass off part of his daughter's wedding expenses as incurred by the bank. Ho was freed on US\$6,000 bail after being questioned by authorities.

In late 2001, Taiwan saw a dramatic political shake-up. In the parliament elections held on Dec. 1, President Chen Shui-bian's Democratic Progressive Party (DPP) obtained 87 seats and became the largest party in the Legislative Yuan. The KMT (the Nationalist Party), who had been the dominating party in Taiwan's parliament, got only 68 seats and its share of votes fell from 46 percent to 31 percent. This is no doubt a tremendous victory for the DPP, who had won the presidential election in 2000, and a year and a half later, became the dominating party in the parliament.

For the KMT, it is a very heavy blow to its political fortune. For half a century the KMT had been controlling Taiwan without any threatening challenge. However, after it lost the presidential election in 2000, it now has lost its majority position in the parliament. Some analysts gave several reasons for the failure of the KMT in the elections: it has failed to learn the lessons of the presidential election in 2000; it has mistakenly believed its past success in transforming Taiwan into a modern economy would win it votes; it has lost its sense of mission, and its leader is uninspiring. The KMT has also paid the price for using the majority it had in the parliament to block the policies of President Chen Shui-bian. The voters want the parties that will tackle their economic problems but not fight among themselves.

Political division in the KMT itself is another reason for its loss in the parliament election. In August 2001, a new political party, the Taiwan Solidarity Union (TSU), was established and the former president Lee Teng-hui became the spiritual leader of this new party. In September, the KMT expelled Lee Teng-hui from the party which he led for 12 years. KMT's disciplinary committee said Lee had maliciously harmed the party by campaigning for a rival political group just a few months before the parliament election. However, Lee Teng-hui accused his former colleagues of getting too close to the mainland China. The TSU supports Taiwan independence, stressing Taiwan's distinct identity from China.

Although the DPP has become the largest party in the parliament, it does not have the majority, with its share of the seats in the parliament being a mere 36.6 percent. To ensure its power to pass legislation in the parliament without block, the DPP is likely to form a coalition. President Chen Shui-bian will be making every effort to woo smaller parties as well as defectors from the KMT to secure his coalition, and the TSU is a possible coalition partner for the DPP. In the parliament election, the TSU won 13 seats, with a share of 8.5 percent.

The relationship with the mainland China has been a central political issue for Taiwan since the KMT government moved to Taiwan in the late 1940s. The KMT government had focused on its goal of reunification with the mainland while claiming itself the sole legitimate government of China as a whole. However, since the 1990s this tone has changed with increasing calls for Taiwan's political autonomy and independence. During the 1996 presidential elections, tensions between Taiwan and the Chinese mainland escalated with the Chinese protesting against the pro-independence Lee Teng-hui to be elected president. China staged ballistic missile tests, presumably to assert its over-arching power and authority. In order to decrease the level of geopolitical anxiety, the United States deployed two aircraft carrier groups to the Taiwan Straits, and asked both sides not to cause further bilateral antagonism.

In the late 1990s, the dissonance between the Chinese mainland and Taiwan came to the fore once again. In July 1999, Taiwanese President Lee Teng-hui called for "state to state" relations between Taiwan and China, thus insinuating that Taiwan's de facto autonomy and legitimacy should be formally recognized. In response, China then staged military exercises in the Taiwan Straits. In these exercises, more than 100 vessels converged in the straits and reviewed battle procedures at sea.

In early 2000, the matter, once again, erupted, seemingly in anticipation of the presidential elections scheduled for March 2000. At the end of February 2000, the Chinese government issued a white paper titled "The One China Principle and the Taiwan Issue." This was the first time the Chinese authority reiterated its stance on Taiwan in the form of the government statement in such a detailed and systematic way. The white paper contains five parts, conveying the message that Taiwan is an inseparable part of China, that Taiwan must negotiate clear terms of unification with China, reinforcing its inalienable connection to the Chinese motherland, and preserving the sovereignty and integrity of the unitary Chinese nation state. Taiwan's failure to engage in negotiations regarding unification with the mainland would cause adverse consequences, and would not preclude the use of force, according to the Chinese authorities. The Chinese government has stated that they will not compromise on matters of national sovereignty and territorial integrity. "One China" accommodates the idea of one country with two systems, but it does not provide room for a separate Taiwanese state. Any digression from these parameters, including separatist activities in Taiwan, would undermine the possibility of peaceful and harmonious unification with the Chinese mainland.

The reason behind issuing the white paper at this time was out of the Chinese anticipation that the pro-independence presidential candidate Chen Shui-bian was likely to be elected, and the Chinese government hoped to prevent this result from happening by way of warning the Taiwanese voters. Among the three major presidential candidates, Vice President Lien Chan and independent candidate James Soong were viewed as being more conciliatory toward the Chinese mainland than the DPP candidate Chen Shui-bian.

When the outcome of the election was announced that Chen Shui-bian succeeded, there appeared a strained atmosphere between the two sides of the straits. China reiterated its stand of the "one China" principle as the prerequisite for peaceful reunification. With China's stern position on the one side, Chen Shui-bian on the other side expressed his desire to settle disputes between Taiwan and Beijing through a peace summit. Chen Shui-bian called on Chinese leaders to put aside the issue of "one China" principle to pave way for peace talks. He also said that he would place the national interests above the DPP and personal interests, and he would resign from his party's central standing committee and would not participate in party affairs, so that he might devote himself to national policies. With Chen Shui-bian's cooperative attitude towards China, the Chinese authorities also adopted a restrained attitude and expressed willingness to exchange views on cross-strait relations and peaceful reunification with the new government in Taiwan. The governments of the two sides recognized that it was in the interests of both Taiwan and the mainland to settle the cross-strait disputes peacefully without any recourse to military threat.

After Chen Shui-bian was elected president, China had put pressure on him to accept "one China" principle in his inauguration speech. On May 20, 2000, Chen Shui-bian delivered the inauguration speech titled "Taiwan Stands Up: Toward the Dawn of a Rising Era." As most people in Taiwan had expected, Chen Shui-bian took an oblique approach to the "one China" principle, saying that he believed leaders on both sides possess enough wisdom and creativity to jointly deal with the question of a future "one China." In response of Chen Shui-bian's inauguration speech, the Chinese government issued a statement on the same day saying that "one China" principle is a foundation for the peaceful and stable development of cross-strait relations. It also said that Chen Shui-bian's speech had been vague on this key issue.

Since coming to office, Taiwanese President Chen Shui-bian has been prudently quiet about the Taiwan independence issue, and he has repeatedly expressed willingness to meet the Chinese leaders for peace talks. China also has kept fairly restrained in commenting on Chen's China policy, but has continued to pressure him to accept the "one China" principle.

In early January 2001, three Taiwanese vessels sailed to China as the first such sailing in more than 50 years. Taiwan had banned direct trade, transport and postal exchanges with China since the end of the civil war in 1949. China and Taiwan currently have a bilateral trade of over \$20 billion a year and more than one million Taiwanese tourists visit China annually. However, all exchanges have to be done through a third "territory," usually through Hong Kong or Japan. The historic

sailing marked the first step in starting direct links in trade, transport and postal exchanges termed as "three links" between the Taiwan Straits. The Chinese government has always seen "three links" with Taiwan as the first step towards full reunification. However, its response to the first sailing of Taiwanese vessels was not as warm as that of Taiwanese. China has regarded Taiwan's move as discriminatory because it only allows Taiwanese ships to travel to China, while continuing a ban on Chinese ships traveling to Taiwan. In addition, Taiwan's relaxation of the ban applies only to the Taiwanese islands of Matsu and Jinmen, but not to the main island.

The real reason behind this is that China's priority in the Taiwan issue has shifted since Taiwan elected the pro-independence president last year. Taiwan's acceptance of the "one China" principle for the reunification is therefore above all other measures regarding the improvement of bilateral relations. China has repeatedly reiterated that "one China" principle is the foundation for talks on anything between the two sides of the Taiwan Straits. China has blamed President Chen Shui-bian of not accepting the "one China" principle, thus has resulted in tensions between the two sides and has hindered the process of reunification talks.

In the meantime, there have been contacts between politicians of opposition parties from Taiwan and government officials in China. In November 2000, Taiwan's KMT Party Vice Chairman Wu Po-hsiung visited China while attending the 16th Hakka Descendants' Meeting held in Fujian Province, China. During his visit, Wu met with Chinese Vice Premier Qian Qichen and both vowed to forge closer ties. Wu Po-hsiung has been the highest-ranking KMT official to visit China since 1949, and when KMT was in power, no senior official was allowed to visit China. In April 2001, a group of Taiwan's People First Party (PFP) legislators visited China aimed at reducing cross-strait hostility. Chinese Vice Premier Qian Qichen also met with the delegation, saying that the mainland would develop ties with all Taiwanese parties, groups and individuals in favor of the "one China" principle and against the independence of Taiwan. The KMT and the PFP are the two largest opposition parties in Taiwan, and both hold views different from the ruling DPP's China policy. The DPP has been an advocate of independence of Taiwan, while the KMT and its split PFP are in favor of an eventual unification with the mainland.

Despite political friction, economic activities have been developing between the two sides. In early November 2001, Taiwan lifted a 50-year ban on direct trade and investment with China in a major liberalization of economic policy towards the mainland. Under the new policy, local businesses can directly invest in China instead of via a third country. The new policy also scrapped a \$50 million ceiling on individual investments in China as well as simplified investment procedures on smaller projects.

The DPP's victory in the parliament election held on December 1 also implied moderate voters' support for President Chen's new economic policy towards China. However, viewing DPP as pro-independence party, China warned Taiwan against independence after the election. In response,

President Chen Shui-bian called on China to respect the results of the parliamentary election, and also said that he would not alter his policy of seeking reconciliation with China.

In August 2002, Taiwan's leader, Chen Shui-bian contradicted an earlier pledge not to call for a referendum on Taiwan's independence. In a video conference to pro-independence activists in Tokyo, Chen Shui-bian broadly described a possible referendum on independence as a human rights issue and also made reference to Taiwan and China as two countries. As a result, officials in Beijing warned Taiwan against any activities that might split China or violate its "one China" policy, stating that subsequent actions of this sort would lead to "disaster" in the economic realm. Beijing also warned it would ultimately affect the fundamental interests of Taiwan. The incident raised tensions to a level not seen since the former leader of Taiwan, Lee Teng-hui, stated that Taiwan and China had special "state to state" status back in 1999.

Although the head of Taiwan's Mainland Affairs Council tried to ease tensions by saying that the comments by the Taiwan's leader over the weekend did not signal a policy change, and should not be overly-parsed, tensions remained elevated. The Chinese government adamantly noted that both the mainland and Taiwan are part of China, and the sovereignty and territorial integrity of China cannot be separated.

On Sept. 1, 2003, Taiwan issued new passports with the name Taiwan printed on the front cover. Taiwan said the new cover was intended to ease confusion about mainland and Taiwanese Chinese. However, mainland China disparaged the measure as a subtle push toward the pursuit of independence.

As 2003 drew to a close, relations between mainland China and Taiwan came to the forefront of Chinese politics. Taiwan's President Chen Shui-bian announced he wanted to hold a referendum to ask the Taiwanese people whether or not they were threatened by China's military stance. Beijing viewed the notion of a Taiwanese referendum as a provocation. Meanwhile, Washington was dismayed that the Taiwanese president might be undermining security interests for political advantage.

These developments occurred at the beginning of a visit to the United States by China's Prime Minister Wen Jiabao. As such, the Chinese Prime Minister cautioned Taiwan against using democracy to conceal its inclination for separatism. Wen Jiabao also asserted the "One China" policy of the Chinese government. Wen Jiabao's statements followed discussions with the United Nations Secretary General Kofi Annan.

During his trip, Prime Minister Wen was to meet with United States President George W. Bush. Prime Minister Wen was expected to push the United States for an unequivocal statement declaring its opposition to Taiwanese independence. Whether or not such a statement would actually materialize was unknown. At the time of writing, Sino-US relations were marred with

complications regarding trade, North Korea's nuclear program, as well as the controversial issue of Taiwan's status.

In March 2004, mass protests ensued in Taiwan following the outcome of the presidential elections with demonstrators passionately calling for a recount of the votes cast. In the election, incumbent Chen Shui-bian was re-elected with a majority of less than 30,000 out of 13 million votes cast. Chen's narrow victory came a day after surviving an apparent assassination attempt. The defeated presidential candidate Lien Chan also demanded a recount of the votes cast but also called for answers in regard to assassination attempt against President Chen and Vice-President Annette Lu. Meanwhile, the electoral ballot boxes were sealed and the court was to issue a decision on whether or not the election result should prevail.

Official results by the Central Election Commission were as follows: Chen Shui-bian: 50.11 percent, Lien Chan: 49.89 percent.

Just as President Chen Shui-bian said he would agree to a full judicial recount of the recent disputed election, police removed the remaining protesters in the capital city of Taipei. For about a week, several hundreds of thousands of protesters were passionately calling for a recount of the votes cast. The recount ensued but only served to confirm the presidency of Chen Shui-bian. Earlier, the court declared that the election result should prevail. That decision precipitated more mass demonstrations in front of the presidential offices.

In August, Taiwanese lawmakers voted overwhelmingly to cut the number of seats in the country's legislature in half for the purpose of promoting efficiency. The shift should be put into effect in three years and had been proposed by President Chen Shui-bian's party. The result of the vote meant that many legislators effectively voted themselves out of jobs. Consequently, it was presumed that they simply did not wish to appear averse to reform. Legislators from smaller parties may well be more affected in comparison with larger parties, such as the president's DPP or the opposition nationalist KMT. Both of the larger parties may actually gain seats if there are a fewer pool at stake.

Amid this backdrop, the situation between the Chinese government in Beijing and the Taiwanese leadership in Taipei devolved when a Chinese official warned of attack before 2008 if the Taiwanese president went forward with his proposals for constitutional change. President Chen of Taiwan responded by noting that his reform proposals -- such as the aforementioned decision to cut the number of legislators in half -- were oriented toward local matters rather than geopolitics. Officials in Beijing, however, charged that the reform proposals were part of a "pro-independence" agenda. As such, the Defense Minister in Beijing, Cao Gangchuan, declared that China was fully capable of destroying any movement towards independence by the Taiwanese.

Intensifying the situation were reports that China's President Hu Jintao had held discussions with

United States President George W. Bush regarding plans to sell military technology to Taiwan. With a deal worth \$18 billion at stake over the sale of missiles and weapons systems on the table, the Chinese president wanted to make clear that while his country would attempt to resolve its differences with Taiwan peacefully, China would not allow Taiwanese independence. For his part, United States President Bush reportedly responded by saying that he supported the "one-China" policy while also being committed to helping Taiwan defend itself.

During the summer of 2004, Beijing planned extravagant military displays and parades by the Chinese People's Liberation Army. Political observers noted that overwhelming display of military might was a symbolic gesture aimed at delivering a message of domination to Taiwan.

In early 2005, direct commercial flights between China and Taiwan resumed for the first time in 55 years, just in time for Taiwanese business people in China to return home for the Lunar New Year. Taiwan had banned direct flights to mainland China for over half a century for what it calls security reasons. The flights were to continue until February throughout the holiday season.

The flights represented a step forward in relations for the historic foes, but underlying tensions still remain. It was reported that China was downplaying the significance of the flights, while Taiwanese officials considered them a milestone that would play an important part in the possibilities of future talks between the two sides. While China said that it wished to engage in talks with Taiwan over its "one China" policy, Taiwan warned that plans by China to enact an anti-secession law aimed at blocking Taiwan's independence could jeopardize progress in cross-straits ties.

By March 2005, China's legislature passed legislation providing for the use of force against Taiwan, should that island ever declare formal independence from the mainland. The law was passed unanimously and was followed by an outbreak of applause from delegates in the legislative hall, according to reports by the Associated Press. China's National People's Congress was also expected to pass a proposal calling for hefty increase in military spending.

Prior to the vote, Chinese President Hu Jintao addressed the country's army and told military personnel that they should be prepared for war. As well, another key member of the Chinese leadership, Wu Bangguo, commented that the new law represented China's absolute commitment to prevent Taiwan's separation from the mainland and toward the maintenance of the "one China" policy. The new legislation formalized China's stance that it will use force if measures of peaceful re-unification fail.

China's announcement of this anti-secession law was decried by Taiwan as well as the leadership of the United States of America.

In July 2005, Taiwan 's largest opposition party elected Taipei Mayor Ma Ying-jeou as its new

leader. He defeated legislative speaker Wang Jin-pyng to assume leadership of the nationalist Kuomintang party (KMT). Known as a reformist with family from the mainland, he has pushed for closer and more peaceful ties with China.

In mid-January 2006, Taiwan's governing Democratic Progressive Party (DPP) elected a new chairman. Yu Shyi-kun, a former Taiwanese premier, garnered the most support in a contest with his pro-independence opponent, Chai Trong-rong, and a former legislator, Wong Chin-chu.

It was hoped that the selection of a new party boss would help stem the tide of problems that the party had endured in previous months. Those problems ranged from a loss to the opposition in a mid-term election, accusations of corruption, and significantly, some degree of stonewalling from Beijing. The DPP hoped that the election of a new chairman would shift the party in a more positive direction. To this end, the party's vice-president Annette Lu said, "The new chairman must restore the DPP's reputation as a local, clean and reform-minded party and again win back Taiwan people's trust."

In another shift in the political landscape in Taiwan, on Jan. 17, 2006, Frank Hsieh, the premier of Taiwan's cabinet announced his resignation. A new premier and cabinet shuffle was expected to take place later in the month. Hsieh, who once served as chairman of the DPP, began his tenure as premier in January of 2005. (Subsequently, Su Tseng-chang filled the role of premier.)

Meanwhile, by the start of 2006, President Chen Shui-bian was taking a tougher stance against Beijing. His renewed promotion of Taiwan's sovereignty was expected to simultaneously assuage supporters at home and upset the government in Beijing, just across the Strait.

In February 2006, President Chen Shui-bian made the decision to scrap the National Unification Council as well as guidelines for eventual reunification with China. In a rare rebuke, Chinese President Hu Jintao warned that Taiwan was taking a "dangerous step." As well, a statement was released from the Taiwan Affairs Office saying, "We will never permit Taiwan independence and splittist forces under any name or under any form to separate Taiwan from the motherland."

In April 2006, Lien Chang, the former leader of Taiwan's opposition Kuomintang party, encouraged the idea of direct transport and expanded trade links between Beijing and Taipei, saying the absence of such ties presented an obstacle in the path toward further development. Rather than demonizing mainland China, Chang suggested joining forces with Beijing, which had experienced marked growth in recent years. To this end, he said, "Faced with China's rise, we should be benign, optimistic and focused on co-existence and shared prosperity."

Chang was expected to meet with Chinese President Hu Jintao during a visit to the mainland with the Chinese Communist Party. Jia Qinglin, a Communist Party official, noted that good opportunities existed for increased cooperation between Beijing and Taipei, particularly in the realm

of industrial development.

Observers surmised that Beijing has been interested in augmenting its relationship with the Taiwanese opposition as a matter of strategy, as it hopes to isolate pro-independence Taiwanese President Chen Shui-bian. Not surprisingly, Chang's trip to the mainland, along with his views on strengthening cross-Strait ties, spurred criticism by pro-independence factions at home in Taiwan. The level of ire has been somewhat heightened since the decision in 2005 by the government in Beijing to pass the aforementioned law, allowing the use of force against Taiwan if it were to formally declare its independence.

From the May 2006 to the end of the year, attention in Taiwan was focused on allegations of corruption against President Chen Shui-bian and his inner circle.

President Chen's political troubles began after the 2004 election result but took on new urgency in May 2006 when his son-in-law, Chao Chien-min, was detained on suspicion of insider trading. Further exacerbating the situation was the fact that President Chen's wife was also linked with a number of dubious transactions. Of particular note was the handling of a secret presidential fund amounting to about \$500,000, which was used for diplomatic work overseas.

While President Chen apologized for any wrong-doing by his family, there was little forgiveness on the part of the highly disillusioned public. Instead, the president's approval ratings dropped and, as noted above, protestors clad in red -- presumably to signify their anger -- spent two days in sometimes-rainy streets chanting, "Ah-Bian, step down!" One protest leader Shih Ming-teh, who was once an ally of the president warned that there would be no reprieve, saying, "The people of Taiwan have the power to ask Chen to step down. We will not stop this protest until he does."

The matter continued to dominated the political landscape in the subsequent months, leading to ongoing protests and demands for justice, as well as two attempts to remove the president from power in parliament.

On November 3, 2006, Taiwanese prosecutors said that they had sufficient evidence to indict President Chen with corruption, who was nonetheless protected via presidential immunity. The president's wife and three aides were themselves charged with the misuse of state funds.

For his part, President Chen denied the charges, saying instead that he had "decided to face the prosecutors' questioning and investigation" because he had nothing to hide. He also pointed to his voluntary decision to reduce his salary by 50 percent, claiming that it showed that he had no motive to act in a corrupt fashion. Still he issued an apology to the people and the members of the ruling party for being the cause of the political chaos facing Taiwan.

Despite mounting pressure from the opposition, and even in the face of mass protests by people

demanding that he resign, the president was still refusing to step down from power as the first week of November 2006 came to a close. As before, he dismissed the protests as a ploy from the opposition Kuomintang, whose membership in parliament had unsuccessfully attempted oust him from office (as noted above). But Ma Ying-jeou of the Opposition Nationalist Party warned that such an outcome was inevitable since President Chen had effectively lost the trust and respect of the people. To this end, various opposition parties joined forces to launch a third attempt in parliament to force the president out of office.

In December 2006, the president's wife, Wu Shu-chen, faced trial for embezzlement, forgery and perjury, on the basis of the aforementioned transactions. Wu Shu-chen claimed that she was not guilty. The drama surrounding the court case of Taiwan's first lady increased when she fainted during her court room appearance and was taken to a hospital for observation. Should she be found guilty, she would be faced with a maximum sentence of seven years in prison.

Meanwhile, also in December 2006, President Chen Shui-bian's son-in-law was sentenced to six years in jail for insider trading. Chao Chien-min was found guilty of parlaying pertinent information for profit in a real estate case.

Note: President Chen was elected to power first in 2000 as the first non-Kuomintang president of Taiwan. He was returned to power four years later in what was widely-regarded as a disputed election result. His term was due to end in 2008, but could end earlier if protestors are successful in their push for his removal from office on the grounds of corruption. Meanwhile, he is protected from prosecution via presidential immunity.

In May 2007, President Chen Shui-bian named Chang Chun-hsiung, from his ruling DPP, as the new premier. Chang Chun-hsiung succeeded Su Tseng-chang, who resigned after losing an internal leadership race with another former premier, Frank Hsieh, for the nomination as the DPP's presidential candidate. Another cabinet shuffle was anticipated as a result of the shift in the executive branch. President Chen said that he was hoping Chang background as a political veteran would serve to advance key government bills in the legislature.

Presidential elections were set for March 2008. In that forthcoming race, Hsieh of the DPP would be faced with the opposition KMT candidate, Ma Ying-jeou. While the KMT candidate has been regarded as a popular former mayor of Taipei, he would not be helped in his contest against Hsieh by prevailing corruption charges.

Meanwhile, on January 12, 2008, Taiwan's opposition won a landslide victory in parliamentary elections. The nationalist KMT won 81 of the 113 seats at stake in the Taiwanese parliament, against President Chen Shui-bian's Democratic Progressive Party (DPP), which won 27 seats.

With the results announced showing his party's dismal performance, President Shui-bian resigned

from his position as party chairman. The election had been conducted under the aegis of a new electoral system whereby voters chose half as many members of parliament as before. The changes had been instituted in order to reduce corruption.

The outcome of the election -- victory for the party seeking better ties with mainland China -- was regarded as being symbolic of the Taiwanese orientation toward Beijing.

Taiwan was set to hold a presidential election on March 22, 2008. The candidates in contention for the presidency were Democratic Progressive Party candidate, Frank Hsieh, and the Kuomintang's candidate, Ma Ying-jeou, along with several other independent candidates.

Prior to the election, the DPP selected the former Mayor of Kaohsiung, Frank Hsieh, as their candidate for the March 2008 poll. Hsieh was one of the founders of the DPP and was also its chairman for two years, from 2000 to 2002. Hsieh has been actively involved in politics since 1981, serving as a councilor, a member of the legislature, and the Mayor of Kaohsiung. Hsieh, if victorious, planned to focus on improving the economy. However, Hsieh was not helped by the fact that his party suffered a poor result in the January 2008 legislative elections, winning only 27 of the 113 seats at stake. As well, he was implicated in a campaign finance scandal during his term as the mayor of Kaohsiung.

Ma Ying-jeou, the candidate for the KMT, was twice elected as the Mayor of Taipei, and was also the Chairman of the KMT until 2005. His party had tremendous success with the legislative election held in January of 2008, by winning won 86 of the 113 seats available. However, Ma Ying-jeou has been criticized for several scandals including corruption with regard to political funding. In fact, one scandal was severe enough to cause his resignation as the Chairman of the KMT.

Consistently, a large issue on both sides of the political line has been the status of Taiwan politically. The KMT has stated that it adhered to Beijing's "One-China" policy. On the other hand, the DPP has held the view that Taiwan should seek out independence from mainland China. The Taiwanese economy was also expected to be a large issue. The KMT was looking to stabilize the economy while the DPP has articulated a more aggressive stance regarding economic development. Polling in January 2008 showed Ying-jeou with 53 percent of the vote to Hsieh's 26 percent.

Taiwan saw a number of political rallies, which were organized by the two main political parties, during the week before the March 2008 election. The parties' stances on China factored highly during the rallies and led officials to warn people about the political violence in Tibet.

On election day, with the votes counted, Kuomintang's candidate, Ma Ying-jeou, claimed an easy victory over Democratic Progressive Party candidate, Frank Hsieh, with 58.45 percent of the vote share.

The new president said that he would advance improved economic and political relations with Beijing, including improved trade relations. Newly-elected President Ma Ying-jeou charted a new course in regard to Beijing, which was dubbed "mutual non-denial" and acknowledged the impossibility of mutual recognition. To that end, he said, "We will not deny their existence but we cannot recognize their sovereignty [over Taiwan]." Newly-elected President Ma Ying-jeou additionally advocated the development of a peace treaty with Beijing, on condition that it remove its missiles (around 1,000) pointed toward Taiwan. In this way, the election of the new president marked a significant departure from the nationalist orientation of outgoing Chen Shui-bian.

Ma Ying-jeou was officially inaugurated as president in May 2008. As before, Ma called for "a new chapter of peace" with Beijing in the interests of regional stability. Meanwhile, since former President Chen Shui-bian no longer had presidential immunity, prosecutors said they would commence a corruption inquiry against him.

June 2008 saw the authorities in mainland China and Taiwan agree to establish cross-strait travel. Indeed, Beijing and Taipei signed an agreement that would institute direct flights across the strait every weekend, rather than only during four holiday periods annually. In addition, Beijing and Taipei also decided to host permanent representatives' offices. The agreement was forged as a result of the first official meeting between the two sides in close to a decade. The two sides have endured strained relations in recent years, however, the election of the new pro-Beijing Taiwanese President Ma Ying-jeou set relations along a more harmonious path. Unlike his predecessor, Ma has said his priority is to establish regional stability, which includes improving relations with Beijing. The issue of regional stability aside, the new agreement was also expected to advance tourism, business and investment in Taiwan, while improving China's appeal in the months ahead of the Beijing Olympics.

The end of March 2009 saw former Taiwanese President Chen Shui-bian on trial facing charges. Chen, his wife, and 12 other individuals (including the former president's son and daughter-in-law) have been accused of money laundering, receiving bribes and embezzlement.

At the core of the charges has been the allegation that Chen and his wife embezzled money from a presidential fund, and then laundered the money through Swiss banks. In addition, they were also accused of taking bribes from a company that was trying to sell land to the government. In February 2009, Chen's wife, Wu Shu-chen, pleaded guilty to accepting a political donation in connection with the land deal, but said that there was no bribery involved. She also admitted to forgery of documents in another case but insisted that the money was not for personal use.

For his part, former President Chen has maintained his innocence and blamed his legal troubles on his political enemies. According to Agence France Presse, as he was being taken in handcuffs to a courtroom in the Taiwanese capita of Taipei, Chen said, "The case has nothing to do with me and

this is causing me unbearable pain.”

On August 27, 2009, the Chinese government in Beijing said that it "resolutely opposes" the proposed visit of the Tibet's Dalai Lama to Taiwan, regardless of its purpose. The spokesman for the State Council Taiwan Affairs Office said, "The Dalai Lama is not a pure religious figure." The spokesperson continued, "Under the pretext of religion, he has all along been engaged in separatist activities." At issue was an invitation by seven mayors and county chiefs from Taiwan's Democratic Progressive Party (DPP) for the Dalai Lama to visit Taiwan. The spokesperson drew upon Taiwan's recent experience of being struck by a devastating typhoon, Morakot, to make further criticize the invitation saying, "When people from all sectors on the mainland are lending a hand to help Taiwan reconstruct and overcome the typhoon disaster quickly, some DPP members have taken the chance to plot the Dalai Lama's visit to Taiwan." He went on, "Obviously this is not for the sake of disaster relief. It's an attempt to sabotage the hard-earned good situation in cross-Strait relations."

In September 2009, former Taiwanese President Chen Shui-bian was sentenced to life in prison after being found guilty of corruption by a court in Taipei. At issue were prevailing charges against Chen of embezzlement, bribery, and money laundering, involving a total of \$15 million while he was in office from 2000-2008. Chen's wife, Wu Shu-chen, who was already jailed for perjury, was herself sentenced to a lifetime in prison for corruption. Court spokesman, Huang Chun-ming said, "Chen Shui-bian and Wu Shu-chen were sentenced to life in prison because Chen has done grave damage to the country and Wu because she was involved in corruption deals as the first lady." In addition to jail time, both former President Chen and his wife were fined \$15 million. The outcome of the case was not entirely unexpected as several members of Chen's family were already found guilty and sentenced on charges of money laundering.

For his part, Chen has maintained the view that the case against him was politically-motivated and orchestrated by the ruling Kuomintang (KMT) government. He has acknowledged receiving money, which he said were simply campaign contributions. A spokesman for the former president characterized the sentence as "illegal," largely as a result of the decision to replace the judges in the middle of the trial. As such, Chen was expected to appeal the ruling.

Meanwhile, on September 8, 2009, Taiwanese Premier Liu Chao-shiuan resigned over the government's handling of Typhoon Morakot. There was a rising tide of public criticism over the government's slow response to the natural disaster, which left close to 550 people dead and many more still missing. Premier Liu had earlier offered to resign from office but President Ma Ying-jeou rejected the overture, asking the premier to oversee the relief effort in the aftermath of the devastating typhoon. But now, with much of that work completed, Premier Liu said that he and his entire cabinet would step down from office. It was expected that Wu Den-yih, the secretary general of Taiwan's ruling Kuomintang party, would be asked to form the new government.

On Nov. 12, 2010, former Taiwanese President Chen Shui-bian was sentenced along with his wife, Wu Shu-jen, to 19 years in prison for bribery. The cases related to a land development project and a political appointment. The court ruling cannot be appealed but was not quite the culmination of a political scandal that rocked Taiwan for several years. Indeed, as the cases against the family of the former president were reviewed, further sentences could be levied against Chen Shui-bian and his relatives. In fact, further cases involving money laundering and misuse of state funds were under review.

Known as a fierce antagonist of mainland China, Chen Shui-bian gained notoriety in September 2009 when he was sentenced to life in prison after being found guilty of corruption by a court in Taipei. At issue were prevailing charges against Chen of embezzlement, bribery, and money laundering, involving a total of \$15 million while he was in office from 2000-2008. Chen's wife, Wu Shu-chen, who was already jailed for perjury, was herself sentenced to a lifetime in prison for corruption. In addition to jail time, both former President Chen and his wife were fined \$15 million. The outcome of the case was not entirely unexpected as several members of Chen's family were already found guilty and sentenced on charges of money laundering. But in June 2010, the Taipei District Court found the former Taiwanese president not guilty of embezzling diplomatic funds, and the High Court ruled to reduce his aforementioned life sentence for corruption to 20 years in jail. The legal drama continued when the High Court ordered a new trial on three related cases involving embezzlement of state funds, money laundering and bribery charges.

The leadership and parliamentary elections in Taiwan were scheduled to be held on Jan. 14, 2012. The major candidates for Taiwan's leadership were Ma Ying-jeou and Wu Den-yih of the ruling Kuomintang party, Tsai Ing-wen and Su Jia-chyuan of the main opposition Democratic Progressive Party, as well as James Soong and Lin Ruey-shiung of the lesser opposition People First Party.

Polling data weeks ahead of the presidential contest showed that Ma Ying-jeou of the ruling Kuomintang party and Tsai Ing-wen of the main opposition Democratic Progressive Party were ensconced in a tight race to the finish.

In many senses, the presidential contest was a subterranean referendum on relations with Beijing as it pitted Ma Ying-jeou, who favors closer ties with mainland China, against the pro-independence Tsai Ing-wen. It should be noted that Tsai Ing-wen would make history as the first female leader of Taiwan, if she won the election.

Such an end was not to come to pass, though. Once the votes were counted, it was incumbent Taiwanese President Ma Ying Jeou who was victorious, capturing 51.6 percent of the vote share and winning re-election. Tsai Ing-wen garnered 45.6 percent.

The election outcome was being regarded as a ratification of President Ma Ying-jeou who oversaw improved relations with Beijing, marked by a number of economic and trade agreements between Taipei and Beijing, increased tourism that benefitted the local economy of Taiwan, and

the resumption of regular direct flights between Taiwan and the mainland.

On May 21, 2012, Taiwan's President Ma Ying Jeou was sworn into power for a second term. Ma Ying Jeou was re-elected to power earlier in the year (January 2012) in an election somewhat regarded as a subterranean referendum on relations with Beijing. The inauguration of Ma Ying Jeou was met by mass protests and calls for his resignation. At issue were a number of controversial policies including against "double hikes" in fuel and electricity prices at a time when the economy was slowing economy and inflation was on the rise. Dissatisfaction over his decision-making in these regards have left the president with only one strong suit -- his ability to forge better ties with Beijing. That being said, domestic trouble could well force him to be less outspoken on cross-Strait relations. Reconciling the two positions could be his biggest challenge in this second term in office.

On June 2, 2013, reports emerged from Taiwan indicating that former Taiwanese President Chen Shui-bian attempted suicide. According to the Justice Ministry, Chen Shui-bian, who was jailed for corruption and serving his sentence at the Taichung prison in central Taiwan, had "tried to take his own life" in bid to protest his conviction. He was reportedly stopped by prison guards and subsequently said to be in stable condition. The Justice Ministry released a statement as follows: "No serious abnormalities were found after a health check."

Going back to 2009, Chen Shui-bian had been sentenced to life in prison after being found guilty of corruption by a court in the Taiwanese capital of Taipei. At issue were prevailing charges against him of embezzlement, bribery, and money laundering, involving a total of \$15 million while he was in office from 2000-2008. Chen's wife, Wu Shu-chen, who was already jailed for perjury, was herself sentenced to a lifetime in prison for corruption. Court spokesman, Huang Chun-ming said at the time, "Chen Shui-bian and Wu Shu-chen were sentenced to life in prison because Chen has done grave damage to the country and Wu because she was involved in corruption deals as the first lady." In addition to jail time, both former President Chen and his wife were fined \$15 million. The outcome of the case was not entirely unexpected as several members of Chen's family were already found guilty and sentenced on charges of money laundering.

Then in 2010, Chen Shui-bian was sentenced along with his wife, Wu Shu-chen, to 19 years in prison for bribery. That case related to a land development project and a political appointment. The court ruling could not be appealed but was not quite the culmination of a political scandal that rocked Taiwan for several years. In fact, further cases involving money laundering and misuse of state funds were under review. To that end, in 2011, Chen Shui-bian was given an additional sentence for money-laundering and forgery.

Meanwhile, June 2010 also saw the Taipei District Court rule that the former Taiwanese president was not guilty of embezzling diplomatic funds, and the High Court ruled to reduce his aforementioned life sentence for corruption to 20 years in jail. The legal drama continued when the

High Court ordered a new trial on three related cases involving embezzlement of state funds, money laundering and bribery charges.

For his part, as of 2013, Chen has maintained the view that the cases against him was politically-motivated and orchestrated by the ruling Kuomintang (KMT) government. He has acknowledged receiving money, which he said were simply campaign contributions. A spokesman for the former president characterized the sentence as "illegal," largely as a result of the decision to replace the judges in the middle of the trial.

In December 2014, Taiwan's President Ma Ying-jeou announced that he was resigning from his leadership post at the helm of the ruling Kuomintang (KMT) party. A Beijing-friendly leader, Ma Ying-jeou made the decision in the aftermath of local elections in which his party suffered embarrassing defeat. In a statement released by the president's office, he said, "As the chairman, Ying-jeou is willing to take the biggest responsibility."

Taiwan's often-acrimonious ties with mainland China improved under Ma Ying-jeou's presidency. However, in recent times, although cross-Strait tensions have eased, the effect has been dissatisfaction from some quarters over Taiwan's overly-close economic ties with the mainland, and the loss of a sense of political autonomy. With pro-democracy protests ensuing in Hong Kong, the issue of relations with mainland China has become an increasingly potent force, and may have contributed to the KMT's poor performance at the local polls, given the party's leader's status as a pro-Beijing leader. The party's central committee acknowledged that it would have to make changes to ensure survival in a changing political climate.

It should be noted that even with his resignation as the head of the KMT, Ma Ying-jeou would continue on as the president of Taiwan.

In the first week of November 2015, the respective leaders of China and Taiwan met for the first time since 1949 when the civil war with the Communists ended and nationalists moved to Taiwan. Since that time, the people of Taiwan have been anxious to shed their connection to mainland China, while the Chinese government in Beijing has been adamant in retaining its "One China" policy that asserts it holds dominion over Taiwan. Indeed, mainland China has also never relinquished its warning that it would use military force, if necessary, to bring Taiwan to heel. A prevailing counter-promise from the United States to protect Taiwan has kept relations between mainland China and Taiwan in a state of uneasy truce since that time, although ties has thawed and frosted depending on the leadership in power in Taiwan, along with the popular sentiment of the people. Over the years, pro-Beijing sentiment has ebbed and flowed.

At issue in November 2015 was the landmark meeting between Chinese President Xi Jinping and Taiwan president Ma Ying-jeou at a time when anti-Beijing sentiment was on the rise in Taiwan, and ahead of elections in the technically Chinese territory that considers itself separate from

Beijing's grasp. In the impending elections, there was a high possibility that Ma's nationalist Kuomintang party (KMT) would lose control of the government to the pro-independence opposition Democratic Progressive Party (DPP). That was an end the government of China in Beijing was anxious to avoid. Indeed, with trade and tourism between mainland China and Taiwan flourishing, and with the KMT being perceived as a more malleable partner for policy than the opposition, Beijing wanted to augment its links.

As expected, there were no agreement made after the highly-anticipated meeting between Xi and Ma; instead the talks were regarded as a symbolic move. Ma was actually set to step down from the KMT on the basis of term limits, by Ma wanted to have the legacy of being the first Chinese leader to actually meet face to face with a Taiwanese president in decades. To that end, the meeting could well be regarded as a success. However, according to the opposition DPP leader, Tsai Ing-wen, because President Ma did not advance the island's democratic and independence interests, the meeting could only be interpreted as a failure.

Editor's Note on China's claim of dominion over Taiwan:

China claims jurisdiction over Taiwan, naming it as the 23rd province of China; international recognition of Taiwan as a sovereign entity has been elusive as a result. Of note is that fact that until 1971, Taiwan was a member of the United Nations, but since then has been replaced by China. This shift occurred as a result of China's controversial "One China" policy which asserts sovereignty over Taiwan. With the establishment of diplomatic relations with China on January 1, 1979, the United States Government recognized the People's Republic of China as the sole legal government of China and acknowledged the Chinese position that there is only one China and that Taiwan is part of China. While the United States officially adheres to a "one China" policy that recognizes the mainland's sovereignty over Taiwan, the United States nonetheless continues to maintain a supplementary diplomatic and security relationship with Taiwan, much to China's dismay.

Presidential and parliamentary elections were set to be held in Taiwan in January 2016. The previous elections were held in 2012.

At the presidential level, those elections were won by Ma Ying-jeou, who was first elected in March 2008; and then re-elected in January 2012. In 2016, he would not be on the ballot and instead the nationalist Kuomintang party would be represented by Eric Chu, the new chairman of the ruling party. In truth, however, the favorite for the presidency in 2016 was the opposition leader, Tsai Ing-wen, who has charted a more cautious path with Beijing compared to President Ma Ying-jeou. Indeed, her party -- the main opposition Democratic Progressive Party -- has traditionally favored independence from Beijing, while the ruling Kuomintang party has cultivated more pro-Beijing ties. The other contender for the presidency would be James Soong, the chairman of the People First Party.

At the parliamentary level, it was to be seen if the ruling Kuomintang party would prevail or if the main opposition Democratic Progressive Party would see a breakthrough in the unicameral Legislative Yuan, called the "Li fa Yuan." That body was composed of 225 seats; 168 members are elected by popular vote, 41 are elected on basis of proportion of island-wide votes received by participating political parties, eight are elected from overseas Chinese constituencies on basis of proportion of island-wide votes received by participating political parties, and eight are elected by popular vote among aboriginal populations.

On election day, Taiwanese people went to the polls to cast their ballots. Once those votes were counted, as expected, the opposition leader, Tsai Ing-wen, claimed victory. At the parliamentary level, the nationalist Kuomintang party lost its majority in the legislative chamber for the first time in history.

With this grim news quickly permeating Taiwan's landscape, Eric Chu -- the presidential candidate of the ruling Kuomintang party -- conceded defeat. Saying, "I'm sorry," Chu said also resigned as the chairman of the party.

In her victory speech, it should be noted that Tsai charted a carefully circumscribed path, lauding the "new era" for Taiwan, while promising to work with political rivals, and urging stable cross-strait relations, with regard to mainland China. On this latter issue, she said, "I also want to emphasise that both sides of the Taiwanese Strait have a responsibility to find mutually acceptable means of interaction that are based on dignity and reciprocity. We must ensure that no provocations or accidents take place."

There was no secret that the major election issue in 2016 was the matter of ties with China. The message from voters in Taiwan in delivery victory to the candidate from the pro-independence Democratic Progressive Party was that while they appreciated stable ties with Beijing, their interest in democracy and Taiwanese sovereignty was a greater priority. But Chinese authorities in Beijing were quick to issue a warning to Taiwan, with the Taiwan Affairs Office in Beijing declaring that it would maintain its goal of opposing any pro-independence moves by Taiwan.

Principal Government Officials

Elections were held in 2016; see coverage above. A new government list, based on those results, will be published in the future.

Government Structure

Names:

conventional long form:

None

conventional short form:

Taiwan

local long form:

none

local short form:

T'ai-wan

former:

Formosa

Type:

Multiparty democratic regime headed by popularly elected president

Note:

China claims jurisdiction over Taiwan, naming it as the 23rd province of China; international recognition of Taiwan as sovereign has been elusive as a result.

Executive Branch:

Chief of state:

President Tsai Ing-wen (since January 2016)

Note:

The president and vice president are elected on the same ticket by popular vote for four-year terms.

Elections:

Last held in 2016; see Primer below

Head of government:

The premier is the president of the Executive Yuan and is appointed by the president; vice premiers appointed by the president on the recommendation of the premier.

Cabinet:

Executive Yuan; appointed by the president

Legislative Branch:

"Li fa Yuan" (Legislative Yuan):

Unicameral Legislative Yuan (225 seats; 168 members elected by popular vote, 41 elected on basis of proportion of islandwide votes received by participating political parties, 8 elected from overseas Chinese constituencies on basis of proportion of islandwide votes received by participating political parties, 8 elected by popular vote among aboriginal populations; to serve three-year terms)

Note:

As a result of constitutional amendments approved by the now defunct National Assembly in June 2005, number of seats in legislature will be reduced from 225 to 113 beginning with election in 2007; amendments also eliminated National Assembly thus giving Taiwan a unicameral legislature

Elections:

Last held January 2016; see Primer below

Primer on parliamentary and presidential elections in Taiwan

(Jan. 16, 2016)

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Judicial Branch:

Judicial Yuan; Council of Grand Justices (COGJ) interprets the constitution; president appoints the justices with the consent of the National Assembly; justices serve nine-year terms

Constitution:

Jan. 1, 1947, amended in 1992, 1994, 1997, 1999, 2000, 2005

Legal System:

Based on civil law system; accepts compulsory ICJ jurisdiction, with reservations

Administrative Divisions:

In the past, the authorities claimed to be the government of all of China. The central administrative divisions included the provinces of Fu-chien (some 20 offshore islands of Fujian Province including Quemoy and Matsu) and Taiwan (the island of Taiwan and the Pescadores islands).

Note:

The more commonly referenced administrative divisions are those of Taiwan Province. 16 counties (hsien, singular and plural), 5 municipalities* (shih, singular and plural), and two special municipalities** (chuan-shih, singular and plural): Chang-hua, Chia-i, Chia-i*, Chi-lung*, Hsin-chu, Hsin-chu*, Hua-lien, I-lan, Kao-hsiung, Kao-hsiung**, Miao-li, Nan-t'ou, P'eng-hu, P'ing-tung, T'ai-chung, T'ai-chung*, T'ai-nan, T'ai-nan*, T'ai-pei, T'ai-pei**, T'ai-tung, T'ao-yuan, and Yun-lin; the provincial capital is at Chung-hsing-hsin-ts'un

Political Parties and Leaders:

Democratic Progressive Party or DPP [TSAI Ing-wen]; Kuomintang or KMT (Nationalist Party) [MA Ying-jeou]; Non-Partisan Solidarity Union or NPSU [LIN Pin-kuan]; People First Party or PFP [James SOONG]

Suffrage:

20 years of age; universal

Foreign Relations

General Relations

In 1971, Taiwan lost its seat in the United Nations (U.N.) and its seat on the U.N. Security Council to the People's Republic of China. It subsequently lost its membership to many other international organizations as well. Since then, many countries have cut their diplomatic ties to Taiwan and switched them to Beijing. Taiwan now has formal diplomatic relations with only 29 countries.

To offset its diplomatic difficulty, Taiwan has made efforts in developing informal ties with most countries to expand economic relations. A number of states have set up unofficial institutions in Taiwan to carry out commercial and other relations with the island, and Taiwan also has set up unofficial organizations in many countries for business and other affairs. In recent years, Taiwan has tried hard but failed in its bid to join some international organizations, such as the United Nations. It was granted observer status at the General Agreement on Tariffs and Trade (GATT) in 1992, and became a member in the World Trade Organization (WTO) in December 2001.

Regional Relations

Taiwan has developed sound economic relations with most nations in the Asia-Pacific region, and it joined the Asia-Pacific Economic Cooperation (APEC) forum in 1991.

Taiwan is involved in a complex dispute over the Spratly Islands in South China Sea with mainland China, Malaysia, the Philippines, Vietnam and Brunei. Taiwan, as well as mainland China, also claims the Japanese-administered Senkaku-shoto (Senkaku Islands/Diaoyu Tai).

Taiwan's relationship with mainland China has been a central political issue for Taiwan since the KMT government moved to Taiwan in the late 1940s. The KMT government had focused on its goal of reunification with the mainland while claiming itself the sole legitimate government of China as a whole. However, since the 1990s this tone has changed with increasing calls for Taiwan's political autonomy and independence. Since then, there often have been tensions between Taiwan and the mainland. During the 1996 presidential elections in Taiwan, tensions escalated with the Chinese protesting against the pro-independence Lee Teng-hui to be elected president. In the late 1990s, the dissonance between the mainland and Taiwan came to the fore once again. In July 1999, Taiwanese President Lee Teng-hui called for "state to state" relations between Taiwan and China, thus insinuating that Taiwan's de facto autonomy and legitimacy should be formally recognized. In response, China then staged military exercises in the Taiwan Straits. In these exercises, more than 100 vessels converged in the straits and reviewed battle procedures at sea.

In early 2000 before the Taiwan presidential election, relations between Taiwan and China became strained again because of the Chinese anticipation that Chen Shui-bian, the pro-independence candidate, was likely to be elected. China issued a white paper titled "The One China Principle and the Taiwan Issue," reiterating the Chinese stance of the "one China" principle as the prerequisite for negotiations of reunification. After Chen Shui-bian was elected president on March 18, 2000, he had been under pressure from China that he should accept "one China" principle in his inauguration speech on May 20. After the inauguration, the Chinese government made a statement saying that Chen Shui-bian's inauguration speech had been vague on this key issue.

Since coming to office, Taiwanese President Chen Shui-bian has been prudently quiet about the Taiwan independence issue, and he has repeatedly expressed willingness to meet the Chinese leaders for peace talks. China also has kept fairly restrained in commenting on Chen's China policy, but has continued to pressure him to accept the "one China" principle. China has repeatedly reiterated that "one China" principle is the foundation for talks on anything between the two sides of the Taiwan Straits. China also has blamed President Chen Shui-bian of not accepting the "one China" principle, thus has resulted in tensions between the two sides and has hindered the process of reunification talks.

The decision of Taiwan in 2003 to issue passports with the name Taiwan printed on them is sure to intensify relations with the mainland. Indeed, as of 2007, strained relations ensued although Beijing was now cultivating ties with the political opposition. See "Political Conditions" for details.

Other Significant Relations

When the Chinese Communist Party established the People's Republic of China in 1949, instead of recognizing it the legal government, the United States recognized the government of Taiwan as the legal government of China. In the late 1960s, however, in face of the Soviet threat, China and the United States reached a common understanding of improving bilateral relations to offset the Soviet threat. On Jan. 1, 1979, China and the United States formally established diplomatic relations, with the United States transferring diplomatic recognition from Taipei to Beijing. While the United States reiterating its position on "one China" policy, China also acknowledged that the American people would continue to carry on commercial, cultural, and other unofficial contacts with the people of Taiwan.

After the United States ended its diplomatic ties with Taiwan, it also terminated the Mutual Defense Treaty with Taiwan. In April 1979, the U.S. Congress passed the Taiwan Relations Act to make necessary changes in U.S. domestic law to continue unofficial relations with Taiwan, and the United States would also maintain arms sales to Taiwan. Since then, the Taiwan question has always been a central issue of the Sino-U.S. relations. In 1981, relations strained between China and the United States when the United States increased its level of arms sales to Taiwan. After eight months of negotiations, a China-U.S. joint communiqué was issued on Aug. 17, 1982, stating the U.S. intention to gradually reduce the level of arms sales to Taiwan.

While seeing sound relations with mainland China as its long-term interest, the United States also sees maintaining a strong but unofficial relationship with Taiwan as important for peace and stability in Asia. Therefore, when tensions appeared between the two sides of the Taiwan Straits with China increasing military deployment directed at Taiwan, the United States had responded by deploying its own carriers to the area, such as in 1996 and 2000 during the presidential elections in Taiwan.

Since President Bush came to office, he has reiterated the government's stance to continue support for Taiwan's democratic movement as well as for its security. In April 2001, President Bush approved sale of a package of weapons to Taiwan which included four Kidd-class destroyers, submarines and anti-submarine planes, but not to sell to Taiwan the sensitive Arleigh Burke destroyers equipped with Aegis radar system. The Bush administration said that the package of the arms sale to Taiwan would address in a "measured" way a regional military balance that had tilted in the People's Republic of China's favor, and that there was nothing for China to fear in this package. The sale of arms to Taiwan by the United States has continued to be an issue of concern for Beijing as recently as 2004, while the anti-secession law instituted by Beijing in 2005 was also a cause of consternation.

It was yet unknown if the Obama administration in the United States would stake out significantly new ground with Taiwan and mainland China respectively. On March 2, 2010, the United States

agreed to move forward with the sale of missiles, helicopters and ships to Taiwan, effectively sparking the anger of the Chinese government in Beijing. Following a 30-day period in which objections could be registered but which passed without comment, the United States Congress approved the arms deal. Despite a thawing of relations generally between Washington D.C. and Beijing, this move was expected to raise bilateral tensions, which had been strained over a number of issues ranging from Internet censorship to climate change.

The United States' moved to dispatch envoys to Beijing to calm the situation. But on the other side of the equation, the Chinese government made it clear that arms sales to Taiwan would deleteriously affect Sino-American relations. Taiwanese claims of sovereignty notwithstanding, Beijing asserted a "One China" policy in which Taiwan is viewed as under its jurisdiction. Arms sales to Taiwan by the United States have been viewed by China as a way of undermining Beijing's "One China" claim. For its part, however, the United States has been compelled to ensure Taiwan's ability to defend itself under the Taiwan Relations Act. In an effort to act in accordance with this accord, while also recognizing China's sensitive relationship with Taiwan, United States President Barack Obama attempted the geopolitical balancing act by reaffirming his country's acknowledgment of "only one China."

Defense Forces of Taiwan

Military branches:

Army, Navy (includes Marine Corps), Air Force, Coast Guard Administration, Armed Forces Reserve Command, Combined Service Forces Command, Armed Forces Police Command

Military service age and obligation:

19-35 years of age for military service; service obligation 16 months (to be shortened to 12 months in 2008); women in Air Force service are restricted to noncombat roles

Manpower available for military service:

males age 19-49: 5,883,828

females age 19-49: 5,680,773

Manpower fit for military service:

males age 19-49: 4,749,537

females age 19-49: 4,644,607

Manpower reaching military service age annually:

males age 18-49: 174,173

females age 19-49: 163,683

Military expenditures - dollar figure:

\$7.93 billion

Military expenditures - percent of GDP:

2.4%

Economic Overview

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Overview

In August 2012, the Taiwan Central Bank signed a memorandum of understanding on cross-Strait currency settlement with its Chinese counterpart. The MOU allowed for the direct settlement of Chinese RMB and the New Taiwan dollar across the Strait, which could help develop Taiwan into a local RMB hub. Closer economic links with the mainland bring greater opportunities for the Taiwan economy, but also pose new challenges as the island becomes more economically dependent on China while political differences remain unresolved.

Taiwan's Future:

Taiwan now faces many of the same economic issues as other developed economies. With the prospect of continued relocation of labor-intensive industries to countries with cheaper work forces, Taiwan's future development will have to rely on further transformation to a high technology and service-oriented economy. In recent years, Taiwan has successfully diversified its trade markets, cutting its share of exports to the United States from 49 percent in 1984 to 11.5 percent by 2010. However, a significant proportion of Taiwan's rapidly growing exports to the P.R.C. are ultimately dependent on consumer demand in the U.S. Taiwan firms are increasingly acting as management centers that take in orders, produce them in Taiwan or the Mainland and then ship the final products to the U.S. Taiwan's accession to the WTO and its desire to become an Asia-Pacific "regional operations center" are spurring further economic liberalization.

Regional Situation:

In the context of regional economic developments, Taiwan's capitalist economy is led by exports with electronics and machinery being the primary drivers behind growth. However, since the health of the country's economy depends so much on exports, global conditions have a substantial impact. Taiwan's GDP contracted in 2009 but grew by an estimated 9.3 percent in 2010. Since 2005 China has overtaken the U.S. to become Taiwan's second-largest source of imports after Japan. In June 2010, Taiwan and the mainland signed a landmark Economic Cooperation Framework Agreement, an agreement that the Taiwan authorities hoped would eventually lead to a free-trade arrangement that would lower tariffs on a number of goods and reduce market access barriers for services. Overall, GDP growth was strong in 2010 as exports returned to the previous year levels. In particular, investment and industrial production will likely take a hit. By the end of the 2011 third quarter, Taiwan stocks were down 16.5 percent over the prior quarter – the biggest quarterly decline since the 2008 fourth quarter. Still, overall the economy grew in 2011. Meanwhile, softening global demand was expected to negatively impact Taiwan's economic growth in 2012. In June 2012, Taiwan's central bank left interest rates unchanged for the fourth quarter in a row in an attempt to maintain its guard over inflation. Taiwan cut its full-year growth forecast for a sixth time in May 2012, saying Europe's financial worries had slowed the economy's momentum. Indeed, orders for Taiwan's exports declined in May for a third consecutive month. “As the global economic outlook remains uncertain and domestic economic growth is slowing, while inflation still needs to be watched, the board thinks holding rates will help achieve stability in inflation and financial systems as well as help economic growth,” the Taiwanese central bank's statement said, according to a Reuters article. Increased economic cooperation with the mainland brings increased opportunities, and challenges, for the Taiwan economy, but also poses new challenges. For example, foreign direct investment in China has resulted in Chinese import substitution away from Taiwan's exports and a restriction of potential job creation in Taiwan. Rising housing costs has also become a problem for many Taiwanese. Posing a further challenge is the fact that Taiwan's population is aging quickly, with the number of people over 65 accounting for 10.9 percent of the island's total population as of 2011. In August 2012, the Taiwan Central Bank signed a memorandum of understanding on cross-Strait currency settlement with its Chinese counterpart. The MOU allowed for the direct settlement of Chinese RMB and the New Taiwan dollar across the Strait, which could help develop Taiwan into a local RMB hub. Closer economic links with the mainland bring greater opportunities for the Taiwan economy, but also pose new challenges as the island becomes more economically dependent on China while political differences remain unresolved.

Economic Conditions

In July 2013, Taiwan signed a free trade deal with New Zealand—Taipei's first-ever with a country with which it does not maintain diplomatic relations—and in November 2013 inked a trade pact

with Singapore.

In early 2014, the government bowed to public demand and proposed a new law governing the oversight of cross-strait agreements, before any additional deals with China are implemented; the legislature has yet to vote on such legislation, leaving the future of ECFA up in the air as President Ma enters his final full year in office. Ma has portrayed ECFA as Taiwan's key to greater participation in East Asia's free trade networks.

In late July 2014, the Wall Street Journal reported that Taiwan's economy had accelerated in the second quarter, as electronics exports surged, companies increased investments and consumers continued to spend.

In the three months ended June 30, Taiwan's GDP climbed 3.8 percent from the same period a year earlier and was up 1.5 percent from the previous quarter, according to a preliminary estimate released by the Directorate General of Budget, Accounting and Statistics.

Steady recovery in the U.S. and China and strong global demand for mobile devices were providing a boost to Taiwan's export-reliant economy. The country's "comprehensive and competitive supply chain of smartphones and tablets will continue to boost exports at least through the first half of 2015," Standard Chartered economist Tony Phoo was quoted by the Wall Street Journal as saying.

Taiwan's export growth doubled market expectations in August 2014 ahead of the launch of Apple Inc.'s latest smartphone, which has many components made by Taiwanese firms. Exports in August 2014 soared by 9.6 percent from a year earlier to \$28.1 billion, its second-highest monthly level.

Taiwan's export orders contracted for a fifth month in August 2015 as demand from China and key markets continued to deteriorate, putting the economy on track for its slowest growth in six years, according to Reuters.

In September 2015, Taiwan's central bank lowered its policy rate to 1.75 percent from 1.875 percent. The move represented the country's first cut since 2009. Officials said the slowdown in global economic growth was behind its decision. The central bank also said that the level of the Taiwan dollar exchange rate "in principle" should be decided by market supply and demand, but that it would maintain an orderly foreign exchange market if necessary.

Indeed, the slowdown in China was impacting the island's exports and prompted the government to slash its 2015 full-year economic growth forecast to 1.56 percent from 3.28 percent previously.

Written by Dr. Denise Youngblood Coleman, Editor in Chief, www.countrywatch.com. See

Bibliography for research sources.

Supplementary Sources: Roubini Global Economics, Reuters, Wall Street Journal, and International Monetary Fund

Appendix: Macau

People

Macau is located at the center of Southeast Asia. It borders the Pearl River Delta of southern China and is only 40 nautical miles from Hong Kong. Because of its unique history and geographical situation, Macau, like Hong Kong, serves as the window and bridge for cultural exchanges between the Orient and the Occident. It is a place of diverse cultures where different traditions, races and religions co-exist harmoniously.

Macau has a population of 445,286, and 95 percent of the population are Chinese, primarily Cantonese and some Hakka, both from nearby Guangdong province. The remainder is of Portuguese or mixed Chinese-Portuguese ancestry. The official languages are Portuguese and Chinese (Cantonese). English is spoken in tourist areas.

The overall life expectancy of the Macau people at birth is 82.03 years, with 79.2 years for males and 84.99 years for females, according to recent estimates. Macau's infant mortality rate is 4.39 deaths/1,000 live births. In terms of literacy, 94.5 percent of the population in Macau age 15 and over can read and write.

History

In the third century before the common era (B.C.E.) during the Qin Dynasty (259-210 B.C.E.), Macau and neighboring regions were delineated as part of Chinese territory in official maps and came under the jurisdiction of Panyu County of Nanhai Prefecture. In 1152, Macau came under the jurisdiction of Xiangshan County in southern China.

In the 16th century, the Portuguese traders arrived in Macau, eventually using it as a staging port. The Chinese government established a customhouse in Macau in 1535, formally allowing it to function as a trading port. In 1557, the Chinese government allowed a Portuguese settlement in Macau, but the Portuguese sovereignty over the port was not recognized.

In 1680, Portugal appointed the first governor to Macau, but it continued to pay rent to China for Macau as well as paying land and customs taxes. In 1849, Portugal declared Macau's "independence" and abolished the Chinese customhouse there. On March 26, 1887, China and Portugal signed an agreement known as the Protocol of Lisbon, providing for the Portuguese right of "perpetual occupation" of Macau. The agreement also provided that Portugal would never surrender Macau to a third party without China's permission.

During World War II, the Japanese invaders occupied Guangzhou and Hong Kong, and in 1943 Macau became a protectorate of Japan until the Japanese were defeated in August 1945.

Though the government of the People's Republic of China saw the Protocol of Lisbon as an "unequal treaty," it had kept the status quo for Macau since coming to power in 1949. The same situation had been true of Hong Kong.

In 1979 China and Portugal established diplomatic relations, and a year later Gen. Melo Egidio visited China, the first Macau governor to do so. During the visit, both sides expressed interest in finding a mutually agreeable solution to Macau's status. In 1985, China and Portugal began negotiations on settlement of Macau. On April 13, 1987, China and Portugal signed a joint declaration to return Macau to Chinese sovereignty on Dec. 20, 1999. In the joint declaration, China promised to respect Macau's existing social and economic systems and lifestyle for 50 years after transition.

As scheduled, on Dec. 20, 1999, the Portuguese government officially returned Macau to China. Since then, Macau has been a special administrative region (SAR) of China.

Government Organization

Before Macau was officially handed over to China, the territory was administered by a governor appointed by the Portuguese president, along with the Legislative Assembly which was established in 1974. The governor was assisted by a Consultative Council which gave advises to the governor.

On March 31, 1993, the Basic Law of the Macau Special Administrative Region (MSAR) was promulgated by China's National People's Congress (NPC). As the "mini-constitution," the Basic Law would govern the territory upon reversion to Chinese rule on Dec. 20, 1999. This law gives concrete expression to the concept of "one country, two systems" and provides for a high degree of

autonomy featuring the people of Macau administering Macau and institutes in a comprehensive way the systems in the MSAR.

Like Macau's previous political system, the political structure of the MSAR is executive-led, but they are different in nature. The chief executive no longer shares legislative power with the Legislative Council who has that power exclusively. In the era of the Portuguese rule, legislative power in Macau was shared by the governor and the Legislative Assembly.

After Macau's return to China, according to the Basic Law, laws, decrees, administrative regulations and other normative acts previously in force in Macau will be maintained, except for any that contravenes the Basic Law, or is subject to any amendment by the legislature or other relevant organs of the MSAR in accordance with legal procedures. The first Legislative Council of the MSAR retains the mode of the Macau Portuguese authorities' last Legislative Assembly in membership size and membership structure. Elected members of the last Legislative Assembly could directly become members of the MSAR first Legislative Council with their term ending Oct. 15, 2001, if their qualifications conform with requirements of the Basic Law and upon confirmation from the Preparatory Committee for the MSAR.

Under Portuguese rule, Macau did not have independent judicial power. After signing the Sino-Portuguese Joint Declaration, Portugal amended Macao-related articles in its constitution and "Organic Statute" for Macau respectively in 1989 and 1990 to strengthen Macau's autonomy in legislation and judicial affairs. In April 1993, Macau's independent judicial system began to operate. The Higher Court of Justice is the highest court in Macau. It is composed of a president and six judges. In the past, judges were appointed by the region's highest-ranking official, the governor. The highly autonomous MSAR will inherit this tradition. According to the Basic Law, MSAR court judges at all levels shall be appointed by the chief executive on the recommendation of an independent commission composed of local judges, lawyers and eminent people. The Basic Law also provides that presidents of courts of the MSAR at all levels shall be chosen from among judges and appointed by the chief executive.

Political Conditions

In accordance with relevant stipulations of the Basic Law and related decisions of the NPC, the MSAR Preparatory Committee was founded on May 5, 1998, consisting of 100 members, 60 from Macau and 40 from the mainland. Members from Macau came from all quarters, with extensive representation, while members from the mainland comprised responsible members of departments that had close ties with Macau. Vice Premier Qian Qichen served as chairman of the Preparatory Committee. The central task of the Preparatory Committee was to form a Selection Committee that was in charge of electing the first chief executive of the MSAR.

On May 15, 1999, Edmund Ho Hau Wah was elected the first chief executive of the MSAR. In accordance with the stipulation of the Basic Law that the chief executive has the power to nominate or appoint principal government officials, after being elected the chief executive, Edmund Ho started work on forming the first MSAR government.

On Dec. 20, 1999, Macau, the last outpost of European colonialism, was officially returned to China from Portuguese jurisdiction. This reversion heralds a new era where the Asian continent is now completely free of any European jurisdiction.

Since Macau returned to China, the transition has been smooth. As a matter of fact, the territory has been benefited by returning to the motherland. As a bastion of the gambling industry in Asia, crimes and violence linked to the industry have been a long-time serious problem in Macau. Before its handover to China, Macau did not have the ability to tackle the problem with its limited police force. Since returning to China, crimes and violence have decreased with Chinese troops on patrol, and the condition of security in Macau has been improved significantly. According to the Macau government, crime rate in Macau in the first half year of 2000 dropped by 5.9 percent as compared to the same period the previous year.

Macau's economy has seen signs of improvement since the transition as well.

In the year 2000, the economy in Macau started to recover with increase in investment and trade. The gambling industry is also growing after suffering negative growth for four consecutive years. In addition, tourism is the backbone of Macau's economy, providing one of the territory's greatest sources of income which accounts for over 30 percent of its GDP.

In August 2000, Macau opened the "Macau Promotion Week" in Singapore aimed at boosting Macau's tourism. Macau and Singapore signed a memorandum of understanding under which the two sides will work closely on promoting the image and awareness of Macau as well as cooperation of the tourism market. The Macau government also is gradually liberalizing the gambling and telecommunications sectors in order to achieve greater economic benefits for the territory.

After years of economic recession, the MSAR government was determined to revitalize the economy of Macau. The Macau government believes that internally Macau must merge itself with the mainland, especially with the Pearl River Delta region, to achieve its goal. Externally, it has been important for Macau to develop close economic relations with well-developed Asian countries such as Japan and Singapore, as well as to strengthen its traditional relationship with the European Union countries. The geographical conditions and traditional relations will generate development opportunities and reinforce cooperation with the mainland as well as foreign countries.

On Sept. 23, 2001, Macau held its first legislative elections for the second Legislative Assembly after the establishment of the MSAR. The election results showed surprise gains for a pro-

democracy party in Macau. Out of 10 being contested for the legislature, the New Democratic Macau Association took two seats, one seat more than the last election in 1996. For the other eight seats being contested, four were won by pro-Beijing candidates and four by pro-business candidates.

With a total of 27 members in the second Legislative Assembly, of the other 17 members, 10 are chosen by special interest groups and seven are appointed by the chief executive. After the elections, Macau Chief Executive Edmund Ho said the results of the elections showed the "one China, two systems" model was being effectively implemented in the territory.

By 2003, the focus in Macao was on the development of its tourism industry, which had been helped in part by advances in transportation links with Hong Kong. In addition, a number of delegations went to Beijing to inform mainland authorities of policies and plans in Macao on a number of issues ranging from the aforementioned tourism push to economic development, health care, finance, as well as administration and justice.

In 2004, Macao's head, Edmund Ho Hau Wah, took measures to fulfill his commitment of considering public opinion. Notably, he traveled to two island districts of the Macao Special Administrative Region to engage in discussions with local residents.

On the resort island of Coloane, he discussed development possibilities in tourist areas as well as the construction sports facilities in anticipation of the 2005 East Asian Games, which Macao was expected to host. At Taipa Island, he spent his time discussing the need by locals for a hospital. Locals, apparently, have been greatly challenged by the lack of a good health facility and he promised that the matter would top his agenda should he be re-elected for another term. Other matters discussed included municipal affairs management as well as geographic divisions between the Macao Peninsula and the two islands.

Ho faced elections in late August 2004 and won victory, thus securing another term in office as chief executive of the Macao Special Administrative Region (SAR).

In December 2004, Chinese leader Hu Jintao traveled to Macao to celebrate the fifth anniversary of its return into the Chinese fold. The inauguration of the second term of the government of the Macao Special Administrative Region was also scheduled to take place.

Legislative elections were held in 2005. The results were as follows: Development Union 2, Macau Development Alliance 1, Macau United Citizens' Association 2, New Democratic Macau Association 2, New Hope 1, United Forces 2, others 2; 10 seats filled by professional and business groups; seven members appointed by chief.

Fresh parliamentary elections were set for Sept. 20, 2009, in Macau. At stake was the

composition of the Legislative Assembly of the Macau Special Administration Region. Following this contest, Fernando Chui-Sai-on was elected as the new chief executive.

The next parliamentary elections were held in 2013. In those elections, the winner was the United Citizens Association of Macau or ACUM, with the Macau-Guangdong Union or UMG, Union for Promoting Progress or UPP, and New Hope or NE among others gaining representation in the legislative body.

Note that leadership on mainland China shifted in 2013 with Xi Jinping becoming the new Chinese president and this the official head of state of Macao.

The election to the chief executive was last held in August 2014. It was an uncontested race with Fernando CHUI Sai-on securing another term in office.

Economic Conditions

In 2013, Macau's gaming-related taxes accounted for more than 85 percent of total government revenue. In 2013, the relatively small city of 607,500 hosted nearly 29.3 million visitors. Almost 64 percent came from mainland China. In 2013, exports were US\$1.1 billion, while gaming receipts were US\$45.2 billion, an 18.6 percent increase over 2012. Macau's economic growth remained strong in 2013, driven by a pick-up in gaming exports. In May 2014, Fitch Ratings affirmed Macau's long-term foreign and local currency issue default ratings at "AA-" with stable outlooks. The ratings agency cited a strong sovereign balance sheet and a track record of robust economic growth underpinned by a thriving gaming industry behind the decision. Fitch's most recent forecast horizon assumes that Macao's GDP will grow at an average rate of 9.8 percent in 2014 and 2015. This makes Macao the fastest-growing economy amongst its 'AA' rating peers, where average real GDP over the same period is expected to be much lower at 2.4 percent.

By August 2014, Reuters was reporting that disgruntled casino workers were becoming a costly thorn in Macau's side. At the time, the country was set to build eight new resorts over the next three years. Meanwhile, workers were demanding higher pay and threatening strikes at a time when operators were facing a labor shortage.

Supplementary Source: Reuters

Principal Government Officials

(Special Admin. Region of the People's Republic of China)

Macau (Special Admin. Region of the People's Republic of China)

Chief Executive Fernando CHUI Sai-on
Sec. for Admin. & Justice Florinda Da Rosa Silva CHAN
Sec. for Economics & Finance Francis TAM Pak-yuen
Sec. for Security CHEONG Kuoc Va
Sec. for Social Affairs & Culture CHEONG U
Sec. for Transport & Public Works LAU Si Io
Procurator Gen. HO Chio Meng
Pres., Court of Final Appeal SAM Hou Fai
Pres., Legislative Council HO Iat Seng
Commissioner, Audit HO Veng On
Commissioner, Independent Commission Against Corruption FONG Man Chong

Government Structure

Names:

conventional long form:

Macau Special Administrative Region of the People's Republic of China

conventional short form:

Macau, China

Type:

Special Administrative Region (SAR) of China

Executive Branch:

Chief of State:

President Xi Jinping (since March 2013); elected by the PROC's National People's Congress for a five-year term

Head of Government:

Chief Executive Fernando CHUI Sai-on (since December 2009; re-elected in August 2014)

Elections:

The chief executive is chosen by a 300-member Election Committee for a five-year term (eligible for a second term); election was last held in August 2014 although uncontested with Fernando CHUI Sai-on securing another term in office).

Cabinet:

Executive Council consists of all five government secretaries, and five other members presiding

legislative, judicial and independent institutions.

Legislative Branch:

Unicameral Legislative Assembly:

33 seats; 14 geographical constituency seats elected by popular vote, 12 functional constituency seats elected by indirect vote, and 7 seats appointed by the chief executive; members serve four-year terms

Elections:

Elections: last held on Sept. 15, 2013.

Results: percent of vote - ACUM 18.0%, UMG 11.1%, UPP 10.8%, NE 9.0%, NUDM 8.9%, UPD 8.2%, APMD 7.5%, ANMD 6.0%, MUDAR 6.0%, others 14.5%; seats by political group - ACUM 3, UMG 2, UPP 2, NE 2, NUDM 1, UPD 1, APMD 1, ANMD 1, MUDAR 1; 12 seats filled by professional and business groups; 7 members appointed by the chief executive

Judicial Branch:

The Court of Final Appeal in the Macau Special Administrative Region

Constitution:

The Basic Law of MSAR promulgated by China's NPC in March 1993 is Macau's "mini-constitution".

Legal System:

Portuguese civil law system

Political Parties:

Alliance for Change or MUDAR [Melinda CHAN Mei-yi]

Macau-Guangdong Union or UMG [MAK Soi-kun]

New Democratic Macau Association or ANMD (an electoral list of New Macau Association [Jason CHAO Teng-hei])

New Hope or NE [Jose Maria Pereira COUTINHO]

New Macau Association or AMN [Jason CHAO Teng-hei]

New Union for Macau's Development or NUDM [Angela LEONG On-kei]

Prosperous Democratic Macau Association or APMD (an electoral list of New Macau Association)

[Jason CHAO Teng-hei]

Union for Development or UPD [KWAN Tsui-hang]

Union for Promoting Progress or UPP [HO Ion-sang]

United Citizens Association of Macau or ACUM [CHAN Meng-kam]

-- Note that these political parties and leaders were current only at the time of writing and are subject to dynamic changes --

Suffrage:

18 years of age; universal

Foreign Relations

General Relations

Although the central government of China is responsible for Macau's foreign policy since its return, Macau has enjoyed a high degree of autonomy under the "one country, two systems" principle. It has maintained its status of an international city as well as its free port status. Macau has remained as a separate customs territory, a formal member of the World Trade Organization, and a member of 47 international and regional organizations.

Regional Relations

Macau has close ties with countries in Asia, and its trade relationship with neighbors in the Asia-Pacific region has continued since its return to China. Since the transition, the chief executive of Macau has made several official trips to Asian countries, such as Japan and Singapore, aimed at reinforcing and developing harmonious relations. The relationship between Macau and Hong Kong, the two special administrative regions, has been close with frequent contacts and visits by various groups to each other.

Other Significant Relations

Macau has had close relations with European countries due to its unique history, and it enjoys preferential treatment from the European Union. It also has a traditional trade relationship with Latin American countries. Macau has continued its close relationship with Portugal, its former colonial power. In March 2001, 13 member countries of the European Union as well as Norway

and Iceland signed the Schengen Agreement on granting visa-free access to Macau passport holders. In return, from April 10, passport holders of these European countries also enjoy visa-free entry to Macau and can stay as long as 90 days. In 2003, the visa-free approach extended with Israel and Cyprus deciding that Macao passport holders would have visa-free access.

Economic Overview

Background

In December 1999, Macau, a former Portuguese colony, reverted to Chinese control as a special administrative region of the People's Republic of China. This special status allows Macau to maintain its autonomy and free market economy, which is anchored by gambling and tourism. Annually, these entertainment sectors account for 40 percent of Macau's GDP, employ more than 25 percent of the workforce, and provide 60 percent of its revenue.

Soon after the transfer, the mainland began a crusade against crime, which plagues Macau with triad gang warfare, prostitution and widespread corruption. Crime poses a major threat to Macau's tourism industry, so it is imperative that prevention measures prove effective.

Although the territory was hit hard by the 1998 Asian financial crisis and the global downturn in 2001, its economy grew 9.5 percent in 2002. A rapid rise in the number of mainland visitors because of China's easing of restrictions on travel drove the recovery. The budget also returned to surplus in 2002 because of the surge in visitors from China and a hike in taxes on gambling profits, which generated about 70 percent of government revenue. The liberalization of Macao's gambling monopoly contributes to GDP growth, as the three companies awarded gambling licenses have pledged to invest \$2.2 billion in the territory. Much of Macau's textile industry may move to the mainland as the Multi-Fiber Agreement is phased out. The territory may have to rely more on gambling and trade-related services to generate growth.

Note: Gambling revenue in Macau climbed 17.6 percent in August 2013 compared to the previous year, helped by a steady flow of wealthy Chinese punters to China's only legal casino hub. In October 2013, it was reported that Macau visitors from the mainland climbed 16 percent on October 1 from a year earlier, even as total visitor arrival numbers declined 6 percent.

Economic Relationship with Mainland China:

Because of the nature of Macau's entertainment-based economy, the mainland must walk a fine line in preventing crime, making the area safer for tourists, while maintaining its unique atmosphere. The mainland has already pledged to send up to 10,000 security personnel to Macau

if needed.

Macau serves as a channel for the Zhuhai Special Economic Zone, importing about \$5 billion worth of goods from the mainland, and re-exporting the rest to the U.S. and Europe. Macau depends on China for food, water and energy, while Japan and Hong Kong supply raw materials and capital goods.

Macau depends on China for most of its food, fresh water, and energy imports. The European Union and Hong Kong are the main suppliers of raw materials and capital goods.

Note: Gambling revenue in Macau climbed 17.6 percent in August 2013 compared to the previous year, helped by a steady flow of wealthy Chinese punters to China's only legal casino hub. In October 2013, it was reported that Macau visitors from the mainland climbed 16 percent on October 1 from a year earlier, even as total visitor arrival numbers declined 6 percent.

Macau's Future:

Macau is likely to concentrate on its strengths and continue building its entertainment sector. Success in this area depends on eradication of crime. It should work hand in hand with its neighbors, Hong Kong and the mainland, to fill China's entertainment niche. The completion of Hong Kong Disneyland in 2005 should complement Macau's market and will definitely draw more tourists to the area. More than 11.8 million tourists visited Macau on an annual basis in recent years. The recent growth in gambling and tourism has been driven primarily by mainland Chinese and tourists from Hong Kong. Another area that promises potential is conferences and exhibitions.

Over the longer term, the relocation of manufacturing operations from Macau to the neighboring Chinese province of Guangdong will extend to textiles and garment production as China's entry into the World Trade Organization (WTO) gives the mainland increased direct access to international markets. Mainland competition, along with the phasing out of Multi-Fiber Arrangement (MFA) quotas, which provide a near guarantee of export markets, over the next few years, will eventually spell the end of Macau's low-end mass production of textiles, which comprise the bulk of the SAR's merchandise export earnings. The best opportunities may lie in providing services--shipping, finance, legal--to facilitate mainland exports through Macau to the rest of the world, and conversely inflows of goods and investment to the mainland. Gambling tourism is also an important area of potential economic growth and foreign-exchange earnings.

Written by Dr. Denise Youngblood Coleman, Editor in Chief, www.countrywatch.com. See

Bibliography for research sources.

Chapter 3

Economic Overview

Economic Overview

Overview

Since initiating economic reforms and an open policy in the late 1970s, China has achieved tremendous success in economic development. The economy has shifted from a centrally-planned system to a more market-oriented one with a rapidly growing private sector. China now is the fastest growing economy in the world, with GDP expanding at an annual average rate of around nine percent over the past two decades. Benefiting from increased access to foreign markets since joining the World Trade Organization in 2001, China has become one of the world's largest trading countries as well as a global economic force. It is now the second-largest economy in the world after the United States.

China's economy was adversely affected by the global economic crisis through sharply falling exports and private investment. Underpinned by the government's expansionary fiscal and monetary policies, economic growth rebounded strongly after the second quarter of 2009. The recovery was driven mainly by domestic demand, especially public investment that benefited from the stimulus policies, while consumption, both private and government, also played a role in the recovery. Exports also bottomed out and started to recover in the second half of 2009. The country rebounded strongly in 2010, outperforming all other major economies in terms of GDP growth. It also became the world's largest exporter. Also, in a welcomed move, the Chinese Central Bank in mid-June 2010 announced that China would increase its exchange rate flexibility by allowing resumption of a gradual appreciation of the renminbi. The move was an attempt to rebalance the economy by increasing the Chinese household income and providing necessary incentives to reorient investment toward industries that serve the Chinese consumer. Also by late 2010/early 2011, China had become the world's second-largest economy – behind the United States. Still, China's credit-fueled stimulus program led to high inflation in 2010 and 2011.

In March 2011, the government adopted its 12th Five-Year Plan in which it pledged to continue reforms and increase domestic consumption. By early September 2011, Fitch Ratings warned it might downgrade China's credit rating by the end of 2012 on the basis of an expected material deterioration in bank asset quality. Fitch did downgrade the outlook on China's long-term local currency debt to negative from stable in April 2011 due to concerns about the country's financial stability after a lending surge over the past two years. Fitch's China rating is AA minus, its fourth highest level. An economic slowdown in Europe was expected to further drag Chinese growth in 2012. But by July 2012, a Reuters poll of economists found that China's economy likely bottomed out in the second quarter of 2012. The analysts predicted that China's economy would likely

recover modestly in the third quarter of 2012 in response to policy stimulus. Still, they predicted growth for the year would still be weaker than in 2011. “Looking at the short-term cycle, China's economy may have touched the bottom in the second quarter. But in the long run, the growth rate will continue to slow from the previous years,” Wei Yao, China economist at Societe Generale in Hong Kong, was quoted as saying in a July 19 Reuters article. Meanwhile, the People's Bank of China was expected to further loosen monetary policy in the second half of the year in an attempt to avoid even more of a slowdown. China's central bank cut interest rates twice in a month's time. The country has also reduced the amount of cash banks must keep in reserves three times since November 2011 – freeing up an estimated US\$190 billion for new lending. Overall, in 2012, China stood as the second-largest economy in the world after the US, measured on a purchasing power parity (PPP) basis that adjusts for price differences. The dollar values of China's agricultural and industrial output each exceed those of the US; China is second to the US in the value of services it produces. Some tightening measures appeared to have controlled inflation, but GDP growth consequently slowed in 2012. An economic slowdown in Europe contributed to China's own, and was expected to further drag Chinese growth in 2013. The current account surplus increased slightly in 2012 but overall China's progress on external rebalancing has been substantial—the current account as a share of GDP was now less than a quarter of its pre-crisis peak in 2007. By contrast, domestic imbalances remained large.

In October 2013, the state's statistic bureau reported that China's economy showed signs of slowing growth in September, after announcing that GDP grew 7.8 percent in the third quarter, its fastest pace for the year and in line with expectations. Also in October 2013, China announced plans to potentially broaden a trial program allowing local governments to sell bonds. The move was in response to concerns that local governments were borrowing too much and posing a risk to the stability of the nation's financial system. Local government debt totaled an estimated \$4 trillion, or 42 percent of gross domestic product, according to some unofficial estimates cited by Reuters. The biggest problem, though, is that much of it was raised by methods that did not reveal details regarding the size and health of loans.

Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2013 stood as the second-largest economy in the world after the US, having surpassed Japan in 2001. The dollar values of China's agricultural and industrial output each exceed those of the US; China is second to the US in the value of services it produces. Still, per capita income is below the world average. The new government of President Xi Jinping has signaled a greater willingness to undertake reforms that focus on China's long-term economic health, including giving the market a more decisive role in allocating resources.

China's economy was expected to grow at around 7.5 percent in 2014, according to the IMF. Domestic demand was moderating, reflecting slower investment and rising risks of a deeper adjustment in real estate activity. GDP climbed 7.5 percent in the April-June 2014 period from a year earlier, the statistics bureau said in July – marking the country's first economic acceleration in

three quarters.

In August 2014, however, growth in China's factory sector slowed to a three-month low as output and new orders moderated. This only heightened concerns about increasing softness in the economy with lending, output and investment indicators all pointing to weakness. Also, employment fell at a faster pace than the previous month. Analysts warned that greater stimulus may be needed in the coming months to bolster growth and offset the tepid housing market. Meanwhile, China's cabinet pledged in August 2014 to lower taxes and cut red tape for high-tech companies in an effort to make the environment more inviting for businesses.

In 2014 the People's Bank of China (PBOC) doubled the daily trading band within which the RMB is permitted to fluctuate. Economic development has progressed further in coastal provinces than in the interior, and by 2014 more than 274 million migrant workers and their dependents had relocated to urban areas to find work. One result of population control policy is that China is now one of the most rapidly aging countries in the world. In 2014 China agreed to begin limiting carbon dioxide emissions by 2030. China also implemented several economic reforms in 2014, including passing legislation to allow local governments to issue bonds, opening several state-owned enterprises to further private investment, loosening the one-child policy, passing harsher pollution fines, and cutting administrative red tape. As of 2015, several factors were converging to slow China's growth, including debt overhang from its credit-fueled stimulus program, industrial overcapacity, inefficient allocation of capital by state-owned banks and the slow recovery of China's trading partners.

In late September 2015, BBC reported that China's economic growth had cooled substantially. The IMF was forecasting 6.8 percent growth in 2016, describing the situation in China as the country "moving to a 'new normal,' characterized by slower yet safer and more sustainable growth." In August 2015, CNN reported on the fact that many were wondering if China was misrepresenting its results.

The article said: "Just take a look at what China's government has been doing lately: making a surprise devaluation of the yuan in an effort to boost exports, propping up its markets by actually buying stocks, spending big and cutting interest rates in an effort to stimulate its economy. China wouldn't be taking these actions if the country really was chugging along at the 7% growth rate that the latest government data claims."

Economic Performance

China's economy experienced sustained rapid growth over the past two decades, with real GDP growing at an annual rate of around ten percent in recent years. Despite the impact of the global economic crisis, real GDP growth held up well in 2009, slowing only moderately from 2008, before rebounding strongly in 2010.

According to CountryWatch estimated calculations for 2014:

Real GDP growth rate was: 7.7 percent

Inflation was measured at: 8.3 percent

The fiscal deficit/surplus as percent of GDP (%) was: -2.1 percent

Updated in 2015

**Please note that the figures in our Economic Performance section are estimates or forecasts based on IMF-based data that are formulated using CountryWatch models of analysis.*

Supplementary Sources: Organisation for Economic Co-operation and Development, Bloomberg, BBC News, International Monetary Fund and Reuters

Nominal GDP and Components

Nominal GDP and Components					
	2011	2012	2013	2014	2015
Nominal GDP (LCU billions)	48,412.35	53,412.30	58,801.88	63,646.27	69,238.05
Nominal GDP Growth Rate (%)	18.396	10.328	10.090	8.239	8.786
Consumption (LCU billions)	18,254.51	19,538.25	21,159.05	22,677.71	26,146.60
Government Expenditure (LCU billions)	6,315.49	7,140.90	7,997.81	8,571.85	9,883.03
Gross Capital Formation (LCU billions)	22,834.43	25,277.32	28,035.61	30,047.82	30,680.76

	2011	2012	2013	2014	2015
Exports of Goods & Services (LCU billions)	12,324.06	12,935.92	13,713.14	14,391.17	15,096.16
Imports of Goods & Services (LCU billions)	11,316.14	11,480.10	12,103.75	12,042.28	12,568.51

Population and GDP Per Capita

Population and GDP Per Capita					
	2011	2012	2013	2014	2015
Population, total (million)	1,347.35	1,354.04	1,360.72	1,367.82	1,374.96
Population growth (%)	0.4803	0.4965	0.4933	0.5218	0.5218
Nominal GDP per Capita (LCU 1000s)	35,931.53	39,446.62	43,213.80	46,531.17	50,356.52

Real GDP and Inflation

Real GDP and Inflation					
	2011	2012	2013	2014	2015
Real Gross Domestic Product (LCU billions 2005 base)	15,025.84	16,190.01	17,434.25	18,716.46	19,981.43
Real GDP Growth Rate (%)	9.500	7.748	7.685	7.355	6.759
GDP Deflator (2005=100.0)	322.194	329.909	337.278	340.055	346.512
Inflation, GDP Deflator (%)	8.124	2.395	2.234	0.8234	1.899

Government Spending and Taxation

Government Spending and Taxation					
	2011	2012	2013	2014	2015
Government Fiscal Budget (billions)	12,816.44	15,005.78	17,183.90	18,895.11	21,301.11
Fiscal Budget Growth Rate (percentage)	20.908	17.082	14.515	9.958	12.733
National Tax Rate Net of Transfers (%)	27.020	28.113	28.124	28.530	28.842
Government Revenues Net of Transfers (LCU billions)	13,081.10	15,016.04	16,537.66	18,157.99	19,969.52
Government Surplus(-) Deficit(+) (LCU billions)	264.660	10.262	-646.2390	-737.1200	-1331.5960
Government Surplus(+) Deficit(-) (%GDP)	0.5467	0.0192	-1.0990	-1.1582	-1.9232

Money Supply, Interest Rates and Unemployment

Money Supply, Interest Rates and Unemployment					
	2011	2012	2013	2014	2015
Money and Quasi-Money (M2) (LCU billions)	85,159.09	97,414.89	110,652.50	122,837.48	133,629.63
Money Supply Growth Rate (%)	17.323	14.392	13.589	11.012	8.786
Lending Interest Rate (%)	6.560	6.000	6.000	5.600	9.444
Unemployment Rate (%)	4.090	4.090	4.050	4.090	4.090

Foreign Trade and the Exchange Rate

Foreign Trade and the Exchange Rate					
	2011	2012	2013	2014	2015
Official Exchange Rate (LCU/\$US)	6.461	6.312	6.196	6.146	6.082
Trade Balance NIPA (\$US billions)	155.991	230.631	259.763	382.210	415.620
Trade Balance % of GDP	2.082	2.726	2.737	3.691	3.651
Total Foreign Exchange Reserves (\$US billions)	3,254.67	3,387.51	3,880.37	3,900.04	4,015.77

Data in US Dollars

Data in US Dollars					
	2011	2012	2013	2014	2015
Nominal GDP (\$US billions)	7,492.53	8,461.51	9,490.84	10,356.51	11,384.76
Exports (\$US billions)	1,907.33	2,049.29	2,213.35	2,341.73	2,482.25
Imports (\$US billions)	1,751.34	1,818.66	1,953.59	1,959.52	2,066.63

Energy Consumption and Production Standard Units

Energy Consumption and Production Standard Units					
	2011	2012	2013	2014	2015
Petroleum Consumption (TBPD)	10,832.40	11,465.86	11,816.87	12,236.14	12,820.00
Petroleum Production (TBPD)	4,393.55	4,435.04	4,546.44	4,495.22	4,618.00
Petroleum Net Exports (TBPD)	-6438.8439	-7030.8183	-7270.4250	-7740.9223	-8207.00
Natural Gas Consumption (bcf)	5,308.80	5,714.32	6,408.44	7,018.74	7,920.00
Natural Gas Production (bcf)	3,642.44	3,691.56	4,006.33	4,241.91	4,640.00
Natural Gas Net Exports (bcf)	-1666.3560	-2022.7606	-2402.1052	-2776.8346	-3280.00
Coal Consumption (1000s st)	4,041,275.50	3,972,986.59	4,053,054.10	3,980,607.89	4,162,000.00
Coal Production	3,803,958.97	3,785,197.49	3,850,047.83	3,945,607.58	3,854,100.00

	2011	2012	2013	2014	2015
(1000s st)					
Coal Net Exports (1000s st)	-237316.5260	-187789.1011	-203006.2674	-35000.3169	-307929
Nuclear Production (bil kwh)	122.941	131.385	146.098	160.858	168.9
Hydroelectric Production (bil kwh)	694.565	861.962	895.612	1,034.00	1,085
Renewables Production (bil kwh)	115.098	152.375	206.032	236.395	260.0

Energy Consumption and Production QUADS

Energy Consumption and Production QUADS					
	2011	2012	2013	2014	2015
Petroleum Consumption (Quads)	23.130	24.482	25.232	26.127	27.386
Petroleum Production (Quads)	9.380	9.534	9.739	9.818	7.882
Petroleum Net Exports (Quads)	-13.7496	-14.9481	-15.4928	-16.3092	-19.5044
Natural Gas Consumption (Quads)	5.415	5.829	6.537	7.159	8.079
Natural Gas Production (Quads)	3.712	3.753	4.078	4.389	4.051
Natural Gas Net Exports (Quads)	-1.7033	-2.0754	-2.4585	-2.7703	-4.0280
Coal Consumption (Quads)	80.826	79.460	81.061	79.612	83.241
Coal Production (Quads)	77.560	80.358	80.949	78.912	69.502
Coal Net Exports (Quads)	-3.2653	0.8987	-0.1120	-0.7000	-13.7389
Nuclear Production (Quads)	1.229	1.314	1.461	1.609	1.689

	2011	2012	2013	2014	2015
Hydroelectric Production (Quads)	6.946	8.620	8.956	10.340	10.857
Renewables Production (Quads)	1.151	1.524	2.060	2.364	2.600

World Energy Price Summary

World Energy Price Summary					
	2011	2012	2013	2014	2015
Petroleum-WTI (\$/bbl)	95.054	94.159	97.943	93.112	48.709
Natural Gas-Henry Hub (\$/mmbtu)	3.999	2.752	3.729	4.369	2.614
Coal Thermal-Australian (\$/mt)	121.448	96.364	84.562	70.130	57.511

CO2 Emissions

CO2 Emissions					
	2011	2012	2013	2014	2015
Petroleum Based (mm mt C)	516.745	546.963	563.707	583.708	611.842
Natural Gas Based (mm mt C)	86.131	92.710	103.971	113.873	128.509
Coal Based (mm mt C)	2,316.05	2,276.92	2,322.81	2,281.29	2,385.26
Total CO2 Emissions (mm mt C)	2,918.93	2,916.59	2,990.48	2,978.87	3,125.61

Agriculture Consumption and Production

Agriculture Consumption and Production					
	2011	2012	2013	2014	2015
Corn Total Consumption (1000 metric tons)	198,698.20	215,049.32	225,884.96	223,347.17	226,915.84
Corn Production (1000 metric tons)	192,546.68	205,093.65	217,731.18	219,113.52	204,215.27
Corn Net Exports (1000 metric tons)	-6151.5287	-9955.6667	-8153.7759	-4233.6558	-22700.5650
Soybeans Total Consumption (1000 metric tons)	69,100.38	73,445.78	77,285.13	80,493.20	79,346.53
Soybeans Production (1000 metric tons)	14,504.10	12,987.47	11,878.90	12,003.78	10,686.08
Soybeans Net Exports (1000 metric tons)	-54596.2863	-60458.3065	-65406.2264	-68489.4201	-68660.4488

	2011	2012	2013	2014	2015
Rice Total Consumption (1000 metric tons)	202,651.25	205,941.76	205,206.30	208,237.83	206,326.90
Rice Production (1000 metric tons)	202,803.84	205,932.77	205,111.73	208,157.75	200,673.59
Rice Net Exports (1000 metric tons)	152.594	-8.9854	-94.5691	-80.0734	-5653.3142
Coffee Total Consumption (metric tons)	86,753.00	106,228.00	110,623.00	134,980.08	140,041.12
Coffee Production (metric tons)	63,265.34	89,001.64	114,403.91	153,906.63	147,538.27
Coffee Net Exports (metric tons)	-23487.6558	-17226.3638	3,780.91	18,926.54	7,497.15
Cocoa Beans Total Consumption (metric tons)	38,953.26	33,700.30	48,004.00	56,850.23	59,871.74
Cocoa Beans Production (metric tons)	0.0000	0.0000	0.0000	0.0000	0.0000
Cocoa Beans Net Exports	-38953.2614	-33700.2996	-48004.0000	-56850.2288	-59871.7388

	2011	2012	2013	2014	2015
(metric tons)					
Wheat Total Consumption (1000 metric tons)	119,986.51	126,087.57	128,758.65	135,943.14	125,744.64
Wheat Production (1000 metric tons)	117,153.20	121,670.75	121,739.55	126,628.91	110,182.37
Wheat Net Exports (1000 metric tons)	-2833.3109	-4416.8214	-7019.0987	-9314.2230	-15562.2759

World Agriculture Pricing Summary

World Agriculture Pricing Summary					
	2011	2012	2013	2014	2015
Corn Pricing Summary (\$/metric ton)	291.684	298.417	259.389	192.881	169.750
Soybeans Pricing Summary (\$/metric ton)	540.667	591.417	538.417	491.771	390.417
Rice Pricing Summary (\$/metric ton)	458.558	525.071	473.989	425.148	386.033
Coffee Pricing Summary (\$/kilogram)	5.976	4.111	3.076	4.424	3.526
Cocoa Beans Pricing Summary (\$/kilogram)	2.980	2.392	2.439	3.062	3.135
Wheat Pricing Summary (\$/metric ton)	316.264	313.242	312.248	284.895	203.177

Metals Consumption and Production

Metals Consumption and Production					
	2011	2012	2013	2014	
Copper Consumption (1000 mt)	7,991,779.41	9,104,135.69	9,474,372.76	10,697,405.37	10
Copper Production (1000 mt)	5,223,939.31	5,858,732.17	6,508,488.24	7,800,346.60	7
Copper Net Exports (1000 mt)	-2767840.1037	-3245403.5184	-2965884.5123	-2897058.7647	-3
Zinc Consumption (1000 mt)	5,672,433.16	5,525,012.93	6,073,195.06	5,902,911.55	5
Zinc Production (1000 mt)	5,169,859.21	4,843,892.18	5,270,836.23	5,283,570.53	5
Zinc Exports (1000 mt)	-502573.9528	-681120.7519	-802358.8304	-619341.0186	-5
Lead Consumption (1000 mt)	4,710,286.40	4,816,265.52	4,858,542.20	5,062,221.35	4
Lead Production (1000 mt)	4,599,289.33	4,690,353.68	4,788,504.99	5,182,667.60	5

	2011	2012	2013	2014	
Lead Exports (1000 mt)	-110997.0737	-125911.8456	-70037.2161	120,446.24	
Tin Consumption (1000 mt)	174,419.28	177,917.51	163,778.15	148,544.77	
Tin Production (1000 mt)	154,798.09	146,604.51	149,174.61	156,772.63	
Tin Exports (1000 mt)	-19621.1915	-31313.0003	-14603.5408	8,227.86	
Nickel Consumption (1000 mt)	623,159.23	671,641.49	830,207.86	927,782.62	
Nickel Production (1000 mt)	434,625.40	540,851.76	702,722.43	904,774.01	
Nickel Exports (1000 mt)	-188533.8294	-130789.7231	-127485.4246	-23008.6082	
Gold Consumption (kg)	482,728.31	487,661.71	1,172,398.69	749,609.86	
Gold Production (kg)	479,723.90	525,440.13	555,976.24	598,411.00	
Gold Exports (kg)	-3004.4099	37,778.42	-616422.4532	-151198.8658	-1

	2011	2012	2013	2014	
Silver Consumption (mt)	7,952,375.67	8,830,931.00	8,210,876.00	8,653,913.30	7
Silver Production (mt)	4,180,206.00	4,397,002.12	4,619,844.13	4,837,554.47	4
Silver Exports (mt)	-3772169.6693	-4433928.8840	-3591031.8747	-3816358.8311	-3

World Metals Pricing Summary

World Metals Pricing Summary					
	2011	2012	2013	2014	2015
Copper (\$/mt)	8,828.19	7,962.35	7,332.10	6,863.40	5,510.46
Zinc (\$/mt)	2,193.90	1,950.41	1,910.26	2,160.97	1,931.68
Tin (\$/mt)	26,053.68	21,125.99	22,282.80	21,898.87	16,066.63
Lead (\$/mt)	2,400.81	2,064.64	2,139.79	2,095.46	1,787.82
Nickel (\$/mt)	22,910.36	17,547.55	15,031.80	16,893.38	11,862.64
Gold (\$/oz)	1,569.21	1,669.52	1,411.46	1,265.58	1,160.66
Silver (\$/oz)	35.224	31.137	23.850	19.071	15.721

Economic Performance Index

Economic Performance Index

The Economic Performance rankings are calculated by CountryWatch's editorial team, and are based on criteria including sustained economic growth, monetary stability, current account deficits, budget surplus, unemployment and structural imbalances. Scores are assessed from 0 to 100 using this aforementioned criteria as well as CountryWatch's proprietary economic research data and models.

	Bank stability risk	Monetary/ Currency stability	Government Finances	Empl./ Unempl.	Econ.GNP growth or decline/ forecast
	0 - 100	0 - 100	0 - 100	0 - 100	%
North Americas					
Canada	92	69	35	38	3.14%
United States	94	76	4	29	3.01%
Western Europe					
Austria	90	27	30	63	1.33%
Belgium	88	27	19	23	1.15%
Cyprus	81	91	16	80	-0.69%
Denmark	97	70	45	78	1.20%
Finland	89	27	41	33	1.25%

France	87	27	18	27	1.52%
Germany	86	27	22	21	1.25%
Greece	79	27	5	24	-2.00%
Iceland	90	17	2	34	-3.04%
Italy	85	27	37	24	0.84%
Ireland	92	27	11	10	-1.55%
Luxembourg	99	27	28	66	2.08%
Malta	77	27	41	51	0.54%
Netherlands	91	27	26	74	1.30%
Norway	98	44	10	76	1.08%
Portugal	77	27	13	20	0.29%
Spain	83	27	9	3	-0.41%
Sweden	94	72	54	32	1.23%
Switzerland	97	86	55	77	1.53%
United Kingdom	85	12	9	37	1.34%
Central and Eastern Europe					
Albania	44	60	33	6	2.30%
Armenia	45	59	49	30	1.80%

Azerbaijan	56	4	84	99	2.68%
Belarus	59	21	83	98	2.41%
Bosnia and Herzegovina	34	68	69	N/A	0.50%
Bulgaria	58	75	88	49	0.20%
Croatia	69	68	94	9	0.18%
Czech Republic	80	89	29	70	1.67%
Estonia	72	90	66	92	0.80%
Georgia	36	60	53	56	2.00%
Hungary	70	66	26	54	-0.16%
Latvia	67	100	65	44	-3.97%
Lithuania	65	91	87	79	-1.65%
Macedonia (FYR)	53	69	56	2	2.03%
Moldova	23	36	81	67	2.50%
Poland	74	74	38	12	2.72%
Romania	62	56	70	62	0.75%
Russia	73	18	90	8	4.00%
Serbia	48	49	52	5	1.97%

Montenegro	39	27	73	1	-1.70%
Slovak Republic	80	62	30	14	4.06%
Slovenia	81	27	36	65	1.12%
Ukraine	41	11	57	N/A	3.68%
Africa					
Algeria	57	18	96	7	4.55%
Angola	49	1	97	N/A	7.05%
Benin	19	91	20	N/A	3.22%
Botswana	68	58	76	N/A	6.33%
Burkina Faso	16	91	13	N/A	4.41%
Burundi	2	91	6	N/A	3.85%
Cameroon	26	91	91	N/A	2.58%
Cape Verde	52	87	4	N/A	4.96%
Central African Republic	9	91	32	N/A	3.18%
Chad	22	91	89	N/A	4.42%
Congo	52	87	87	N/A	12.13%
Côte d'Ivoire	25	91	82	28	2.98%
Dem. Republic					

Congo	4	91	47	N/A	5.44%
Djibouti	31	76	50	N/A	4.47%
Egypt	37	20	24	69	5.01%
Equatorial Guinea	82	91	85	N/A	0.94%
Eritrea	1	3	1	18	1.81%
Ethiopia	6	45	8	N/A	6.96%
Gabon	64	91	96	N/A	5.36%
Gambia	8	48	86	N/A	4.82%
Ghana	9	11	69	N/A	4.50%
Guinea	10	7	91	N/A	3.03%
Guinea-Bissau	5	91	46	N/A	3.47%
Kenya	20	41	59	N/A	4.11%
Lesotho	13	40	12	N/A	2.98%
Liberia	12	73	74	N/A	5.92%
Libya	73	2	94	N/A	5.22%
Madagascar	4	22	24	N/A	-1.02%
Malawi	7	25	55	N/A	5.96%
Mali	20	91	82	N/A	5.12%

Mauritania	15	13	93	N/A	4.58%
Mauritius	65	52	56	55	4.10%
Morocco	37	72	48	26	3.23%
Mozambique	12	23	71	N/A	6.45%
Namibia	40	39	62	N/A	1.70%
Niger	10	91	21	N/A	4.41%
Nigeria	30	6	61	N/A	6.98%
Rwanda	21	40	68	N/A	5.39%
Sao Tome & Principe	1	61	100	N/A	3.40%
Senegal	24	91	63	N/A	3.44%
Seychelles	60	67	97	N/A	4.01%
Sierra Leone	5	10	39	N/A	4.77%
Somalia	2	38	59	N/A	3.19%
South Africa	61	37	70	N/A	2.59%
Sudan	16	5	73	N/A	5.52%
Swaziland	32	44	79	N/A	1.09%
Tanzania	15	45	32	N/A	6.17%
Togo	8	91	92	N/A	2.56%

Tunisia	50	61	44	39	4.00%
Uganda	11	17	54	N/A	5.59%
Zambia	29	20	49	N/A	5.84%
Zimbabwe	0	8	16	N/A	2.24%
South and Central America					
Argentina	66	3	80	36	3.50%
Belize	47	76	80	N/A	1.00%
Bolivia	32	51	61	81	3.99%
Brazil	71	47	78	11	5.50%
Chile	78	25	92	73	4.72%
Columbia	47	52	34	47	2.25%
Costa Rica	60	42	39	57	3.45%
Ecuador	43	76	75	64	2.51%
El Salvador	35	76	67	N/A	1.04%
Guatemala	46	59	58	N/A	2.52%
Honduras	27	47	58	N/A	2.00%
Mexico	69	42	52	61	4.07%
Nicaragua	23	49	42	N/A	1.75%

Panama	66	76	72	45	5.00%
Paraguay	35	46	66	16	5.27%
Peru	59	66	75	22	6.33%
Suriname	58	26	81	59	4.02%
Uruguay	70	26	27	N/A	5.71%
Venezuela	55	1	28	13	-2.63%
Caribbean					
Antigua & Barbuda	72	76	15	N/A	-2.01%
Bahamas	74	76	45	87	-0.50%
Barbados	67	76	33	15	-0.50%
Bermuda	N/A	N/A	N/A	N/A	N/A
Cuba	45	76	18	95	0.25%
Dominica	53	76	65	N/A	1.40%
Dominican Republic	54	39	43	4	3.50%
Grenada	63	76	48	N/A	0.80%
Guyana	28	56	17	N/A	4.36%
Haiti	11	27	89	N/A	-8.50%
Jamaica	42	9	85	19	-0.28%

St Lucia	55	76	67	N/A	1.14%
St Vincent & Grenadines	49	76	95	N/A	0.50%
Trinidad & Tobago	82	37	77	72	2.13%
Middle East					
Bahrain	84	76	62	91	3.48%
Iran	51	19	40	58	3.01%
Iraq	48	9	8	N/A	7.27%
Israel	87	62	12	48	3.20%
Jordan	41	51	3	N/A	4.10%
Kuwait	96	4	99	N/A	3.10%
Lebanon	63	54	2	N/A	6.00%
Oman	76	16	88	N/A	4.71%
Qatar	99	16	83	N/A	18.54%
Saudi Arabia	76	8	98	N/A	3.70%
Syria	61	24	40	N/A	5.00%
Turkey	75	23	27	60	5.20%
United Arab Emirates	96	24	98	94	1.29%

Yemen	28	2	78	N/A	7.78%
Asia					
Afghanistan	17	70	74	N/A	8.64%
Bangladesh	13	43	25	N/A	5.38%
Bhutan	24	55	5	N/A	6.85%
Brunei	78	19	99	75	0.48%
Cambodia	18	67	42	N/A	4.77%
China	54	90	19	68	11.03%
Hong Kong	89	76	14	82	5.02%
India	31	38	34	35	8.78%
Indonesia	42	46	37	31	6.00%
Japan	88	89	6	71	1.90%
Kazakhstan	62	13	76	42	2.40%
Korea North	18	65	23	N/A	1.50%
Korea South	83	63	22	85	4.44%
Kyrgyz Republic	24	15	84	88	4.61%
Laos	17	54	7	N/A	7.22%
Macao	91	76	14	82	3.00%

Malaysia	68	65	44	90	4.72%
Maldives	44	55	17	N/A	3.45%
Mongolia	33	5	77	93	7.22%
Myanmar	3	41	72	N/A	5.26%
Nepal	3	14	25	N/A	2.97%
Pakistan	19	15	31	41	3.00%
Papua New Guinea	75	50	11	N/A	7.96%
Philippines	30	48	53	43	3.63%
Singapore	93	75	63	40	5.68%
Sri Lanka	38	22	10	N/A	5.50%
Taiwan	84	88	35	89	6.50%
Tajikistan	6	6	60	97	4.00%
Thailand	56	64	90	96	5.46%
Turkmenistan	51	53	68	N/A	12.00%
Uzbekistan	40	10	60	100	8.00%
Vietnam	25	12	20	N/A	6.04%
Pacific					
Australia	96	63	31	46	2.96%

Fiji	46	53	3	N/A	2.06%
Marshall Islands	27	76	46	N/A	1.08%
Micronesia (Fed. States)	N/A	N/A	N/A	N/A	N/A
New Caledonia	96	73	51	52	2.00%
New Zealand	98	73	51	52	2.00%
Samoa	34	88	64	N/A	-2.77%
Solomon Islands	14	71	1	N/A	3.36%
Tonga	26	57	38	N/A	0.60%
Vanuatu	33	58	47	N/A	3.80%

Source:

CountryWatch Inc. www.countrywatch.com

Updated:

This material was produced in 2010; it is subject to updating in 2012.

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Chapter 4

Investment Overview

Foreign Investment Climate

Background

China's economy during the last quarter century has changed from a centrally planned system that was largely closed to international trade to a more market-oriented economy that has a rapidly growing private sector and is a major player in the global economy. Reforms started in the late 1970s with the phasing out of collectivized agriculture, and expanded to include the gradual liberalization of prices, fiscal decentralization, increased autonomy for state enterprises, the foundation of a diversified banking system, the development of stock markets, the rapid growth of the non-state sector, and the opening to foreign trade and investment. China has generally implemented reforms in a gradualist or piecemeal fashion, including the sale of equity in China's largest state banks to foreign investors and refinements in foreign exchange and bond markets. The restructuring of the economy and resulting efficiency gains have contributed to a more than tenfold increase in GDP since 1978.

One demographic consequence of the "one child" policy is that China is now one of the most rapidly aging countries in the world. Another long-term threat to growth is the deterioration in the environment - notably air pollution, soil erosion, and the steady fall of the water table, especially in the north. China continues to lose arable land because of erosion and economic development.

Foreign Investment Assessment

Despite China's major push to overhaul its economy along more market oriented lines, the rule of law, especially as it applies to contracts and general matters of commerce remains weak. Still, a huge potential market and a rapidly growing economy provide powerful incentives for foreign investors to take their chances in China.

Industries

iron and steel, coal, machine building, armaments, textiles and apparel, petroleum, cement, chemical fertilizers, footwear, toys, food processing, automobiles, consumer electronics, telecommunications

Import Commodities

machinery and equipment, mineral fuels, plastics, iron and steel, chemicals;

Import Partners

Japan 18%, Taiwan 11.9%, South Korea 10.4%, US 8.2%, Germany 5.9% (2003)

Export Commodities

machinery and equipment, textiles and clothing, footwear, toys and sporting goods, mineral fuels

Export Partners

United States 21.1%, Hong Kong 17.4%, Japan 13.6%, South Korea 4.6%, Germany 4% (2003)

Ports and Harbors

Dalian, Fuzhou, Guangzhou, Haikou, Huangpu, Lianyungang, Nanjing, Nantong, Ningbo, Qingdao, Qinhuangdao, Shanghai, Shantou, Shenzhen, Tianjin, Wenzhou, Xiamen, Xingang, Yantai, Zhanjiang (2001)

Telephone System

domestic and international services are increasingly available for private use; unevenly distributed domestic system serves principal cities, industrial centers, and many towns; international country code - 86

Internet Use

China has benefited from a huge expansion in computer Internet use, with more than 100 million users in recent years.

Labor Force

778.1 million (2003 est.); agriculture 50%, industry 22%, services 28% (2001 est.).

Judicial System

China's legal system is a complex amalgam of custom and statute. The rule of law is generally weak, particularly as applied to matters of commerce. The Chinese government is making an effort to improve its legal infrastructure.

Corruption Perception Ranking

Please see full listing from Transparency International, from least to most corrupt, located elsewhere in this Country Review.

Cultural Considerations

China is a complex society, with many subtle cultural nuances. For more information on matters of etiquette in China, please see the relevant section under Social Overview.

Country Website

www.china.org.cn/english/index.htm

Foreign Investment Index

Foreign Investment Index

The Foreign Investment Index is a proprietary index measuring attractiveness to international investment flows. The Foreign Investment Index is calculated using an established methodology by CountryWatch's Editor-in-Chief and is based on a given country's economic stability (sustained economic growth, monetary stability, current account deficits, budget surplus), economic risk (risk of non-servicing of payments for goods or services, loans and trade-related finance, risk of sovereign default), business and investment climate (property rights, labor force and laws, regulatory transparency, openness to foreign investment, market conditions, and stability of government). Scores are assigned from 0-10 using the aforementioned criteria. A score of 0 marks the lowest level of foreign investment viability, while a score of 10 marks the highest level of foreign investment viability, according to this proprietary index.

Country	Assessment
Afghanistan	2
Albania	4.5
Algeria	6
Andorra	9

Angola	4.5-5
Antigua	8.5
Argentina	5
Armenia	5
Australia	9.5
Austria	9-9.5
Azerbaijan	5
Bahamas	9
Bahrain	7.5
Bangladesh	4.5
Barbados	9
Belarus	4
Belgium	9
Belize	7.5
Benin	5.5
Bhutan	4.5
Bolivia	4.5
Bosnia-Herzegovina	5

Botswana	7.5-8
Brazil	8
Brunei	7
Bulgaria	5.5
Burkina Faso	4
Burma (Myanmar)	4.5
Burundi	4
Cambodia	4.5
Cameroon	5
Canada	9.5
Cape Verde	6
Central African Republic	3
Chad	4
Chile	9
China	7.5
China: Hong Kong	8.5
China: Taiwan	8.5
Colombia	7

Comoros	4
Congo DRC	4
Congo RC	5
Costa Rica	8
Cote d'Ivoire	4.5
Croatia	7
Cuba	4.5
Cyprus	7
Czech Republic	8.5
Denmark	9.5
Djibouti	4.5
Dominica	6
Dominican Republic	6.5
East Timor	4.5
Ecuador	5.5
Egypt	4.5-5
El Salvador	6
Equatorial Guinea	4.5

Eritrea	3.5
Estonia	8
Ethiopia	4.5
Fiji	5
Finland	9
Former Yugoslav Rep. of Macedonia	5
France	9-9.5
Gabon	5.5
Gambia	5
Georgia	5
Germany	9-9.5
Ghana	5.5
Greece	5
Grenada	7.5
Guatemala	5.5
Guinea	3.5
Guinea-Bissau	3.5
Guyana	4.5

Haiti	4
Holy See (Vatican)	n/a
Hong Kong (China)	8.5
Honduras	5.5
Hungary	8
Iceland	8-8.5
India	8
Indonesia	5.5
Iran	4
Iraq	3
Ireland	8
Israel	8.5
Italy	8
Jamaica	5.5
Japan	9.5
Jordan	6
Kazakhstan	6
Kenya	5

Kiribati	5.5
Korea, North	1
Korea, South	9
Kosovo	4.5
Kuwait	8.5
Kyrgyzstan	4.5
Laos	4
Latvia	7
Lebanon	5
Lesotho	5.5
Liberia	3.5
Libya	3
Liechtenstein	9
Lithuania	7.5
Luxembourg	9-9.5
Madagascar	4.5
Malawi	4.5
Malaysia	8.5

Maldives	6.5
Mali	5
Malta	9
Marshall Islands	5
Mauritania	4.5
Mauritius	7.5-8
Mexico	6.5-7
Micronesia	5
Moldova	4.5-5
Monaco	9
Mongolia	5
Montenegro	5.5
Morocco	7.5
Mozambique	5
Namibia	7.5
Nauru	4.5
Nepal	4
Netherlands	9-9.5

New Zealand	9.5
Nicaragua	5
Niger	4.5
Nigeria	4.5
Norway	9-9.5
Oman	8
Pakistan	4
Palau	4.5-5
Panama	7
Papua New Guinea	5
Paraguay	6
Peru	6
Philippines	6
Poland	8
Portugal	7.5-8
Qatar	9
Romania	6-6.5
Russia	6

Rwanda	4
Saint Kitts and Nevis	8
Saint Lucia	8
Saint Vincent and Grenadines	7
Samoa	7
San Marino	8.5
Sao Tome and Principe	4.5-5
Saudi Arabia	7
Senegal	6
Serbia	6
Seychelles	5
Sierra Leone	4
Singapore	9.5
Slovak Republic (Slovakia)	8.5
Slovenia	8.5-9
Solomon Islands	5
Somalia	2
South Africa	8

Spain	7.5-8
Sri Lanka	5.5
Sudan	4
Suriname	5
Swaziland	4.5
Sweden	9.5
Switzerland	9.5
Syria	2.5
Tajikistan	4
Taiwan (China)	8.5
Tanzania	5
Thailand	7.5-8
Togo	4.5-5
Tonga	5.5-6
Trinidad and Tobago	8-8.5
Tunisia	6
Turkey	6.5-7
Turkmenistan	4

Tuvalu	7
Uganda	5
Ukraine	4.5-5
United Arab Emirates	8.5
United Kingdom	9
United States	9
Uruguay	6.5-7
Uzbekistan	4
Vanuatu	6
Venezuela	5
Vietnam	5.5
Yemen	3
Zambia	4.5-5
Zimbabwe	3.5

Editor's Note:

As of 2015, the global economic crisis (emerging in 2008) had affected many countries across the world, resulting in changes to their rankings. Among those countries affected were top tier economies, such as the [United Kingdom](#), [Iceland](#), [Switzerland](#) and [Austria](#). However, in all these cases, their rankings have moved back upward in the last couple of years as anxieties have eased. Other top tier countries, such as [Spain](#), [Portugal](#), [Ireland](#), and [Italy](#), suffered some

effects due to debt woes and the concomitant effect on the euro zone. Greece, another euro zone nation, was also downgraded due to its sovereign debt crisis; however, Greece's position on the precipice of default incurred a sharper downgrade than the other four euro zone countries mentioned above. Cyprus' exposure to Greek bank yielded a downgrade in its case. Slovenia and [Latvia](#) have been slightly downgraded due to a mix of economic and political concerns but could easily be upgraded in a future assessment, should these concerns abate. Meanwhile, the crisis in eastern [Ukraine](#) fueled downgrades in that country and neighboring [Russia](#).

Despite the "trifecta of tragedy" in [Japan](#) in 2011 -- the earthquake, the ensuing tsunami, and the resulting nuclear crisis -- and the appreciable destabilization of the economic and political terrain therein, this country has only slightly been downgraded. Japan's challenges have been assessed to be transient, the government remains accountable, and there is little risk of default. Both [India](#) and China retain their rankings; [India](#) holds a slightly higher ranking than [China](#) due to its record of democratic representation and accountability.

There were shifts in opposite directions for [Mali](#) and [Nigeria](#) versus the [Central African Republic](#), [Burkina Faso](#), and [Burundi](#). [Mali](#) was slightly upgraded due to its efforts to return to constitutional order following the 2012 coup and to neutralize the threat of separatists and Islamists. Likewise, a new government in [Nigeria](#) generated a slight upgrade as the country attempts to confront corruption, crime, and terrorism. But the [Central African Republic](#) was downgraded due to the takeover of the government by Seleka rebels and the continued decline into lawlessness in that country. Likewise, the attempts by the leaders of [Burundi](#) and [Burkina Faso](#) to hold onto power by by-passing the constitution raised eyebrows and resulted in downgrades.

Political unrest in [Libya](#) and [Algeria](#) have contributed to a decision to marginally downgrade these countries as well. [Syria](#) incurred a sharper downgrade due to the devolution into de facto civil war and the dire security threat posed by Islamist terrorists. [Iraq](#) saw a similar downgrade as a result of the takeover of wide swaths of territory and the threat of genocide at the hands of Islamist terrorists. [Yemen](#), likewise, has been downgraded due to political instability at the hands of secessionists, terrorists, Houthi rebels, and the intervention of external parties. Conversely, [Egypt](#) and [Tunisia](#) saw slight upgrades as their political environments stabilize.

At the low end of the spectrum, devolving security conditions and/or economic crisis have resulted in countries like [Pakistan](#), [Afghanistan](#), [Somalia](#), and [Zimbabwe](#) maintaining their low ratings.

The [United States](#) continues to retain its previous slight downgrade due to the enduring threat of default surrounding the debt ceiling in that country, matched by a conflict-ridden political climate. In the case of [Mexico](#), there is limited concern about default, but increasing alarm over the security situation in that country and the government's ability to contain it. In [Argentina](#), a default to bond holders resulted in a downgrade to that country. Finally, a small but significant upgrade was attributed to [Cuba](#) due to its recent pro-business reforms and its normalization of ties with the

United States.

Source:

CountryWatch Inc. www.countrywatch.com

Updated:

2015

Corruption Perceptions Index

Corruption Perceptions Index

Transparency International: [Corruption Perceptions Index](#)

Editor's Note:

Transparency International's [Corruption Perceptions Index](#) is a composite index which ranks countries in terms of the degree to which corruption is perceived to exist among public officials. This index indicates the views of national and international business people and analysts about the levels of corruption in each country. The highest (and best) level of transparency is indicated by the number, 10. The lower (and worse) levels of transparency are indicated by lower numbers.

Rank	Country/Territory	CPI 2009 Score	Surveys Used	Confidence Range
1	New Zealand	9.4	6	9.1 - 9.5
2	Denmark	9.3	6	9.1 - 9.5
3	Singapore	9.2	9	9.0 - 9.4
3	Sweden	9.2	6	9.0 - 9.3

5	Switzerland	9.0	6	8.9 - 9.1
6	Finland	8.9	6	8.4 - 9.4
6	Netherlands	8.9	6	8.7 - 9.0
8	Australia	8.7	8	8.3 - 9.0
8	Canada	8.7	6	8.5 - 9.0
8	Iceland	8.7	4	7.5 - 9.4
11	Norway	8.6	6	8.2 - 9.1
12	Hong Kong	8.2	8	7.9 - 8.5
12	Luxembourg	8.2	6	7.6 - 8.8
14	Germany	8.0	6	7.7 - 8.3
14	Ireland	8.0	6	7.8 - 8.4
16	Austria	7.9	6	7.4 - 8.3
17	Japan	7.7	8	7.4 - 8.0
17	United Kingdom	7.7	6	7.3 - 8.2
19	United States	7.5	8	6.9 - 8.0
20	Barbados	7.4	4	6.6 - 8.2
21	Belgium	7.1	6	6.9 - 7.3
22	Qatar	7.0	6	5.8 - 8.1

22	Saint Lucia	7.0	3	6.7 - 7.5
24	France	6.9	6	6.5 - 7.3
25	Chile	6.7	7	6.5 - 6.9
25	Uruguay	6.7	5	6.4 - 7.1
27	Cyprus	6.6	4	6.1 - 7.1
27	Estonia	6.6	8	6.1 - 6.9
27	Slovenia	6.6	8	6.3 - 6.9
30	United Arab Emirates	6.5	5	5.5 - 7.5
31	Saint Vincent and the Grenadines	6.4	3	4.9 - 7.5
32	Israel	6.1	6	5.4 - 6.7
32	Spain	6.1	6	5.5 - 6.6
34	Dominica	5.9	3	4.9 - 6.7
35	Portugal	5.8	6	5.5 - 6.2
35	Puerto Rico	5.8	4	5.2 - 6.3
37	Botswana	5.6	6	5.1 - 6.3
37	Taiwan	5.6	9	5.4 - 5.9
39	Brunei Darussalam	5.5	4	4.7 - 6.4
39	Oman	5.5	5	4.4 - 6.5

39	Korea (South)	5.5	9	5.3 - 5.7
42	Mauritius	5.4	6	5.0 - 5.9
43	Costa Rica	5.3	5	4.7 - 5.9
43	Macau	5.3	3	3.3 - 6.9
45	Malta	5.2	4	4.0 - 6.2
46	Bahrain	5.1	5	4.2 - 5.8
46	Cape Verde	5.1	3	3.3 - 7.0
46	Hungary	5.1	8	4.6 - 5.7
49	Bhutan	5.0	4	4.3 - 5.6
49	Jordan	5.0	7	3.9 - 6.1
49	Poland	5.0	8	4.5 - 5.5
52	Czech Republic	4.9	8	4.3 - 5.6
52	Lithuania	4.9	8	4.4 - 5.4
54	Seychelles	4.8	3	3.0 - 6.7
55	South Africa	4.7	8	4.3 - 4.9
56	Latvia	4.5	6	4.1 - 4.9
56	Malaysia	4.5	9	4.0 - 5.1
56	Namibia	4.5	6	3.9 - 5.1

56	Samoa	4.5	3	3.3 - 5.3
56	Slovakia	4.5	8	4.1 - 4.9
61	Cuba	4.4	3	3.5 - 5.1
61	Turkey	4.4	7	3.9 - 4.9
63	Italy	4.3	6	3.8 - 4.9
63	Saudi Arabia	4.3	5	3.1 - 5.3
65	Tunisia	4.2	6	3.0 - 5.5
66	Croatia	4.1	8	3.7 - 4.5
66	Georgia	4.1	7	3.4 - 4.7
66	Kuwait	4.1	5	3.2 - 5.1
69	Ghana	3.9	7	3.2 - 4.6
69	Montenegro	3.9	5	3.5 - 4.4
71	Bulgaria	3.8	8	3.2 - 4.5
71	FYR Macedonia	3.8	6	3.4 - 4.2
71	Greece	3.8	6	3.2 - 4.3
71	Romania	3.8	8	3.2 - 4.3
75	Brazil	3.7	7	3.3 - 4.3
75	Colombia	3.7	7	3.1 - 4.3

75	Peru	3.7	7	3.4 - 4.1
75	Suriname	3.7	3	3.0 - 4.7
79	Burkina Faso	3.6	7	2.8 - 4.4
79	China	3.6	9	3.0 - 4.2
79	Swaziland	3.6	3	3.0 - 4.7
79	Trinidad and Tobago	3.6	4	3.0 - 4.3
83	Serbia	3.5	6	3.3 - 3.9
84	El Salvador	3.4	5	3.0 - 3.8
84	Guatemala	3.4	5	3.0 - 3.9
84	India	3.4	10	3.2 - 3.6
84	Panama	3.4	5	3.1 - 3.7
84	Thailand	3.4	9	3.0 - 3.8
89	Lesotho	3.3	6	2.8 - 3.8
89	Malawi	3.3	7	2.7 - 3.9
89	Mexico	3.3	7	3.2 - 3.5
89	Moldova	3.3	6	2.7 - 4.0
89	Morocco	3.3	6	2.8 - 3.9
89	Rwanda	3.3	4	2.9 - 3.7

95	Albania	3.2	6	3.0 - 3.3
95	Vanuatu	3.2	3	2.3 - 4.7
97	Liberia	3.1	3	1.9 - 3.8
97	Sri Lanka	3.1	7	2.8 - 3.4
99	Bosnia and Herzegovina	3.0	7	2.6 - 3.4
99	Dominican Republic	3.0	5	2.9 - 3.2
99	Jamaica	3.0	5	2.8 - 3.3
99	Madagascar	3.0	7	2.8 - 3.2
99	Senegal	3.0	7	2.5 - 3.6
99	Tonga	3.0	3	2.6 - 3.3
99	Zambia	3.0	7	2.8 - 3.2
106	Argentina	2.9	7	2.6 - 3.1
106	Benin	2.9	6	2.3 - 3.4
106	Gabon	2.9	3	2.6 - 3.1
106	Gambia	2.9	5	1.6 - 4.0
106	Niger	2.9	5	2.7 - 3.0
111	Algeria	2.8	6	2.5 - 3.1
111	Djibouti	2.8	4	2.3 - 3.2

111	Egypt	2.8	6	2.6 - 3.1
111	Indonesia	2.8	9	2.4 - 3.2
111	Kiribati	2.8	3	2.3 - 3.3
111	Mali	2.8	6	2.4 - 3.2
111	Sao Tome and Principe	2.8	3	2.4 - 3.3
111	Solomon Islands	2.8	3	2.3 - 3.3
111	Togo	2.8	5	1.9 - 3.9
120	Armenia	2.7	7	2.6 - 2.8
120	Bolivia	2.7	6	2.4 - 3.1
120	Ethiopia	2.7	7	2.4 - 2.9
120	Kazakhstan	2.7	7	2.1 - 3.3
120	Mongolia	2.7	7	2.4 - 3.0
120	Vietnam	2.7	9	2.4 - 3.1
126	Eritrea	2.6	4	1.6 - 3.8
126	Guyana	2.6	4	2.5 - 2.7
126	Syria	2.6	5	2.2 - 2.9
126	Tanzania	2.6	7	2.4 - 2.9
130	Honduras	2.5	6	2.2 - 2.8

130	Lebanon	2.5	3	1.9 - 3.1
130	Libya	2.5	6	2.2 - 2.8
130	Maldives	2.5	4	1.8 - 3.2
130	Mauritania	2.5	7	2.0 - 3.3
130	Mozambique	2.5	7	2.3 - 2.8
130	Nicaragua	2.5	6	2.3 - 2.7
130	Nigeria	2.5	7	2.2 - 2.7
130	Uganda	2.5	7	2.1 - 2.8
139	Bangladesh	2.4	7	2.0 - 2.8
139	Belarus	2.4	4	2.0 - 2.8
139	Pakistan	2.4	7	2.1 - 2.7
139	Philippines	2.4	9	2.1 - 2.7
143	Azerbaijan	2.3	7	2.0 - 2.6
143	Comoros	2.3	3	1.6 - 3.3
143	Nepal	2.3	6	2.0 - 2.6
146	Cameroon	2.2	7	1.9 - 2.6
146	Ecuador	2.2	5	2.0 - 2.5
146	Kenya	2.2	7	1.9 - 2.5

146	Russia	2.2	8	1.9 - 2.4
146	Sierra Leone	2.2	5	1.9 - 2.4
146	Timor-Leste	2.2	5	1.8 - 2.6
146	Ukraine	2.2	8	2.0 - 2.6
146	Zimbabwe	2.2	7	1.7 - 2.8
154	Côte d'Ivoire	2.1	7	1.8 - 2.4
154	Papua New Guinea	2.1	5	1.7 - 2.5
154	Paraguay	2.1	5	1.7 - 2.5
154	Yemen	2.1	4	1.6 - 2.5
158	Cambodia	2.0	8	1.8 - 2.2
158	Central African Republic	2.0	4	1.9 - 2.2
158	Laos	2.0	4	1.6 - 2.6
158	Tajikistan	2.0	8	1.6 - 2.5
162	Angola	1.9	5	1.8 - 1.9
162	Congo Brazzaville	1.9	5	1.6 - 2.1
162	Democratic Republic of Congo	1.9	5	1.7 - 2.1
162	Guinea-Bissau	1.9	3	1.8 - 2.0
162	Kyrgyzstan	1.9	7	1.8 - 2.1

162	Venezuela	1.9	7	1.8 - 2.0
168	Burundi	1.8	6	1.6 - 2.0
168	Equatorial Guinea	1.8	3	1.6 - 1.9
168	Guinea	1.8	5	1.7 - 1.8
168	Haiti	1.8	3	1.4 - 2.3
168	Iran	1.8	3	1.7 - 1.9
168	Turkmenistan	1.8	4	1.7 - 1.9
174	Uzbekistan	1.7	6	1.5 - 1.8
175	Chad	1.6	6	1.5 - 1.7
176	Iraq	1.5	3	1.2 - 1.8
176	Sudan	1.5	5	1.4 - 1.7
178	Myanmar	1.4	3	0.9 - 1.8
179	Afghanistan	1.3	4	1.0 - 1.5
180	Somalia	1.1	3	0.9 - 1.4

Methodology:

As noted above, the highest (and best) level of transparency with the least perceived corruption is indicated by the number, 10. The lower (and worse) levels of transparency are indicated by lower numbers.

According to Transparency International, the [Corruption Perceptions Index](#) (CPI) table shows a

country's ranking and score, the number of surveys used to determine the score, and the confidence range of the scoring.

The rank shows how one country compares to others included in the index. The CPI score indicates the perceived level of public-sector corruption in a country/territory.

The CPI is based on 13 independent surveys. However, not all surveys include all countries. The surveys used column indicates how many surveys were relied upon to determine the score for that country.

The confidence range indicates the reliability of the CPI scores and tells us that allowing for a margin of error, we can be 90% confident that the true score for this country lies within this range.

Note:

Kosovo, which separated from the Yugoslav successor state of [Serbia](#), is not listed above. No calculation is available for [Kosovo](#) at this time, however, a future corruption index by Transparency International may include the world's newest country in its tally. Taiwan has been listed above despite its contested status; while Taiwan claims sovereign status, [China](#) claims ultimate jurisdiction over Taiwan. Hong Kong, which is also under the rubric of Chinese sovereignty, is listed above. Note as well that Puerto Rico, which is a [United States](#) domain, is also included in the list above. These inclusions likely have to do with the size and fairly autonomous status of their economies.

Source:

Transparency International's Corruption Perception Index; available at URL: <http://www.transparency.org>

Updated:

Uploaded in 2011 using most recent ranking available; reviewed in 2015.

Competitiveness Ranking

Competitiveness Ranking

Editor's Note:

The Global Competitiveness Report's competitiveness ranking is based on the Global Competitiveness Index (GCI), which was developed for the World Economic Forum. The GCI is based on a number of competitiveness considerations, and provides a comprehensive picture of the competitiveness landscape in countries around the world. The competitiveness considerations are: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation. The rankings are calculated from both publicly available data and the Executive Opinion Survey.

Country/Economy	GCI 2010 Rank	GCI 2010 Score	GCI 2009 Rank	Change 2009-2010
Switzerland	1	5.63	1	0
Sweden	2	5.56	4	2
Singapore	3	5.48	3	0
United States	4	5.43	2	-2
Germany	5	5.39	7	2
Japan	6	5.37	8	2
Finland	7	5.37	6	-1
Netherlands	8	5.33	10	2
Denmark	9	5.32	5	-4
Canada	10	5.30	9	-1
Hong Kong SAR	11	5.30	11	0
United Kingdom	12	5.25	13	1

Taiwan, China	13	5.21	12	-1
Norway	14	5.14	14	0
France	15	5.13	16	1
Australia	16	5.11	15	-1
Qatar	17	5.10	22	5
Austria	18	5.09	17	-1
Belgium	19	5.07	18	-1
Luxembourg	20	5.05	21	1
Saudi Arabia	21	4.95	28	7
Korea, Rep.	22	4.93	19	-3
New Zealand	23	4.92	20	-3
Israel	24	4.91	27	3
United Arab Emirates	25	4.89	23	-2
Malaysia	26	4.88	24	-2
China	27	4.84	29	2
Brunei Darussalam	28	4.75	32	4
Ireland	29	4.74	25	-4
Chile	30	4.69	30	0

Iceland	31	4.68	26	-5
Tunisia	32	4.65	40	8
Estonia	33	4.61	35	2
Oman	34	4.61	41	7
Kuwait	35	4.59	39	4
Czech Republic	36	4.57	31	-5
Bahrain	37	4.54	38	1
Thailand	38	4.51	36	-2
Poland	39	4.51	46	7
Cyprus	40	4.50	34	-6
Puerto Rico	41	4.49	42	1
Spain	42	4.49	33	-9
Barbados	43	4.45	44	1
Indonesia	44	4.43	54	10
Slovenia	45	4.42	37	-8
Portugal	46	4.38	43	-3
Lithuania	47	4.38	53	6
Italy	48	4.37	48	0

Montenegro	49	4.36	62	13
Malta	50	4.34	52	2
India	51	4.33	49	-2
Hungary	52	4.33	58	6
Panama	53	4.33	59	6
South Africa	54	4.32	45	-9
Mauritius	55	4.32	57	2
Costa Rica	56	4.31	55	-1
Azerbaijan	57	4.29	51	-6
Brazil	58	4.28	56	-2
Vietnam	59	4.27	75	16
Slovak Republic	60	4.25	47	-13
Turkey	61	4.25	61	0
Sri Lanka	62	4.25	79	17
Russian Federation	63	4.24	63	0
Uruguay	64	4.23	65	1
Jordan	65	4.21	50	-15
Mexico	66	4.19	60	-6

Romania	67	4.16	64	-3
Colombia	68	4.14	69	1
Iran	69	4.14	n/a	n/a
Latvia	70	4.14	68	-2
Bulgaria	71	4.13	76	5
Kazakhstan	72	4.12	67	-5
Peru	73	4.11	78	5
Namibia	74	4.09	74	0
Morocco	75	4.08	73	-2
Botswana	76	4.05	66	-10
Croatia	77	4.04	72	-5
Guatemala	78	4.04	80	2
Macedonia, FYR	79	4.02	84	5
Rwanda	80	4.00	n/a	n/a
Egypt	81	4.00	70	-11
El Salvador	82	3.99	77	-5
Greece	83	3.99	71	-12
Trinidad and Tobago	84	3.97	86	2

Philippines	85	3.96	87	2
Algeria	86	3.96	83	-3
Argentina	87	3.95	85	-2
Albania	88	3.94	96	8
Ukraine	89	3.90	82	-7
Gambia, The	90	3.90	81	-9
Honduras	91	3.89	89	-2
Lebanon	92	3.89	n/a	n/a
Georgia	93	3.86	90	-3
Moldova	94	3.86	n/a	n/a
Jamaica	95	3.85	91	-4
Serbia	96	3.84	93	-3
Syria	97	3.79	94	-3
Armenia	98	3.76	97	-1
Mongolia	99	3.75	117	18
Libya	100	3.74	88	-12
Dominican Republic	101	3.72	95	-6
Bosnia and Herzegovina	102	3.70	109	7

Benin	103	3.69	103	0
Senegal	104	3.67	92	-12
Ecuador	105	3.65	105	0
Kenya	106	3.65	98	-8
Bangladesh	107	3.64	106	-1
Bolivia	108	3.64	120	12
Cambodia	109	3.63	110	1
Guyana	110	3.62	104	-6
Cameroon	111	3.58	111	0
Nicaragua	112	3.57	115	3
Tanzania	113	3.56	100	-13
Ghana	114	3.56	114	0
Zambia	115	3.55	112	-3
Tajikistan	116	3.53	122	6
Cape Verde	117	3.51	n/a	n/a
Uganda	118	3.51	108	-10
Ethiopia	119	3.51	118	-1
Paraguay	120	3.49	124	4

Kyrgyz Republic	121	3.49	123	2
Venezuela	122	3.48	113	-9
Pakistan	123	3.48	101	-22
Madagascar	124	3.46	121	-3
Malawi	125	3.45	119	-6
Swaziland	126	3.40	n/a	n/a
Nigeria	127	3.38	99	-28
Lesotho	128	3.36	107	-21
Côte d'Ivoire	129	3.35	116	-13
Nepal	130	3.34	125	-5
Mozambique	131	3.32	129	-2
Mali	132	3.28	130	-2
Timor-Leste	133	3.23	126	-7
Burkina Faso	134	3.20	128	-6
Mauritania	135	3.14	127	-8
Zimbabwe	136	3.03	132	-4
Burundi	137	2.96	133	-4
Angola	138	2.93	n/a	n/a

Chad	139	2.73	131	-8
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Methodology:

The competitiveness rankings are calculated from both publicly available data and the Executive Opinion Survey, a comprehensive annual survey conducted by the World Economic Forum together with its network of Partner Institutes (leading research institutes and business organizations) in the countries covered by the Report.

Highlights according to WEF --

- The [United States](#) falls two places to fourth position, overtaken by [Sweden](#) and [Singapore](#) in the rankings of the World Economic Forum's Global Competitiveness Report 2010-2011
- The People's Republic of [China](#) continues to move up the rankings, with marked improvements in several other Asian countries
- [Germany](#) moves up two places to fifth place, leading the Eurozone countries
- [Switzerland](#) tops the rankings

Source:

World Economic Forum; available at URL: <http://www.weforum.org>

Updated:

2011 using most recent ranking available; reviewed in 2015.

Taxation

Corporate tax

At present that standard corporate tax rate is 33 percent. This rate of 33 percent includes a 30 percent corporate income tax and a 3 percent local tax. Anticipated tax reform in the next few

years is expected to lower the standard rate to approximately 25 percent.

Individual tax

Individual taxes are subject to progressive rates as high as 45 percent.

Capital gains

Capital gains for companies are generally taxed as income. Individuals incur a 20 percent tax on gains although they are exempt from gains on sales of domestic homes occupied for at least five years. There is also a 10 percent withholding tax that applies to net capital gains from the transfer of shares or equity interest in enterprises in China held by foreign entities.

Indirect tax

There is a value-added tax (VAT), which applies to most products at a rate of 17 percent. A lower VAT rate of 13 percent applies to certain items such as water, agricultural items, cooking oil, publications. Small enterprises incur a 6 percent VAT. A zero rate applies to exports. rate applies to small enterprises. Exports basically are zero-rated and exporters may apply for a refund of VAT. There is also a business tax ranging from 3-20 percent, which applies to some services, such as entertainment, property sales, insurance, construction. There is an exemption from the business tax relating to royalties paid for technology transfers.

Notes

1. Those enterprises located in special economic zones (Shenzhen, Zhuhai, Shantou, Xiamen, and Hainan Province) receive a reduced income tax rate. A reduced income tax rate also applies to foreign production and manufacturing enterprises in the Pudong development zone in Shanghai and in the 14 open cities (Beihai, Dalian, Fuzhou, Guangzhou, Lianyungang, Nantong, Ningbo, Qingdao, Qinhuangdao, Shanghai, Tianjin, Wenzhou, Yantai, and Zhanjiang) and to all infrastructure projects. A lower rate additional applies to foreign production and manufacturing enterprises in the coastal open economic regions (Liaodong and Shandong Peninsulas, the Chiangjiang and Pearl river deltas, and Southern Fijian) and the 14 open cities, provincial capitals, and cities of Changjiang.

2. Foreign investors sometimes may have to negotiate incentives and benefits directly with the relevant government authorities; these incentives and benefits may not be automatically conferred.

The incentives available include significant reductions in national and local income taxes, land fees, import and export duties, and priority treatment in obtaining basic infrastructure services. The Chinese authorities have also established special preferences for projects involving high-tech and export-oriented investments. Priority sectors include transportation, communications, energy, metallurgy, construction materials, machinery, chemicals, pharmaceuticals, medical equipment and electronics.

3. As part of a national campaign to standardize tax treatment and increase collection rates, the State Taxation Administration began work on a planned unification of the tax system in 1998. China's weak trade performance during most of 1999, however, put this process on temporary hold. State Taxation Administration officials were planning to eventually phase out VAT rebates to increase tax revenues. Comprehensive tax reform is slated to be passed in 2007 and implemented in 2008.

Stock Market

The Stock Exchange of Hong Kong was incorporated in 1980, and has become the seventh largest market in the world.

At the end of the 1990s, China's stock exchanges had 950 listed companies.

100 percent foreign investment is limited to B- and H-class shares. A 20 percent withholding tax applies to dividends. There are no restrictions on foreign investors except in regards to shares of Television Broadcast Ltd. of which no individual may hold 10 percent and total foreign ownership is limited to 49 percent. There are no withholding taxes on capital gains, dividends or interest.

Foreign individuals are limited to \$5 million in investments per year. Institutional investors must be a major bank, insurance company, financial institution, or securities firm and must meet specific requirements of the Securities and Futures Commission.

The ceiling on foreign ownership of total market capitalization is 25 percent; foreign ownership of shipping companies is 49 percent; and the foreign investment capital ceiling is 10 percent. A 20 percent withholding tax applies to interest, and there is a 35 percent withholding tax on dividends. Repatriation of capital and earnings is unrestricted.

For more information on the different Chinese stock exchanges, see the URLs for:

- Shanghai Stock Exchange <http://www.sse.com.cn/>
- Shanghai Stock Exchange <http://www.sse.com.cn/>
- Shenzhen Stock Exchange <http://www.sse.org.cn/>
- Taiwan Stock Exchange <http://www.tse.com.tw/>

The Stock Exchange of Hong Kong <http://www.sehk.com.hk/index.htm>

Partner Links

Partner Links

Chapter 5

Social Overview

People

Cultural Demography

China is the largest country in Asia and has the largest population -- 1.3 billion -- in the world. China is also a multinational country, with the Han Chinese as the largest ethnic group which constitutes about 92 percent of the total population. The Zhuang are the largest minority group in China with a population of about 16 million, and most of them live in the Zhuang autonomous region of Guangxi. There are about 50 other minority groups spread across the country, and most of these groups are found in south and southwestern provinces of China.

Language

With the Han Chinese far outnumbering the minority groups, the population of China is formed with a homogeneous mass of people sharing the same culture, the same traditions and the same written language. There are seven major Chinese dialects and many sub-dialects. The predominant dialect is Mandarin Chinese spoken by over 70 percent of the population and it is the medium of government. About two-thirds of the Han Chinese are native speakers of Mandarin, and the rest who live in southwest and southeast China speak one of the six other major Chinese dialects. Non-Chinese languages spoken widely by ethnic minorities include Mongolian, Tibetan, Uygur and other Turkic languages (in Xinjiang), and Korean (in the Northeast). China adopts the pinyin system using Roman letters for spelling Chinese names and places as well as a pronunciation tool for learning the Chinese characters.

Religion

China is officially an atheist country. Religious practice in China, however, is a more complicated consideration. For example, while the Chinese Constitution affirms religious tolerance, the government simultaneously places restrictions on certain types of religious practice. In everyday life in China, Buddhism is regarded as the most widely practiced religion in China with an estimated 100 million adherents. Other religions in China include Islam and Christianity. As well, Daoism (Taoism) -- a traditional religion and an ideological belief system -- has been

practiced historically and endures today.

Population

The country's population growth control has been a major task for the Chinese government for several decades. In 1970 China initiated a strict birth control program aimed at late marriage and family limitation, and it culminated in 1979 with implementing a policy of one child per family. The government's efforts in birth control seem rather effective since the initiation of the program. China's population growth rate now is 0.6 percent, which is unusually low for a developing country. Nevertheless, its huge size of the population still results in a large annual net population growth. The country's overall birth rate is 13.14 births per 1,000, according to most recent estimates, while the death rate is 6.94 deaths per 1,000. Recent statistics state that the fertility rate is 1.72 children born per woman.

Human Development

The population of China has a healthy life expectancy of 72.27 years, with some differences attributed to gender. Among men, life expectancy is 70.65 years and among women, life expectancy is 74.09 years, as noted by recent estimates. Meanwhile, the infant mortality rate in China is 24.18 deaths per 1,000 live births. In terms of literacy, 92 percent of the overall population, age 15 and over, can read and write, with some differences attributed to gender. Among men, the literacy rate is 95.1 percent; among women, it is 86.5 percent. About 4.6 percent of GDP is spent on health expenditures. Access to water is very good; however, sanitation can be a problem in select areas of the country.

One notable indicator used to measure a country's quality of life is the Human Development Index (HDI), which has been compiled annually since 1990 by the United Nations Development Programme (UNDP). The HDI is a composite of several indicators, which measure a country's achievements in three main arenas of human development: longevity, knowledge and education, as well as economic standard of living. In a recent ranking of 169 countries and territories, the HDI placed China in the medium human development category, at 89th place.

Note: Although the concept of human development is complicated and cannot be properly captured by values and indices, the HDI, which is calculated and updated annually, offers a wide-ranging assessment of human development in certain countries, not based solely upon traditional economic and financial indicators.

Special Entry:

China in Transition: Poverty, Development and Economic Reform

Since the late 1970s, China has been undergoing a process of economic transformation as the country moves from a command economy to one that is market-oriented, and from an agriculturally-based society toward one that is increasingly urbanized and industrialized. As China has traversed this path, it has also implemented economic reforms and more market-friendly policies. These reforms and policies had a positive effect on the economies in both urban and rural China, with the country boasting of significant economic achievements. At the same time, there have been societal and economic challenges which have presented themselves as a consequence of this process of transformation.

Since the late 1970s China has enjoyed real GDP growth of approximately 9 percent annually as well as the quadrupling of per capita income. This record of growth has had the effect of moving many millions of people out of poverty. Indeed, over a 20-year horizon, China accounted for a full 75 percent of poverty reduction across the world. The number of people living under the poverty line was significantly reduced from 200 million in the early 1980s to less than half that number by the mid-1990s. Meanwhile, over a 10-year span from 1990 to 2000, although the total population in China rose by more than 125 million, the number of people living on only a dollar per day dropped by 170 million.

Across China, there has also been a measurable improvement of human development indicators. As noted above, the population of China has a healthy life expectancy of 72.27 years, according to recent estimates. As of 2005, the infant mortality rate in China was 24.18 deaths per 1,000 live births – a steadily improved rate when compared with the rate of 30 deaths per 1,000 live births in 2002 and 41 deaths per 1,000 live births in the late 1970s. Meanwhile, in terms of literacy, 90.9 percent of the overall population, age 15 and over, can read and write, with some differences attributed to gender. These rates of literacy show a marked improvement when compared with statistics showing an overall literacy rate of around 63 percent in the late 1970s. The Human Development Index ranking for China has also improved over the years – again, as noted above.

Nevertheless, China is still faced with a number of challenges. One notable concern has been the matter of regional disparity. In the interior regions and in the western part of the country, which have limited resources and which are geographically distant from the more populous south and east, poverty has been a reality, along with limited infrastructure and services. In some areas of the interior and west, potable water is difficult to access, arable land is limited and there are insufficient health services and schools. In some cases, consumption levels are less than a dollar a day, illustrating that while strong development achievements have occurred generally in China, in certain regions, poverty remains as a rather intractable problem. The government's earlier policies, which concentrated on actively concentrating on development in the industrial northeast and the

more commercialized south and southeast, have, in many senses, exacerbated the regional disparities. Indeed, going back several decades to the late 1940s, more than 70 percent of China's industrial development had been concentrated in coastal regions.

The regional disparities are superseded by the rural-urban divide as the major contributor to growing inequity in China. Generally, urban workers have enjoyed higher income than rural counterparts. As shown by the data in the China Annual Statistical Book, a large city like Shanghai boasts annual income that is significantly higher than other regions. Likewise, the average annual income in the eastern province of Jiangsu has typically been far more than that of the western province of Guizhou. Indeed, in 1996, Jiangsu had more than four times the income level than Guizhou. That said, from the 1980s to the 1990s, there was an overall increase in income distribution in rural areas which cannot be ignored. Still, that increase was comparatively smaller than the rise in income seen in urban areas – in fact amounting to around 40 percent of urban income. Income differences present only a partial view of the rural-urban divide. Urban residents often benefit from a host of government subsidies and quality of life improvements that rural residents do not enjoy. For example, urban dwellers receive low-cost capital for urban enterprises, they enjoy better benefit plans from employers including social insurance and subsidized housing, and they have easier access to better quality medical facilities. In these ways, rural dwellers have typically been more likely to be vulnerable to poverty when compared with urban dwellers.

Poverty in China, however, cannot be easily dichotomized into regions, nor can it be considered in binary urban versus rural terms. In fact, China is being faced with the emergence of urban poverty, a feature that may be directly related to the country's rapid level of growth and the associated problem of income inequality. In some areas of rapid growth, incomes have increased exponentially, leading to increased savings. One of the effects of the aforementioned rise in income levels has been a concurrent increase in bank savings. Urban and rural residents of China apparently increased their savings from the 1970s to the 1990s by over 71 percent. But media attention on these increases in incomes and associated savings, which have been charted over the course of decades, often overshadow the marked increases in urban poverty that has been occurring in recent years.

Although the Chinese government has moved the economy in a direction for integration with the global spectrum, it has simultaneously attempted to maintain certain interests of a planned economy, such as egalitarianism. However, the reality has been that economic reforms have given rise to quite a broad degree of income disparity. As might be expected, there are income disparities between residents of rural and urban areas, and across regions, but there are also income disparities within and among urban residents.

Specific changes, such as the fiscal decentralization, have effectively limited the central government's ability to redistribute financial resources to areas more plagued by poverty, such as the western and interior provinces. These features are not limited to the realm of the economic and

financial system of China, but also extend into the area of culture and ethos. Despite the government's efforts to hold on to ideas of egalitarianism and communal values, as the economy moves in a more competitive direction, there has been a gradual shift toward an appreciation for individualism. The burgeoning notion of individualism cross-cuts prevailing socialist conceptions of shared prosperity. As such, a more complex -- and often contradictory -- set of interests are advancing across China, resulting in a tension between traditional and newly-emerging cultural values. Complicating matters has also been the problem of unemployment – a condition that simply was not present under the traditional socialist framework.

The conventional wisdom has been that reforms, including the closures of many state-owned enterprises with over-weighted workforces, in conjunction with reduced social welfare provisions, and the effects of market policies, have collectively contributed to rising urban poverty. The downsizing of mega-enterprises has often resulted in an influx of unemployed workers from remote regions to highly-populated urban centers, which add to the level of unemployed already there. Indeed, the closure of state-owned enterprises in cities has also resulted in an increase in the ranks of idle and unemployed workers. Meanwhile, the conversion of farmland for commercial and industrial use has spurred an increase in people being forced to migrate to urban centers. In fact, there has been a marked decrease in the number of people living in farmland and other rural areas as a result. The overall increase in the number of people simply living in urban areas --with low incomes or none at all -- has resulted in an a relative increase in the level of poverty in cities.

These features of socioeconomic dislocation are compounded by the fact that there is a reduced safety net characterized by fewer services paid for by the government (including reforms to the social security system), as well as uncertainty associated with market forces, not to mention inflation rates which deleteriously affect how far resources can go, and thus lower overall standards of living. As a consequence, there has been an upsurge in urban poverty.

A study by Xin Meng, Robert Gregory and Youjuan Wang looked at cross-sectional household survey data from 1986 to 2000, and charted changes in income, inequality and poverty over that period in order to capture some of the determinants of poverty in China. The study revealed that the increase in poverty in the 1990s appeared to be linked with increases in the relative food price. It also attributed increases in poverty to the emerging need to expend finances on social welfare provisions, such as education, medical care and housing, all of which were previously provided by the state prior to the implementation of economic reforms. The study also factored into the equation the rising uncertainty of income and instability associated with the broader global market place, illustrated in the effects of certain measures, such as the deregulation of grain prices. Interestingly, there was an increase in the savings rate among the poor, which appeared to be linked with this climate of uncertainty. That is to say, the economic anxieties of poorer people may well have spurred them to save what few resources they have available. By saving portions of their income and having to spend more for services previously provided by the state, their overall standard of living was severely compromised.

Indeed, based on the findings of the aforementioned study, it would seem that even though increases in income levels normally reduces poverty, such an effect has been offset by the reforms of the 1990s to the extent that urban poverty was higher in 2000 than it was in 1986. Clearly, one possible conclusion that can be drawn is that whereas poverty has overall been reduced over a period of decades, economic reforms have spurred other socio-economic challenges, such as the emergence of urban poverty, as well as the amplification of inequity. By way of illustration, the World Bank has noted that despite the monumental success China has had (as noted above) in moving people out of poverty, the country must now confront the prevalence of inequality, the varying rates of development and prosperity which stress the texture and levels of inequality even further, and the widening chasm between skilled and unskilled workers in a more global and sophisticated marketplace.

The prevailing theory has been that market economies invariably involve inequality and income disparity by virtue of the competitive thrust. The degree of inequality and disparity might well be exacerbated in economies undergoing rapid transitions from command systems to more open market-based structures. Moreover, in a country like China, which is undergoing economic development and transformation to the market model, and with many workers displaced in some way, it is almost impossible to ensure that there is ubiquitous and equal prosperity achieved at reasonably the same rate. Still, a failure to address the growing gap between those who are prospering and those who are not might well produce certain societal stresses, which could adversely affect socio-cultural stability. With these potential ramifications in mind, it is not difficult to understand why the government of China has been trying to implement poverty alleviation plans, as well programs oriented toward providing equal opportunity for its citizenry.

In order to move forward with poverty alleviation and in order to the provision of services across the entire country, China must consider systemic reform to accompany ongoing economic reform. That is to say, in addition to opening the economy in keeping with market principles, if China wishes to adhere to the notion of fairly equitable living standards, then it will have to improve services in certain regions and in impoverished enclaves. To this end, there has been some narrowing of the gap between rural and urban areas, and across regions in recent years, but mostly in the realms of educational and medical services and institutions. Nevertheless, as it goes about the task of reforming the financial sector and making state-owned enterprises more efficient, China must simultaneously consider the socio-economic and cultural effects.

China's 10th "Five Year Plan," aimed at economic and social development from 2001 through 2005, calls for economic growth, restructuring and reform of state-owned enterprises as well as the financial system and legal infrastructure, encouragement of private investment among other initiatives targeted toward integration in the world economy. The plan, however, also includes initiatives for development of regions where conditions of human development are poorer, under the Western Region Development strategy. A grant program has also operated under the aegis of

the Development Fund for Aiding Underdeveloped Areas. Meanwhile, in 1998, the government put forth a plan to guarantee residents minimum living standards; the plan was established in 330 cities. Other initiatives by the government have included the introduction of a pension system based on the Chilean system of social security, and reforms to the medical insurance system.

Rural and urban connections are also addressed as regards poverty and other conditions of human development, in conjunction with the wider ecological landscape. In this way, government plans and policies have addressed environmental degradation by looking toward sustainable development practices. Whereas China has managed to reduce industrial air and water pollution emissions, and although it has worked to reverse the effects of deforestation, the two decades of rapid growth have had deleterious effects on the environment. In particular, unsustainable natural resource exploitation, in conjunction with rapid urban development, together constitute core features of China's development conundrum.

Within the international spectrum, questions about human rights abuses, the lack of political democratization, and anxieties about China's economic competitiveness and its increasing demand for energy, present their own set of challenges as the country seeks to attract foreign direct investment and as it moves toward increasing trade integration.

Written by Dr. Denise Youngblood Coleman, Editor in Chief, www.countrywatch.com. See Bibliography for research sources. Supplementary sources: "China 2020: Sharing Rising Incomes: Disparities in China" by World Bank, 1997; "Poverty and Inequality – The Other Face of the Asian Miracle" by World Bank, 1997; World Bank Selected Indicators, 1997; "Assessing China's War on Poverty" by Albert Park, 1997; "Income Inequality Widening" in China Economic Review, 1997; "China: A Shared Poverty to Uneven Wealth?" by Taejoon Han, n.d.; "Poverty in Urban China" by Xin Meng, Robert Gregory and Youjuan Wang, n.d.; China Annual Statistical Book, 1997; China Statistical Yearbook, 1995; World Bank Country Brief for China, March 2005 online version.

Human Development Index

Human Development Index

Human Development Index (Ranked Numerically)

The [Human Development Index](#) (HDI) is used to measure quality of life in countries across the world. The HDI has been compiled since 1990 by the United Nations Development Programme (UNDP) on a regular basis. The HDI is a composite of several indicators, which measure a

country's achievements in three main arenas of human development: longevity, education, and economic standard of living. Although the concept of human development is complicated and cannot be properly captured by values and indices, the HDI offers a wide-ranging assessment of human development in certain countries, not based solely upon traditional economic and financial indicators. For more information about the methodology used to calculate the HDI, please see the "Source Materials" in the appendices of this review.

Very High Human Development	High Human Development	Medium Human Development	Low Human Development
1. Norway	43. Bahamas	86. Fiji	128. Kenya
2. Australia	44. Lithuania	87. Turkmenistan	129. Bangladesh
3. New Zealand	45. Chile	88. Dominican Republic	130. Ghana
4. United States	46. Argentina	89. China	131. Cameroon
5. Ireland	47. Kuwait	90. El Salvador	132. Myanmar (Burma)
6. Liechtenstein	48. Latvia	91. Sri Lanka	133. Yemen
7. Netherlands	49. Montenegro	92. Thailand	134. Benin
8. Canada	50. Romania	93. Gabon	135. Madagascar
9. Sweden	51. Croatia	94. Suriname	136. Mauritania
10. Germany	52. Uruguay	95. Bolivia	137. Papua New Guinea
11. Japan	53. Libya	96. Paraguay	138. Nepal

12. South Korea	54. Panama	97. Philippines	139. Togo
13. Switzerland	55. Saudi Arabia	98. Botswana	140. Comoros
14. France	56. Mexico	99. Moldova	141. Lesotho
15. Israel	57. Malaysia	100. Mongolia	142. Nigeria
16. Finland	58. Bulgaria	101. Egypt	143. Uganda
17. Iceland	59. Trinidad and Tobago	102. Uzbekistan	144. Senegal
18. Belgium	60. Serbia	103. Micronesia	145. Haiti
19. Denmark	61. Belarus	104. Guyana	146. Angola
20. Spain	62. Costa Rica	105. Namibia	147. Djibouti
21. Hong King	63. Peru	106. Honduras	148. Tanzania
22. Greece	64. Albania	107. Maldives	149. Cote d'Ivoire
23. Italy	65. Russian Federation	108. Indonesia	150. Zambia
24. Luxembourg	66. Kazakhstan	109. Kyrgyzstan	151. Gambia
25. Austria	67. Azerbaijan	110. South Africa	152. Rwanda
26. United Kingdom	68. Bosnia and Herzegovina	111. Syria	153. Malawi
27. Singapore	69. Ukraine	112. Tajikistan	154. Sudan
28. Czech Republic	70. Iran	113. Vietnam	155. Afghanistan

29. Slovenia	71. The former Yugoslav Republic of Macedonia	114. Morocco	156. Guinea
30. Andorra	72. Mauritius	115. Nicaragua	157. Ethiopia
31. Slovakia	73. Brazil	116. Guatemala	158. Sierra Leone
32. United Arab Emirates	74. Georgia	117. Equatorial Guinea	159. Central African Republic
33. Malta	75. Venezuela	118. Cape Verde	160. Mali
34. Estonia	76. Armenia	119. India	161. Burkina Faso
35. Cyprus	77. Ecuador	120. East Timor	162. Liberia
36. Hungary	78. Belize	121. Swaziland	163. Chad
37. Brunei	79. Colombia	122. Laos	164. Guinea-Bissau
38. Qatar	80. Jamaica	123. Solomon Islands	165. Mozambique
39. Bahrain	81. Tunisia	124. Cambodia	166. Burundi
40. Portugal	82. Jordan	125. Pakistan	167. Niger
41. Poland	83. Turkey	126. Congo RC	168. Congo DRC
42. Barbados	84. Algeria	127. Sao Tome and Principe	169. Zimbabwe
	85. Tonga		

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Methodology:

For more information about the methodology used to calculate the HDI, please see the "Source Materials" in the appendices of this Country Review.

Reference:

As published in United Nations Development Programme's Human Development Report 2010.

Source:

United Nations Development Programme's [Human Development Index](http://hdr.undp.org/en/statistics/) available at URL: <http://hdr.undp.org/en/statistics/>

Updated:

Uploaded in 2011 using ranking available; reviewed in 2015

Life Satisfaction Index

Life Satisfaction Index

Life Satisfaction Index

Created by Adrian G. White, an Analytic Social Psychologist at the University of Leicester, the "Satisfaction with Life Index" measures subjective life satisfaction across various countries. The data was taken from a metastudy (see below for source) and associates the notion of subjective happiness or life satisfaction with qualitative parameters such as health, wealth, and access to basic education. This assessment serves as an alternative to other measures of happiness that tend to rely on traditional and quantitative measures of policy on quality of life, such as GNP and GDP. The methodology involved the responses of 80,000 people across the globe.

Rank	Country	Score

1	Denmark	273.4
2	Switzerland	273.33
3	Austria	260
4	Iceland	260
5	The Bahamas	256.67
6	Finland	256.67
7	Sweden	256.67
8	Iran	253.33
9	Brunei	253.33
10	Canada	253.33
11	Ireland	253.33
12	Luxembourg	253.33
13	Costa Rica	250
14	Malta	250
15	Netherlands	250
16	Antiguaand Barbuda	246.67
17	Malaysia	246.67

18	New Zealand	246.67
19	Norway	246.67
20	Seychelles	246.67
21	Saint Kitts and Nevis	246.67
22	United Arab Emirates	246.67
23	United States	246.67
24	Vanuatu	246.67
25	Venezuela	246.67
26	Australia	243.33
27	Barbados	243.33
28	Belgium	243.33
29	Dominica	243.33
30	Oman	243.33
31	Saudi Arabia	243.33
32	Suriname	243.33
33	Bahrain	240
34	Colombia	240
35	Germany	240

36	Guyana	240
37	Honduras	240
38	Kuwait	240
39	Panama	240
40	Saint Vincent and the Grenadines	240
41	United Kingdom	236.67
42	Dominican Republic	233.33
43	Guatemala	233.33
44	Jamaica	233.33
45	Qatar	233.33
46	Spain	233.33
47	Saint Lucia	233.33
48	Belize	230
49	Cyprus	230
50	Italy	230
51	Mexico	230
52	Samoa	230
53	Singapore	230

54	Solomon Islands	230
55	Trinidad and Tobago	230
56	Argentina	226.67
57	Fiji	223.33
58	Israel	223.33
59	Mongolia	223.33
60	São Tomé and Príncipe	223.33
61	El Salvador	220
62	France	220
63	Hong Kong	220
64	Indonesia	220
65	Kyrgyzstan	220
66	Maldives	220
67	Slovenia	220
68	Taiwan	220
69	East Timor	220
70	Tonga	220
71	Chile	216.67

72	Grenada	216.67
73	Mauritius	216.67
74	Namibia	216.67
75	Paraguay	216.67
76	Thailand	216.67
77	Czech Republic	213.33
78	Philippines	213.33
79	Tunisia	213.33
80	Uzbekistan	213.33
81	Brazil	210
82	China	210
83	Cuba	210
84	Greece	210
85	Nicaragua	210
86	Papua New Guinea	210
87	Uruguay	210
88	Gabon	206.67
89	Ghana	206.67

90	Japan	206.67
91	Yemen	206.67
92	Portugal	203.33
93	Sri Lanka	203.33
94	Tajikistan	203.33
95	Vietnam	203.33
96	Bhutan	200
97	Comoros	196.67
98	Croatia	196.67
99	Poland	196.67
100	Cape Verde	193.33
101	Kazakhstan	193.33
102	South Korea	193.33
103	Madagascar	193.33
104	Bangladesh	190
105	Republic of the Congo	190
106	The Gambia	190
107	Hungary	190

108	Libya	190
109	South Africa	190
110	Cambodia	186.67
111	Ecuador	186.67
112	Kenya	186.67
113	Lebanon	186.67
114	Morocco	186.67
115	Peru	186.67
116	Senegal	186.67
117	Bolivia	183.33
118	Haiti	183.33
119	Nepal	183.33
120	Nigeria	183.33
121	Tanzania	183.33
122	Benin	180
123	Botswana	180
124	Guinea-Bissau	180
125	India	180

126	Laos	180
127	Mozambique	180
128	Palestinian Authority	180
129	Slovakia	180
130	Myanmar	176.67
131	Mali	176.67
132	Mauritania	176.67
133	Turkey	176.67
134	Algeria	173.33
135	Equatorial Guinea	173.33
136	Romania	173.33
137	Bosnia and Herzegovina	170
138	Cameroon	170
139	Estonia	170
140	Guinea	170
141	Jordan	170
142	Syria	170
143	Sierra Leone	166.67

144	Azerbaijan	163.33
145	Central African Republic	163.33
146	Republic of Macedonia	163.33
147	Togo	163.33
148	Zambia	163.33
149	Angola	160
150	Djibouti	160
151	Egypt	160
152	Burkina Faso	156.67
153	Ethiopia	156.67
154	Latvia	156.67
155	Lithuania	156.67
156	Uganda	156.67
157	Albania	153.33
158	Malawi	153.33
159	Chad	150
160	Côte d'Ivoire	150
161	Niger	150

162	Eritrea	146.67
163	Rwanda	146.67
164	Bulgaria	143.33
165	Lesotho	143.33
166	Pakistan	143.33
167	Russia	143.33
168	Swaziland	140
169	Georgia	136.67
170	Belarus	133.33
171	Turkmenistan	133.33
172	Armenia	123.33
173	Sudan	120
174	Ukraine	120
175	Moldova	116.67
176	Democratic Republic of the Congo	110
177	Zimbabwe	110
178	Burundi	100

Commentary:

European countries, such as [Denmark](#), [Iceland](#), [Finland](#), [Sweden](#), [Switzerland](#), [Austria](#) resided at the top of the ranking with highest levels of self-reported life satisfaction. Conversely, European countries such as [Latvia](#), [Lithuania](#), [Moldova](#), [Belarus](#) and [Ukraine](#) ranked low on the index. African countries such as Democratic Republic of Congo, [Zimbabwe](#) and [Burundi](#) found themselves at the very bottom of the ranking, and indeed, very few African countries could be found in the top 100. [Japan](#) was at the mid-way point in the ranking, however, other Asian countries such as [Brunei](#) and [Malaysia](#) were in the top tier, while [Pakistan](#) was close to the bottom with a low level of self-identified life satisfaction. As a region, the Middle East presented a mixed bag with Saudi Arabians reporting healthy levels of life satisfaction and Egyptians near the bottom of the ranking. As a region, Caribbean countries were ranked highly, consistently demonstrating high levels of life satisfaction. The findings showed that health was the most crucial determining factor in life satisfaction, followed by prosperity and education.

Source:

White, A. (2007). A Global Projection of Subjective Well-being: A Challenge To Positive Psychology? *Psychiatry* 56, 17-20. The data was extracted from a meta-analysis by Marks, Abdallah, Simms & Thompson (2006).

Uploaded:

Based on study noted above in "Source" ; reviewed in 2015

Happy Planet Index

Happy Planet Index

The Happy Planet Index (HPI) is used to measure human well-being in conjunction with environmental impact. The HPI has been compiled since 2006 by the New Economics Foundation. The index is a composite of several indicators including subjective life satisfaction, life expectancy at birth, and ecological footprint per capita.

As noted by NEFA, the HPI "reveals the ecological efficiency with which human well-being is delivered." Indeed, the index combines environmental impact with human well-being to measure

the environmental efficiency with which, country by country, people live long and happy lives. The countries ranked highest by the HPI are not necessarily the ones with the happiest people overall, but the ones that allow their citizens to live long and fulfilling lives, without negatively impacting this opportunity for either future generations or citizens of other countries. Accordingly, a country like the [United States](#) will rank low on this list due to its large per capital ecological footprint, which uses more than its fair share of resources, and will likely cause planetary damage.

It should be noted that the HPI was designed to be a counterpoint to other well-established indices of countries' development, such as Gross Domestic Product (GDP), which measures overall national wealth and economic development, but often obfuscates the realities of countries with stark variances between the rich and the poor. Moreover, the objective of most of the world's people is not to be wealthy but to be happy. The HPI also differs from the [Human Development Index](#) (HDI), which measures quality of life but not ecology, since it [HPI] also includes sustainability as a key indicator.

Rank	Country	HPI
1	Costa Rica	76.1
2	Dominican Republic	71.8
3	Jamaica	70.1
4	Guatemala	68.4
5	Vietnam	66.5
6	Colombia	66.1
7	Cuba	65.7
8	El Salvador	61.5
9	Brazil	61.0

10	Honduras	61.0
11	Nicaragua	60.5
12	Egypt	60.3
13	Saudi Arabia	59.7
14	Philippines	59.0
15	Argentina	59.0
16	Indonesia	58.9
17	Bhutan	58.5
18	Panama	57.4
19	Laos	57.3
20	China	57.1
21	Morocco	56.8
22	Sri Lanka	56.5
23	Mexico	55.6
24	Pakistan	55.6
25	Ecuador	55.5
26	Jordan	54.6
27	Belize	54.5

28	Peru	54.4
29	Tunisia	54.3
30	Trinidad and Tobago	54.2
31	Bangladesh	54.1
32	Moldova	54.1
33	Malaysia	54.0
34	Tajikistan	53.5
35	India	53.0
36	Venezuela	52.5
37	Nepal	51.9
38	Syria	51.3
39	Burma	51.2
40	Algeria	51.2
41	Thailand	50.9
42	Haiti	50.8
43	Netherlands	50.6
44	Malta	50.4
45	Uzbekistan	50.1

46	Chile	49.7
47	Bolivia	49.3
48	Armenia	48.3
49	Singapore	48.2
50	Yemen	48.1
51	Germany	48.1
52	Switzerland	48.1
53	Sweden	48.0
54	Albania	47.9
55	Paraguay	47.8
56	Palestinian Authority	47.7
57	Austria	47.7
58	Serbia	47.6
59	Finland	47.2
60	Croatia	47.2
61	Kyrgyzstan	47.1
62	Cyprus	46.2
63	Guyana	45.6

64	Belgium	45.4
65	Bosnia and Herzegovina	45.0
66	Slovenia	44.5
67	Israel	44.5
68	South Korea	44.4
69	Italy	44.0
70	Romania	43.9
71	France	43.9
72	Georgia	43.6
73	Slovakia	43.5
74	United Kingdom	43.3
75	Japan	43.3
76	Spain	43.2
77	Poland	42.8
78	Ireland	42.6
79	Iraq	42.6
80	Cambodia	42.3
81	Iran	42.1

82	Bulgaria	42.0
83	Turkey	41.7
84	Hong Kong	41.6
85	Azerbaijan	41.2
86	Lithuania	40.9
87	Djibouti	40.4
88	Norway	40.4
89	Canada	39.4
90	Hungary	38.9
91	Kazakhstan	38.5
92	Czech Republic	38.3
93	Mauritania	38.2
94	Iceland	38.1
95	Ukraine	38.1
96	Senegal	38.0
97	Greece	37.6
98	Portugal	37.5
99	Uruguay	37.2

100	Ghana	37.1
101	Latvia	36.7
102	Australia	36.6
103	New Zealand	36.2
104	Belarus	35.7
105	Denmark	35.5
106	Mongolia	35.0
107	Malawi	34.5
108	Russia	34.5
109	Chad	34.3
110	Lebanon	33.6
111	Macedonia	32.7
112	Republic of the Congo	32.4
113	Madagascar	31.5
114	United States	30.7
115	Nigeria	30.3
116	Guinea	30.3
117	Uganda	30.2

118	South Africa	29.7
119	Rwanda	29.6
120	Democratic Republic of the Congo	29.0
121	Sudan	28.5
122	Luxembourg	28.5
123	United Arab Emirates	28.2
124	Ethiopia	28.1
125	Kenya	27.8
126	Cameroon	27.2
127	Zambia	27.2
128	Kuwait	27.0
129	Niger	26.9
130	Angola	26.8
131	Estonia	26.4
132	Mali	25.8
133	Mozambique	24.6
134	Benin	24.6
135	Togo	23.3

136	Sierra Leone	23.1
137	Central African Republic	22.9
138	Burkina Faso	22.4
139	Burundi	21.8
140	Namibia	21.1
141	Botswana	20.9
142	Tanzania	17.8
143	Zimbabwe	16.6

Source: This material is derived from the Happy Planet Index issued by the New Economics Foundation (NEF).

Methodology: The methodology for the calculations can be found at URL: <http://www.happyplanetindex.org/>

Status of Women

Overview

Since 1949, the Chinese government has made gender equality a top policy priority. According to China's constitution, "Women enjoy equal rights with men in all spheres of life." For many years, women have enjoyed equality in inheritance rights, access to education and health facilities, ownership of property and housing rights. However, many women's rights advocates feel the

progress may now take a backseat to economic reform and political stability.

Violence against women is a serious issue in China. According to a 2004 All-China Women's Federation (ACWF) report, an estimated 30 percent of families had experienced some form of domestic violence in the past year. This estimate is considered conservative as most spousal abuse cases go unreported. The government and many private entities are aware of the domestic violence issue. As a result, a growing number of shelters for victims have arisen.

While the law prohibits coercion to compel women to undergo an abortion or sterilization, immense amounts of pressure put on women to meet the government regulated birth limitation targets still exists.

Gender-based discrimination is also an issue in the workplace. Women report high incidences of wage discrepancies, demotion, dismissal, and sexual harassment. Women continue to make as little as 58 percent of their male colleagues' salaries. Many employers in China prefer to hire men in efforts to avoid the expenses that accompany maternity leave and childcare costs. Also, some employers have lowered the mandatory retirement age of women from 55 to 40 thereby cutting their pension and retirement packages. Due to these and other issues, women now account for 60 percent of people below the poverty line in China.

Female suicide rates in China are extremely high. Estimates show that approximately 500 women commit suicide each day - five times the global average.

Gender Related Development Index (GDI) Rank:

64th out of 140

Gender Empowerment Measure (GEM) Rank:

Not Ranked

Female Population:

632.6 million

Female Life Expectancy at birth:

74 years

Total Fertility Rate:

1.7

Maternal Mortality Ratio (2000):

56

Total Number of Women Living with HIV/AIDS:

90,000-310,000

Ever Married Women, Ages 15-19 (%):

1%

Mean Age at Time of Marriage:

23

Contraceptive Use Among Married Women, Any Method (%):

83%

Female Adult Literacy Rate:

86-87%

Combined Female Gross enrollment ratio for Primary, Secondary and Tertiary schools:

68%

Female-Headed Households (%):

N/A

Economically Active Females (%):

72.4%

Female Contributing Family Workers (%):

N/A

Female Estimated Earned Income:

\$3,961

Seats in Parliament held by women (%):

Lower or Single House: 20.2%

Upper House or Senate: N/A

Year Women Received the Right to Vote:

1949

Year Women Received the Right to Stand for Election:

1949

*The Gender Development Index (GDI) is a composite index which measures the average achievement in a country. While very similar to the Human Development Index in its use of the same variables, the GDI adjusts the average achievement of each country in terms of life expectancy, enrollment in schools, income, and literacy in accordance to the disparities between males and females.

*The Gender Empowerment Measure (GEM) is a composite index measuring gender inequality in three of the basic dimensions of empowerment; economic participation and decision-making, political participation and decision-making, and power over economic resources.

*Total Fertility Rate (TFR) is defined as the average number of babies born to women during their reproductive years. A TFR of 2.1 is considered the replacement rate; once a TFR of a population reaches 2.1 the population will remain stable assuming no immigration or emigration takes place. When the TFR is greater than 2.1 a population will increase and when it is less than 2.1 a population will eventually decrease, although due to the age structure of a population it will take years before a low TFR is translated into lower population.

*Maternal Mortality Rate is the number of deaths to women per 100,000 live births that resulted from conditions related to pregnancy and or delivery related complications.

*Economically Active Females are the share of the female population, ages 15 and above, whom supply, or are able to supply, labor for the production of goods and services.

*Female Contributing Family Workers are those females who work without pay in an economic enterprise operated by a relative living in the same household.

*Estimated Earned Income is measured according to Purchasing Power Parity (PPP) in US

dollars.

Global Gender Gap Index

Global Gender Gap Index

Editor's Note:

The Global Gender Gap Index by the World Economic Forum ranks most of the world's countries in terms of the division of resources and opportunities among males and females. Specifically, the ranking assesses the gender inequality gap in these four arenas:

1. Economic participation and opportunity (salaries and high skilled employment participation levels)
2. Educational attainment (access to basic and higher level education)
3. Political empowerment (representation in decision-making structures)
4. Health and survival (life expectancy and sex ratio)

	2010 rank	2010 score	2010 rank among 2009 countries	2009 rank	2009 score	2008 rank	2008 score	2007 rank
Country								
Iceland	1	0.8496	1	1	0.8276	4	0.7999	4
Norway	2	0.8404	2	3	0.8227	1	0.8239	2
Finland	3	0.8260	3	2	0.8252	2	0.8195	3
Sweden	4	0.8024	4	4	0.8139	3	0.8139	1

New Zealand	5	0.7808	5	5	0.7880	5	0.7859	5
Ireland	6	0.7773	6	8	0.7597	8	0.7518	9
Denmark	7	0.7719	7	7	0.7628	7	0.7538	8
Lesotho	8	0.7678	8	10	0.7495	16	0.7320	26
Philippines	9	0.7654	9	9	0.7579	6	0.7568	6
Switzerland	10	0.7562	10	13	0.7426	14	0.7360	40
Spain	11	0.7554	11	17	0.7345	17	0.7281	10
South Africa	12	0.7535	12	6	0.7709	22	0.7232	20
Germany	13	0.7530	13	12	0.7449	11	0.7394	7
Belgium	14	0.7509	14	33	0.7165	28	0.7163	19
United Kingdom	15	0.7460	15	15	0.7402	13	0.7366	11
Sri Lanka	16	0.7458	16	16	0.7402	12	0.7371	15
Netherlands	17	0.7444	17	11	0.7490	9	0.7399	12
Latvia	18	0.7429	18	14	0.7416	10	0.7397	13
United States	19	0.7411	19	31	0.7173	27	0.7179	31
Canada	20	0.7372	20	25	0.7196	31	0.7136	18

Trinidad and Tobago	21	0.7353	21	19	0.7298	19	0.7245	46
Mozambique	22	0.7329	22	26	0.7195	18	0.7266	43
Australia	23	0.7271	23	20	0.7282	21	0.7241	17
Cuba	24	0.7253	24	29	0.7176	25	0.7195	22
Namibia	25	0.7238	25	32	0.7167	30	0.7141	29
Luxembourg	26	0.7231	26	63	0.6889	66	0.6802	58
Mongolia	27	0.7194	27	22	0.7221	40	0.7049	62
Costa Rica	28	0.7194	28	27	0.7180	32	0.7111	28
Argentina	29	0.7187	29	24	0.7211	24	0.7209	33
Nicaragua	30	0.7176	30	49	0.7002	71	0.6747	90
Barbados	31	0.7176	31	21	0.7236	26	0.7188	n/a
Portugal	32	0.7171	32	46	0.7013	39	0.7051	37
Uganda	33	0.7169	33	40	0.7067	43	0.6981	50
Moldova	34	0.7160	34	36	0.7104	20	0.7244	21
Lithuania	35	0.7132	35	30	0.7175	23	0.7222	14
Bahamas	36	0.7128	36	28	0.7179	n/a	n/a	n/a
Austria	37	0.7091	37	42	0.7031	29	0.7153	27
Guyana	38	0.7090	38	35	0.7108	n/a	n/a	n/a

Panama	39	0.7072	39	43	0.7024	34	0.7095	38
Ecuador	40	0.7072	40	23	0.7220	35	0.7091	44
Kazakhstan	41	0.7055	41	47	0.7013	45	0.6976	32
Slovenia	42	0.7047	42	52	0.6982	51	0.6937	49
Poland	43	0.7037	43	50	0.6998	49	0.6951	60
Jamaica	44	0.7037	44	48	0.7013	44	0.6980	39
Russian Federation	45	0.7036	45	51	0.6987	42	0.6994	45
France	46	0.7025	46	18	0.7331	15	0.7341	51
Estonia	47	0.7018	47	37	0.7094	37	0.7076	30
Chile	48	0.7013	48	64	0.6884	65	0.6818	86
Macedonia, FYR	49	0.6996	49	53	0.6950	53	0.6914	35
Bulgaria	50	0.6983	50	38	0.7072	36	0.7077	25
Kyrgyz Republic	51	0.6973	51	41	0.7058	41	0.7045	70
Israel	52	0.6957	52	45	0.7019	56	0.6900	36
Croatia	53	0.6939	53	54	0.6944	46	0.6967	16
Honduras	54	0.6927	54	62	0.6893	47	0.6960	68
Colombia	55	0.6927	55	56	0.6939	50	0.6944	24

Singapore	56	0.6914	56	84	0.6664	84	0.6625	77
Thailand	57	0.6910	57	59	0.6907	52	0.6917	52
Greece	58	0.6908	58	85	0.6662	75	0.6727	72
Uruguay	59	0.6897	59	57	0.6936	54	0.6907	78
Peru	60	0.6895	60	44	0.7024	48	0.6959	75
China	61	0.6881	61	60	0.6907	57	0.6878	73
Botswana	62	0.6876	62	39	0.7071	63	0.6839	53
Ukraine	63	0.6869	63	61	0.6896	62	0.6856	57
Venezuela	64	0.6863	64	69	0.6839	59	0.6875	55
Czech Republic	65	0.6850	65	74	0.6789	69	0.6770	64
Tanzania	66	0.6829	66	73	0.6797	38	0.7068	34
Romania	67	0.6826	67	70	0.6805	70	0.6763	47
Malawi	68	0.6824	68	76	0.6738	81	0.6664	87
Paraguay	69	0.6804	69	66	0.6868	100	0.6379	69
Ghana	70	0.6782	70	80	0.6704	77	0.6679	63
Slovak Republic	71	0.6778	71	68	0.6845	64	0.6824	54
Vietnam	72	0.6776	72	71	0.6802	68	0.6778	42

Dominican Republic	73	0.6774	73	67	0.6859	72	0.6744	65
Italy	74	0.6765	74	72	0.6798	67	0.6788	84
Gambia, The	75	0.6762	75	75	0.6752	85	0.6622	95
Bolivia	76	0.6751	76	82	0.6693	80	0.6667	80
Brueni Darussalem	77	0.6748	77	94	0.6524	99	0.6392	n/a
Albania	78	0.6726	78	91	0.6601	87	0.6591	66
Hungary	79	0.6720	79	65	0.6879	60	0.6867	61
Madagascar	80	0.6713	80	77	0.6732	74	0.6736	89
Angola	81	0.6712	81	106	0.6353	114	0.6032	110
Bangladesh	82	0.6702	82	93	0.6526	90	0.6531	100
Malta	83	0.6695	83	88	0.6635	83	0.6634	76
Armenia	84	0.6669	84	90	0.6619	78	0.6677	71
Brazil	85	0.6655	85	81	0.6695	73	0.6737	74
Cyprus	86	0.6642	86	79	0.6706	76	0.6694	82
Indonesia	87	0.6615	87	92	0.6580	93	0.6473	81
Georgia	88	0.6598	88	83	0.6680	82	0.6654	67
Tajikistan	89	0.6598	89	86	0.6661	89	0.6541	79

El Salvador	90	0.6596	90	55	0.6939	58	0.6875	48
Mexico	91	0.6577	91	98	0.6503	97	0.6441	93
Zimbabwe	92	0.6574	92	95	0.6518	92	0.6485	88
Belize	93	0.6536	93	87	0.6636	86	0.6610	94
Japan	94	0.6524	94	101	0.6447	98	0.6434	91
Mauritius	95	0.6520	95	96	0.6513	95	0.6466	85
Kenya	96	0.6499	96	97	0.6512	88	0.6547	83
Cambodia	97	0.6482	97	104	0.6410	94	0.6469	98
Malaysia	98	0.6479	98	100	0.6467	96	0.6442	92
Maldives	99	0.6452	99	99	0.6482	91	0.6501	99
Azerbaijan	100	0.6446	100	89	0.6626	61	0.6856	59
Senegal	101	0.6414	101	102	0.6427	n/a	n/a	n/a
Suriname	102	0.6407	102	78	0.6726	79	0.6674	56
United Arab Emirates	103	0.6397	103	112	0.6198	105	0.6220	105
Korea, Rep.	104	0.6342	104	115	0.6146	108	0.6154	97
Kuwait	105	0.6318	105	105	0.6356	101	0.6358	96
Zambia	106	0.6293	106	107	0.6310	106	0.6205	101
Tunisia	107	0.6266	107	109	0.6233	103	0.6295	102

Fiji	108	0.6256	108	103	0.6414	n/a	n/a	n/a
Guatemala	109	0.6238	109	111	0.6209	112	0.6072	106
Bahrain	110	0.6217	110	116	0.6136	121	0.5927	115
Burkina Faso	111	0.6162	111	120	0.6081	115	0.6029	117
India	112	0.6155	112	114	0.6151	113	0.6060	114
Mauritania	113	0.6152	113	119	0.6103	110	0.6117	111
Cameroon	114	0.6110	114	118	0.6108	117	0.6017	116
Nepal	115	0.6084	115	110	0.6213	120	0.5942	125
Lebanon*	116	0.6084	n/a	n/a	n/a	n/a	n/a	n/a
Qatar	117	0.6059	116	125	0.5907	119	0.5948	109
Nigeria	118	0.6055	117	108	0.6280	102	0.6339	107
Algeria	119	0.6052	118	117	0.6119	111	0.6111	108
Jordan	120	0.6048	119	113	0.6182	104	0.6275	104
Ethiopia	121	0.6019	120	122	0.5948	122	0.5867	113
Oman	122	0.5950	121	123	0.5938	118	0.5960	119
Iran	123	0.5933	122	128	0.5839	116	0.6021	118
Syria	124	0.5926	123	121	0.6072	107	0.6181	103
Egypt	125	0.5899	124	126	0.5862	124	0.5832	120

Turkey	126	0.5876	125	129	0.5828	123	0.5853	121
Morocco	127	0.5767	126	124	0.5926	125	0.5757	122
Benin	128	0.5719	127	131	0.5643	126	0.5582	123
Saudi Arabia	129	0.5713	128	130	0.5651	128	0.5537	124
Côte d'Ivoire*	130	0.5691	n/a	n/a	n/a	n/a	n/a	n/a
Mali	131	0.5680	129	127	0.5860	109	0.6117	112
Pakistan	132	0.5465	130	132	0.5458	127	0.5549	126
Chad	133	0.5330	131	133	0.5417	129	0.5290	127
Yemen	134	0.4603	132	134	0.4609	130	0.4664	128
Belarus	n/a	n/a	n/a	34	0.7141	33	0.7099	23
Uzbekistan	n/a	n/a	n/a	58	0.6913	55	0.6906	41

*new country 2010

Commentary:

According to the report's index, Nordic countries, such as [Iceland](#), [Norway](#), [Finland](#), and [Sweden](#) have continued to dominate at the top of the ranking for gender equality. Meanwhile, [France](#) has seen a notable decline in the ranking, largely as a result of decreased number of women holding ministerial portfolios in that country. In the Americas, the [United States](#) has risen in the ranking to top the region, predominantly as a result of a decreasing wage gap, as well as higher number of

women holding key positions in the current Obama administration. [Canada](#) has continued to remain as one of the top ranking countries of the Americas, followed by the small Caribbean island nation of Trinidad and Tobago, which has the distinction of being among the top three countries of the Americas in the realm of gender equality. [Lesotho](#) and South African ranked highly in the index, leading not only among African countries but also in global context. Despite [Lesotho](#) still lagging in the area of life expectancy, its high ranking was attributed to high levels of female participation in the labor force and female literacy. The [Philippines](#) and [Sri Lanka](#) were the top ranking countries for gender equality for Asia, ranking highly also in global context. The [Philippines](#) has continued to show strong performance in all strong performance on all four dimensions (detailed above) of the index. Finally, in the Arab world, the [United Arab Emirates](#) held the highest-rank within that region of the world; however, its placement near the bottom of the global list highlights the fact that Arab countries are generally poor performers when it comes to the matter of gender equality in global scope.

Source:

This data is derived from the latest edition of The Global Gender Gap Report by the World Economic Forum.

Available at URL:

<http://www.weforum.org/en/Communities/Women%20Leaders%20and%20Gender%20Parity/Gende>

Updated:

Based on latest available data as set forth in chart; reviewed in 2014

Culture and Arts

Culture and Arts of China

Music

The sound of Chinese music is quite distinctive from Western styles of music. This is due to the different traditional instruments found in Chinese orchestras as well as the different tonal structure

of these instruments. Typical traditional Chinese instruments include:

- bowed instruments such as the erhu, a two stringed long and thin necked instrument played like a violin, and the gaohu and zhonghu which are variations of the erhu;
- plucked instruments such as the guzheng or Chinese harp; the pipa a four stringed guitar; and zheng, the Chinese zither;
- wind instruments such as di zi, a wooden flute; bamboo flutes; and the sheng, a multi-piped instrument.
- and percussion instruments which include drums, gongs, cymbals and the yunluo, several smaller gongs of varying pitches and tones hung on a wooden shelf.

Musical composition in early China was based on the Confucian principles that music should be used as a tool for enlightenment; compositions should focus on harmony, as music is an extension of the universe and thus should compliment the harmony of the universe; and music should be used to purify thought and calm rather than excite the spirit:

The Master (Confucius) instructing the grand music master of Lu said, "How to play music may be known. At the commencement of the piece, all the parts should sound together. As it proceeds, they should be in harmony while severally distinct and flowing without break, and thus on to the conclusion."

The Master said, "It is by the Odes that the mind is aroused.
"It is by the Rules of Propriety that the character is established.
"It is from Music that the finish is received."

Also, according the Confucian principles of music, every dynasty refined the system of music notation to reflect the new rituals and sound of that particular dynasty, therefore music innovation was regarded as a cultural and political necessity.

Beginning in the Zhou (also called Chou) dynasty (c. 1027-256 BC), music was one of the four great subjects (along with poetry, painting and a board game called, qi) the literati (or intellectuals), and high-ranking men would study. The instrument the aristocracy and literati were to master in their quest of enlightenment was the qin, or guqin, a seven silk string zither, as scholars believed the sound quality of the qin was the best suited for elegant and harmonious compositions.

This is not to suggest that music was played solely for intellectual pursuits. Among the peasantry and non-aristocrats, musicians played lively music to accompany folksongs during joyful occasions such as weddings and feast days. Many of these ancient tunes are still a part of a village's festival's repertoire.

The 56 ethnic minorities within China's borders have unique music and dance styles.

One such unique folk dance originating with the Ansai and Luochuan ethnic groups in the northern Shaanxi Province, is the Waist Drum Dance. Up to one hundred dancers tie red drums to their waists performing dances while drumming out the rhythms. This dance is usually performed during the Spring Festival celebrations. The Tibetans have an interesting dance called zhuoxie reserved for auspicious occasions. During the zhouxie, male dancers dance initially slowly to the rhythm of bells and drums, but as the tempo quickens, so does the movement of the dancer.

The Dragon Dance is an easily recognizable cultural hallmark of the Chinese people during important festivals such as the Spring Festival. The ornate dragon costume can have a few dozen dancers manning the multiple sections of the dragon. It is believed that the longer the dragon, the more luck the dance will bring. The dancers must step in rhythm to the sounds of drums and cymbals following the strict choreography of the dance in order to keep the fluid motion of the dragon in tack.

One Chinese national treasure is the Beijing Opera. Since 1790, the Opera has developed into China's foremost performance art. Performers are clad in colorful and elaborate period costumes. An actor's makeup is applied in a mask-like way that conveys the qualities of the character. For example, an actor in red makeup symbolizes a loyal character and the color white connotes a cunning or untrustworthy character. As well as singing, acrobatics and dances are featured in the opera. The orchestra has retained the traditional instruments that are unique to the music of China. Aside from the Beijing Opera, there are several other older opera styles that vary from region to region, such as the Tibetan Opera and the Di Opera of the Guizhou Province.

Modern dance in China is often a marriage between the traditional and Western dance styles. The Taiwanese dance troupe, Cloud Gate Dance Troupe and the Guangdong Modern Dance Company are outstanding dance troupes.

Travel China Guide: Beijing Opera:

http://www.travelchinaguide.com/intro/arts/beijing_opera/

China Guide; Chinese Literature – Poetry – Ancient Poetry:

<http://www.china-guide.com/b00yu2.html>

The Internet Classics Archive; The Analects:

<http://classics.mit.edu/Confucius/analects.2.2.html>

People's Daily; Waist Drum Dancing:

<http://english.peopledaily.com.cn/features/music/drum.html>

Music of China; Chinese Musical Instruments:

<http://www.musicofchina.com/instrument.html>

Smithsonian: Music in the Age of Confucius:

<http://www.asia.si.edu/exhibitions/musicintheage.htm>

Think Quest; China, An Inner Realm; Traditional Chinese Music:

http://library.thinkquest.org/20443/traditional_music.html

China Tibet Information Center; Tibetan Opera:

http://www.tibetinform.com/en/culture/c_plaza/art/art_01.htm

Tom; The Three Major Sources of Traditional Chinese Music:

<http://us.tom.com/Archive/2001/1/8-73966.html>

Art

In the 5000 years of Chinese civilization, art has flourished and many artistic innovations such as paper, lacquer ware, calligraphy, porcelain ceramics, silk, even the invention of the kite have made great contributions to world culture. Until the 19th century, Western artistic techniques had far less of an impact on Chinese artistic sensibilities than did the impact of China and the Orient on Western culture. The fine Chinese silks were coveted all over the Middle East, Western Asia and Europe. The kings and queens of Europe admired exquisite white porcelain decorated with intricate cobalt-blue designs developed in China. Since the early days of the Silk Road, Westerners have found art from the orient mysterious and exotic and therefore the skilled craftsmanship has been highly valued.

Arguably the most revered traditional art form in China is calligraphy. Used both a means of communication and an art form of personal expression, masters of calligraphy are admired for the precision of the brushstroke and the expression found in the form and lines of the calligraphic character. As the study and practice of calligraphy takes great patience and self-control, calligraphy is believed to refine one's perspective of life. Many of the master painters were also exceptional calligraphers as were the poets and literati who developed their own style of calligraphy. By the Yuan Dynasty (1279-1368) painters added their own poems in calligraphy to their artwork to compliment their creative expression.

Landscape ink painting and studies of the natural world have been considered noble subjects for painters. To paint nature was a sort of philosophical experience that complimented Buddhist, Confucian and Daoist (or Taoist) thought; painting the natural world was a way to transcend the snares of the material world in the pursuit of inner virtue. Furthermore, rather than the artist depict a replication of the picturesque, the artist strove to capture the essence or spirit of the tranquil

scenes of misty mountains and valleys, snow covered forests and flowing bodies of water:

Nature is like a bellows,
Empty, yet never ceasing its supply.
The more it moves, the more it yields;
So the sage draws upon experience
And cannot be exhausted

Nature does not possess desire;
Without desire, the heart becomes quiet;
In this manner the whole world is made tranquil.

Lao Tze's, Dao De Jing

Ku K'ai-chih (4th century) is known as the father of Chinese landscape painting. During the Tang Dynasty (618-907), artists Wang Wei and Li Cheng are revered as outstanding and influential landscape artists.

During the Sung Dynasty (960-1279) four distinct styles of painting developed. The first, the Northern School, was the style of painting that was commissioned and supported by the Imperial Court and the aristocracy, often depicting landscapes and scenes of courtly life in realistic detail. Second, the Southern School or Ma-Hsia, was a simple and almost impressionistic style of painting that focused on natural objects. The third style (wen-jen hua) was developed by the literati who were reacting against the "grandiose" paintings of the court. The literati paintings focused on a simple elegant study on such subjects such as a single flower blossom or bamboo. The fourth style, while not popular at the time, but would later influence generations of painters, was developed by Zen (Buddhist) monks who would paint frantically for a few minutes in attempts to express spontaneous creativity. Important Sung painters include: Su Tungpo (Su Shih), Li T'ang, Hsia Kuei, and Ma Yuan.

The Ming Dynasty (1368-1644) saw the likes of the great painters Shen Chou and Tung Chi-Chang; the Ch'ing Dynasty's (1644-1911) great painters included Ren Xiong, Chu Ta and Wang Shih-min.

Chinese art students began to become interested in Western techniques in painting, primarily oil painting during the latter years of the Qing Dynasty (1644-1911) in which a marriage between the traditional and modern could be forged. After the establishment of the People's Republic of China, oil painting commonly depicted scenes of Mao Zedong at his pulpit rallying the spirit of communism, Chinese patriot's victory over oppressors during the communist revolution and strong peasants or working class men and women working towards a strong and indomitable China. These paintings followed the principles of social realism established by the Russian Soviets. While painters still produced works in the traditional manner, artists were encouraged to produce art for

the people and the State to reinforce the ideology of the government and promote feelings of solidarity among the people of China. Important Chinese artists during this time include: Qi Bai-shi (1863-1957), Gao Jianfu (1879-1950?), Xu Beihong (1895-1953), and Pan Tianshou (1897-1971).

The opening of China's economy in the 1980s, also opened up creative culture. With in new influx of international culture social realism gave way one again to a more personal expression in the arts.

The architecture and brilliant designs of Buddhist temples and pagodas, magnificent palaces as well as the Great Wall winding through the mountains and valleys north of Beijing are quite striking. One does not have to be an architecture aficionado to feel humbled in the presence of the ancient and well-made structures that have housed centuries of political and cultural history. However, when one studies the complexity of Chinese thought behind the design of such structures, a greater appreciation for the unity of philosophy and aesthetics is gained.

Chinese architecture follows principles according to Daoist concepts of the Yin and Yang (the concept that opposing natural forces create balance in the universe) and feng shui (a study of the relationship between energy and solid matter). The placement of objects, such as columns that supported the weight of the structure, and open spaces of rooms and courtyards must show symmetry and balance, with the main structure being the axis. There was a belief that odd numbers were masculine which was associated with the principle of Yang and even numbers associated with Yin. The number nine, the highest single digit number, was considered the ultimate masculine number and objects and architectural decorations arranged in patterns of nine were quite common in palaces such as the Forbidden City.

Of course principals of contemporary architecture in the larger cities of Mainland China, Taiwan and Hong Kong, has produced modern masterpieces as well, giving Hong Kong, Beijing, Shanghai and Taipei breathtaking skylines.

Some architecturally important buildings include:

The Potala Palace in Tibet;
The Summer Palace in Beijing;
The Forbidden City in Beijing;
The Hanging Monastery in Datong, Shanxi;
The Manfeilong White Pagoda in Yunnan;
The Bank of China Tower in Hong Kong;
The Central Tower in Hong Kong;
Jin Mao Tower in Shanghai.

Chinese directors of cinema, particularly those directors from Hong Kong and Taiwan, have created films that are international favorites. Important directors include: Chen Kaige (Farewell My Concubine; The Emperor and the Assassin), Wayne Wang (The Joy Luck Club; Smoke), Yimou

Zhang (Not One Less; Keep Cool; Raise the Red Lantern), Tsai Ming-Liang (Dark Circles, The River), Hsiao-hsien Hou (The Flowers of Shanghai; The City of Sadness), John Woo (The Killer, Mission Impossible II) and Ang Lee (Crouching Tiger, Hidden Dragon; Sense and Sensibility).

The Government of China on Taiwan, Government Information; Culture; Painting:

<http://www.gio.gov.tw/info/culture/culture4.html>

Asia-art.net:

<http://www.asia-art.net/>

Asia Wind Art Gallery:

<http://www.asiawind.com/art/index.htm>

Cultural Division Taipei Economic & Cultural Office in Houston; Traditional Chinese Culture in Taiwan: Calligraphy:

<http://www.houstoncul.org/culdir/calli/call.htm>

Huntington Archive of Buddhist and Related Art; China: 5000 Years:

http://kaladarshan.arts.ohio-state.edu/exhib_2.htm

China The Beautiful; TaoDeChing - Lao Tze:

<http://www.chinapage.com/gnl.html>

Beijing Trip; Chinese Ceramics:

<http://www.beijingtrip.com/feature/ceramics.htm>

Think Quest; Chinese Architecture:

<http://library.thinkquest.org/10098/china1.htm#Basic>

China Tibet Information Center; Tangkas:

http://www.tibetinfo.com/en/culture/c_plaza/handicraft/hand_03.htm

Literature

World Literature owes much to Chinese innovations. Two of China's most significant contributions to the evolution of world culture are the inventions of paper and block printing which has proven indispensable in the development of literature, mass communication and education in general. While many early civilizations, such as the Egyptians, had created writing material from plant fibers and animal skin with which to write upon, it was not until 105 A.D. that Ts'ai Lun, an officer in the Chinese court, invented a sturdy and cheaply made writing substance we know today as paper. This strong paper also permitted a moveable form of block printing, developed in China, to be intelligibly printed upon. Mass communication allowed the Chinese the ability to circulate

laws, political theory, philosophy, histories, religion and poetry all of which contributed in standardizing language, enriching culture and strengthening a nation.

The Analects, the teachings of Confucius (551-479 B.C.) as recorded by his disciples, and the Daoist book written by Lao Tze, (.604 - 521 B.C.) Dao De Jing (also called Tao Te Ching), are essential reading materials when trying to grasp the complexity of ancient Chinese thought and social customs. Neither Daoism nor Confucianism professes to be a religion; rather, these teachings serve as moral and ethical instruction and philosophy for those who chose to travel the path of an “enlightened existence”. These books have much affected the world and those who are on a personal mission to seek out enlightenment often turn to these books for guidance, some 3000 years after they were first written.

Another immensely important Chinese book of instruction is The Art of War, written by Sun Tzu during the Spring and Autumn Period (703-481 B.C.). This is the first book to instruct heads of state on how to cunningly employ political, diplomatic and military strategies.

Historically, the most important literary form in China is poetry and those who wish to pursuit the study of this subject have a tremendous body of poetical works from which to choose. The first and most important book of poetry was The Book of Poetry, also referred to as The Book of Song or The Book of Odes, a collection of 305 ancient songs anthologized during the Zhou dynasty (1122-256 B.C.) that covered everything from folk songs to the ceremonials songs during the rituals of the courts. This book of literature became a favorite of Confucius who often quoted from the book in his teachings:

The Master (Confucius) said, "My children, why do you not study the Book of Poetry?"

"The Odes serve to stimulate the mind.

"They may be used for purposes of self-contemplation.

"They teach the art of sociability.

"They show how to regulate feelings of resentment.

"From them you learn the more immediate duty of serving one's father, and the remoter one of serving one's prince.

"From them we become largely acquainted with the names of birds, beasts, and plants."

In ancient Imperial China, candidates for public administrators and positions within the court were chosen for their high aptitude in the writing of poetry and a knowledgeable understanding of the classics. This trend started in the Eastern Han dynasty (25–220 AD) when Emperor Wen-di (140 – 86 BC) adopted Confucian philosophy and scholarship as the official state ideology. While Confucianism promoted the study of poetry and the classics, more importantly it also emphasized the subject’s loyalty to his emperor. Thus, those who excelled in this sort of scholarship may have been less skilled in political science or administrative matters, but the scholars will be aware of the

necessity of showing duty to ones master which would ideally make an excellent and trustworthy servant to the emperor.

During the Tang dynasty (618-907) an incredible amount of quality poetry was produced. This is largely due to the emphasis on constructing poems to achieve positions in the court. Close to 50,000 poems are said to be composed during this era. This period of Chinese culture is frequently referred to as the Golden Age of Poetry. Li Bai, Du Fu and the painter, Wang Wei are well known and frequently translated poets from this dynasty.

Historically important Chinese novels include: Luo Guan Zhong's (1300–1400), Romance of the Three Kingdoms; Wu Ch'eng-en's (1500?-1582), Journey to the West; and the Ming dynasty's Dream of the Red Chamber by Hsueh-Chin Tsao (1715-1763).

One of the greatest figures in the 20th-century Chinese literature, Lu Xun (1881- 1936), a short-story writer, essayist, critic, and literary theorist, wrote such outstanding novels as Diary of a Madman and Ah Q cheng-chuan. Other great contemporary Chinese writers include; the essaist and novelist, Lin Yu-tang (1895-1976); Pai Hsien-yung (b. 1937), author of Crystal Boys; the author of Soul Mountain and The Other Shore, the Nobel Prize winner, Gao Xingjian (1940 - 1999); novelist and short fiction writer, Zhang Jie (b. 1937); the poet, Bei Dao (b. 1949); Li Ang (1952); novelist, Wang Anyi (b. 1953); and poet, Yang Lain (b. 1955).

The Tibetans have two great masterpieces on the shelves of the best in world literature. Tibet's, The Life of King Gesar, is unique to any other piece of literature. It is the longest recorded epic in the world and has been collectively written by the people of Tibet for the past 1000 years. A mainstay of Buddhist spiritual literature is The Great Liberation through Hearing in the Bardo, more familiarly known as, The Tibetan Book of the Dead (The Bardo Thotrol). In this book, great detail is given to the process of dying, karma, bardo (the transitional state between death and rebirth), and reincarnation. The Book of the Dead is often read aloud to those who are dying to assist their mental acceptance of the evitable so that they welcome, rather than fear, death.

Beijing Scene; The Life and Literature of Zhang Jie:

<http://www.beijingscene.com/cissue/feature.html>

The Internet Classics Archive; The Analects:

<http://classics.mit.edu/Confucius/analects.4.4.html>

Cultural Division Taipei Economic & Cultural Office in Houston; Traditional Chinese Culture in Taiwan: Books; The Origin of Chinese Books and Printing:

<http://www.houstoncul.org/culdir/book/book.htm>

China Tibet Information Center; The World's Longest Epic Saga:

http://www.tibetinfo.com/en/culture/c_plaza/literature/liter_01_zl.htm

China the Beautiful; Du Fu Poetry:

<http://www.chinapage.com/poet-e/dufu2e.html>

China Guide; Chinese Literature – Poetry – Ancient Poetry:

<http://www.china-guide.com/b00yu2.html>

Cuisine

Even within context of the social art of cuisine, the nuances of Confucius' teachings are still relevant. Confucius taught that the virtuous “supreme man” was polite and well mannered, and propriety in the rituals of the dinner table including the humility and generosity of the host towards his or her guests was all-important. For instance, one theory has it that chopsticks, standard Chinese eating utensils, are said to be used due a Confucian belief that eating with fork and knives are essentially eating with weapons, a barbaric symbol in the good company of friends and family. Food, then, must be prepared in such a way that it is easily handled with the manipulation of the chopsticks or spoons.

Aside from proper table manners, a distinction was made between simply eating food and truly tasting and recognizing the taste of many ingredients. A cultivated person must be able to appreciate the sophisticated complexities that the taste, texture, presentation and aroma of the food offered the senses. As painters must grasp the essence of the nature in their paintings, so must a gourmandise enjoy the essence of the food that nourishes the body and soul. Thus the preparation and appreciation of cuisine was elevated to an art form some 3000 years ago.

Daoist principles may also be considered when preparing a meal, though more so in the past than in recent years. Foods and spices can be characterized by the principles of Yin (cooling) and Yang (warming) and a healthy diet balances ingredients according to their Yin or Yang quality. Bland foods, boiled foods, bean curd, tofu, cucumber, honey, pork, duck, watercress and white foods are Yin. Fried foods, broiled foods, chicken, beef, garlic, vinegar, ginger, eggplant, and peanuts are Yang. Thus stir-fried bean curd or ginger pork are balanced dishes. This principle can also be applied to the seasons. During the warmer summer or Yang months, the lighter, cooling Yin foods will be eaten and during the cold winter or Yin months, spicy Yang dishes are common.

Chinese cuisine is considered one of the world's greatest cuisines and Chinese restaurants are found in cities across the globe. While there is an extensive amount of cooking styles due to ethnic, religious and cultural variations, a standard method of classifying Chinese cuisine is by regions.

- Northern fare features Mongolian cuisine consisting of hearty meaty dishes, grilled mutton and beef, and the Mongolian fire pot, a large communal cooking and serving pot. The Beijing, also called Pekinese, or imperialistic style of cooking is famous for Peking duck, noodle dishes such as

chow mein, meat and vegetable filled dumplings, and Mu Shu Pork.

- Southern cuisine features the famous Cantonese cuisine characterized by fresh steamed and stir-fried foods, notable seafood dishes, dim sum (steam or fried snack foods and dumplings), a variety of exotic animals and animal parts such as shark's fin soup, fish belly in clear soup, and an ingredient called bird's nest (a nest made from congealed swallows saliva and moss found in the Gulf of Siam).
- Eastern cuisine is associated with the cuisine styles originating from Shanghai. In this region rice and wheat are plentiful and are important ingredients in recipes. A unique cooking style is "red-cooking" meat is slowly cooked in a dark soy sauce until it gains a reddish tinge. Popular dishes include Lion's Head Meatballs, seasoned ground pork meatballs served with bok choy; Baked Eel, and Beggar's Chicken
- Western cuisine features Hunan and Szechwan styles known for the spicy, fragrant dish seasoned with sweet and sour sauces, garlic, ginger, citrus and the Szechwan red pepper. Famous dishes include Twice Cooked Pork, Chengdu Chicken, Hot and Sour Soup and Orange Beef.

Tea has had a long tradition in China. The Chinese civilization was the first to cultivate the tealeaves. Tea is the national drink in China and is drunk frequently throughout the day in the company of friends and family. Tea is said to have medicinal, soothing qualities. One may drink tea to clean the palate during meals and again after the meal or to just simple enjoy an afternoon break.

Global Gourmet; Yin Yang Foods:

<http://www.globalgourmet.com/ggt/ggt0698>

Cooking Together, Chinese Style; History of Chinese Cooking:

<Http://www.cookingtogether.com/history.html>

Think Quest; Destiny, The Culture of China; Living and Values; Food:

http://library.thinkquest.org/20443/food_drink.html

Etiquette

Cultural Dos and Taboos

1. When greeting another person in China, nodding or bowing slightly are the norms, although handshakes are becoming more common. One should ideally wait for one's Chinese counterpart to extend a hand first. Note that introductions tend to be formal and courteous rather than familiar and casual as in the US.
2. Titles and status are important in China, so be sure to use official titles unless invited to do otherwise. Unless one is a communist, however, one should avoid using the term "comrade."
3. Punctuality is important in China in both professional and personal cases, so be sure to adhere strictly to meeting times and deadlines.
4. Do not begin eating or drinking until your host commences. Also, be prepared for lengthy and filling meals since Chinese banquets may consist of twenty courses. In such cases, temper the amount of food consumed so you can manage the quantity of food. You may not, however, want to completely finish all your food since hosts will continue to fill an empty bowl, as it is a sign that the host has not provided a sufficient offering. Alternatively, a completely filled bowl is viewed unfavorably so some balance in between is preferable.
5. Rice is served in bowls and should be consumed close to the mouth. Chopsticks are generally used for most foods (other than rice and soup dishes). Your attempts to use these utensils will be well appreciated although dropping them on the floor when your attempts are unsuccessful is regarded unfavorably.
6. Suggested topics of conversation include sightseeing in China, arts, calligraphy, and inquiries about the health of the other's families. Generally, conversation during a meal focuses on the meal itself and is full of compliments to the cook, as well as fervent toasts.
7. Exaggerated gestures or dramatic facial expressions are not the norm in China and should be avoided. The Chinese also do not gesticulate with their hands when speaking, and as such, visitors should temper their hand motions. Also, do not put your hand in your mouth; this is considered rude.
8. Touching is not acceptable among unfamiliar persons, and generally, public displays of affection should be avoided.
9. When giving or receiving a gift use both hands. The Chinese often decline a gift three times before accepting as easy acceptance is considered to be a sign of greed. One should continue to insist upon giving the gift and express profuse pleasure once the gift is accepted.

10. Wrap gifts in red, a lucky color; pink and yellow, happy, prosperous colors, are also good colors. Do not use white, which is the color for funerals. Clocks and handkerchiefs are not good gifts for symbolic reasons. Gifts of food, including the offer to host a banquet, electronic items, pens, quality liquors and imported items are generally considered to be good options.

Travel Information

Please Note: This is a generalized travel guide and it is intended to coalesce several resources, which a traveler might find useful, regardless of a particular destination. As such, it does not include travel warnings for specific "hot spot" destinations.

For travel alerts and warnings, please see the United States Department of State's listings available at URL:

<http://travel.state.gov/content/passports/english/alertswarnings.html>

Please note that travel to the following countries, based on these warnings, is ill-advised, or should be undertaken with the utmost precaution:

Afghanistan, Algeria, Burundi, Cameroon, Central African Republic, Chad, Colombia, Democratic Republic of Congo, Djibouti, El Salvador, Eritrea, Ethiopia, Guinea, Honduras, Iraq, Iran, Lebanon, Liberia, Libya, Mali, Mauritania, Mexico, Nepal, Niger, Nigeria, North Korea, Pakistan, Palestinian Territories of West Bank and Gaza, Philippines areas of Sulu Archipelago, Mindanao, and southern Sulu Sea, Saudi Arabia, Sierra Leone, Somalia, South Sudan, Sudan, Syria, Ukraine, Venezuela, and Yemen.

International Travel Guide

Checklist for Travelers

1. Take out travel insurance to cover hospital treatment or medical evacuation. Overseas medical costs are expensive to most international travelers, where one's domestic, nationalized or even

private health insurance plans will not provide coverage outside one's home country. Learn about "reciprocal insurance plans" that some international health care companies might offer.

2. Make sure that one's travel insurance is appropriate. If one intends to indulge in adventurous activities, such as parasailing, one should be sure that one is fully insured in such cases. Many traditional insurance policies do not provide coverage in cases of extreme circumstances.
3. Take time to learn about one's destination country and culture. Read and learn about the place one is traveling. Also check political, economic and socio-cultural developments at the destination by reading country-specific travel reports and fact sheets noted below.
4. Get the necessary visas for the country (or countries) one intends to visit - but be aware that a visa does not guarantee entry. A number of useful sites regarding visa and other entry requirements are noted below.
5. Keep in regular contact with friends and relatives back at home by phone or email, and be sure to leave a travel itinerary.
6. Protect one's personal information by making copies of one's passport details, insurance policy, travelers checks and credit card numbers. Taking copies of such documents with you, while leaving another collection copies with someone at home is also good practice for travelers. Taking copies of one's passport photograph is also recommended.
7. Stay healthy by taking all possible precautions against illness. Also, be sure to take extra supplies of prescription drugs along for the trip, while also taking time to pack general pharmaceutical supplies, such as aspirin and other such painkillers, bandages, stomach ailment medication, anti-inflammatory medication and anti-bacterial medication.
8. Do not carry illicit drugs. Understand that the punishment for possession or use of illegal drugs in some countries may be capital punishment. Make sure your prescription drugs are legal in the countries you plan to visit.
9. Know the laws of one's destination country and culture; be sure to understand the repercussions of breaking those laws and regulations. Often the transparency and freedoms of the juridical system at home is not consistent with that of one's destination country. Become aware of these complexities and subtleties before you travel.
10. For longer stays in a country, or where the security situation is volatile, one should register one's self and traveling companions at the local embassy or consulate of one's country of citizenship.
11. Women should take care to be prepared both culturally and practically for traveling in a different country and culture. One should be sure to take sufficient supplies of personal feminine products and prescription drugs. One should also learn about local cultural standards for women, including norms of dressing. Be aware that it is simply inappropriate and unsafe for women to travel alone in some countries, and take the necessary precautions to avoid risk-filled situations.
12. If one is traveling with small children, one should pack extra supplies, make arrangements with the travel carrier for proper seating that would adequately accommodate children, infants or toddlers. Note also that whether one is male or female, traveling with children means that one's hands are thus not free to carry luggage and bags. Be especially aware that this makes one vulnerable to pickpockets, thieves and other sorts of crime.

13. Make proper arrangements for accommodations, well in advance of one's arrival at a destination. Some countries have limited accommodation, while others may have culturally distinctive facilities. Learning about these practicalities before one travels will greatly aid the enjoyment of one's trip.

14. Travel with different forms of currency and money (cash, traveler's checks and credit cards) in anticipation that venues may not accept one or another form of money. Also, ensuring that one's financial resources are not contained in one location, or by one person (if one is traveling with others) can be a useful measure, in the event that one loses a wallet or purse.

15. Find out about transportation in the destination country. In some places, it might be advisable to hire a local driver or taxi guide for safety reasons, while in other countries, enjoying one's travel experience may well be enhanced by renting a vehicle and seeing the local sights and culture independently. Costs may also be prohibitive for either of these choices, so again, prior planning is suggested.

Travel Information for China

People visiting or residing in China are advised to take the normal safety precautions travelers take when in a foreign country. Specifically, travelers should remain aware of their surroundings and of events that are happening around them. Travelers should respect local police requirements to temporarily avoid travel in some areas. In light of the greatly increased numbers of older Americans traveling to China, U.S. tour operators should check that local guides are familiar with medical facilities and emergency medical evacuation procedures.

Travelers who rent apartments with gas appliances should be aware that in some areas, natural gas is not scented to warn occupants of gas leaks or concentrations. In addition, heaters may not always be well vented, thereby allowing excess carbon monoxide to build up in living spaces. Due to recent fatal accidents, travelers are advised to ensure all gas appliances are properly vented or install gas and carbon monoxide detectors in their residences. These devices are not widely available in China, and they should be purchased prior to arrival.

Chinese security personnel may place foreign government officials, journalists, and business people with access to advanced proprietary technology under surveillance. Hotel rooms and personal computing devices for these categories of visitors are sometimes searched.

Terrorism is rare in China, although a small number of bombings and incidents of unrest have occurred in Beijing and in other areas inhabited primarily by ethnic minorities. Recent bombings have largely been the result of commercial disputes between Chinese. There is no indication that acts of public violence have been directed against foreigners.

Overall, China is a safe country, with a low but increasing crime rate. Pickpockets target tourists at sightseeing destinations, open air markets and in stores, often with the complicity of low-paid security guards. Violence against foreigners occurs, but it is rare. The number of violent incidents against Americans is very low on a worldwide basis (there were nine reported violent attacks on American citizens between 1999 and 2001), but such incidents do occur. Robberies, sometimes at

gunpoint, have occurred in western China, and there have been some reports of robberies and assaults along remote mountain highways near China's border with Nepal. Travelers are sometimes asked by locals to exchange money at a preferential rate. It is illegal to exchange dollars for RMB except at banks, hotels and official exchange offices. Due to the large volume of counterfeit currency in China, unofficial exchanges usually result in travelers losing their money and possibly left to face charges of breaking foreign exchange laws.

Travelers should have small bills (RMB 10, 20 and 50 notes) for travel by taxi. Reports of taxi drivers using counterfeit RMB 50 and 100 notes to make change for large bills are increasingly common.

Throughout China, women outside hotels in tourist districts frequently use the prospect of companionship or sex to lure foreign men to isolated locations where accomplices are waiting for the purpose of robbery. Travelers should not allow themselves to be driven to bars or an individual's home unless they know the person making the offer. Hotel guests should refuse to open their room doors to anyone they do not know personally. Sexual assaults in China reported by non-local women usually involve acquaintances rather than strangers.

Visitors to China should carry their passports with them out of reach of pickpockets. Americans with Chinese residence permits (juliuzheng) should carry these documents, and leave their passports in a secure location except when traveling. All travelers are encouraged to make photocopies of their passport bio-data pages and Chinese visas and to keep these in a separate, secure location.

The loss or theft of a passport should be reported immediately to the police in the city where the loss occurs as well as to the nearest U.S. embassy or consulate general. Americans who give away or sell their passport in China are liable to arrest and prosecution in both China and in the United States.

Western style medical facilities with international staffs are available in Beijing, Shanghai, Guangzhou and a few other large cities. Many other hospitals in major Chinese cities have so-called VIP wards (gaogan bingfang). These feature reasonably up-to-date medical technology and physicians who are both knowledgeable and skilled. Most VIP wards also provide medical services to foreigners and have English-speaking doctors and nurses. Most hospitals in China will not accept medical insurance from the United States and other countries. Travelers will be asked to post a deposit prior to admission to cover the expected cost of treatment. Many hospitals in major cities may accept credit cards for payment. Even in the VIP/Foreigner wards of major hospitals, however, patients have frequently encountered difficulty due to cultural and regulatory differences. Physicians and hospitals have sometimes refused to supply American patients with complete copies of their Chinese hospital medical records, including laboratory test results, scans, and x-rays. All visitors traveling to China are strongly encouraged to buy foreign medical care and medical evacuation insurance prior to arrival.

Ambulances do not carry sophisticated medical equipment, and ambulance personnel generally have little or no medical training. Therefore, injured or seriously ill Americans may be required to take taxis or other immediately available vehicles to the nearest major hospital rather than waiting for ambulances to arrive. In rural areas, only rudimentary medical facilities are generally available.

Medical personnel in rural areas are often poorly trained, have little medical equipment or availability to medications. Rural clinics are often reluctant to accept responsibility for treating foreigners, even in emergency situations.

Foreign-operated medical providers catering to expatriates and visitors are available in China. SOS International, Ltd., operates modern medical and dental clinics and provides medical evacuation and medical escort services in several Chinese cities. For medical emergencies anywhere in mainland China, Americans can call the SOS International, Ltd., 24-hour "Alarm Center" in Beijing at telephone (86-10) 6462-9100 or in Shanghai at (86-21) 6295-0099 for advice and referrals to local facilities. SOS International Alarm Centers can also be contacted in Hong Kong at telephone (852) 2428-9900 and in the United States at (1-800) 523-6586.

The Australian firm, GlobalDoctor, Ltd., has opened clinics staffed by English-speaking doctors within the VIP wards of government-run hospitals in Chengdu, Nanjing, and Beijing.

Visitors are advised not to travel to China without both health insurance and medical evacuation insurance (often included in so-called "travel" insurance and provided as part of a tour group package). U.S. medical insurance is not always valid outside the United States. Medicare/Medicaid programs do not provide coverage for medical services outside the United States. Even when insurance does cover services received in China, it will usually be necessary to pay first and then file for reimbursement with the insurance company upon returning to the United States. Supplemental insurance with specific overseas coverage, including provision for medical evacuation, is strongly recommended and can be purchased in the United States prior to travel. Please check with your own insurance company to confirm whether your policy applies overseas, and if it includes a provision for medical evacuation.

Recent medical evacuations by air ambulance from China to nearby areas have cost over US \$30,000. Two private emergency medical assistance firms, SOS International, Ltd., and Medex Assistance Corporation, offer medical insurance policies designed for travelers. Both of these companies have staff in China who can assist in the event of a medical emergency.

Note: This section is provided by the United States Department of State.

Source: *United States Department of State Consular Information Sheets.*

Tips for Travelers

- Get comprehensive travel insurance.
- Check your embassy, consulate, or appropriate government institution related to travel before traveling.
- Take medical advice on inoculations.
- Ensure that you have enough money for the duration of your trip.

- Respect local laws and customs, in particular those pertaining to engaging in religious activities.
- Keep belongings in a safe place.
- Beware of petty thieves, especially on buses and trains and at major tourist attractions.
- Ensure that you have a valid visa, even if you are only in transit.
- Beware of the dangers of altitude sickness in Tibet.
- Leave a photocopy of your passport and your itinerary with a contact in your home country.
- Enter next of kin details into the back of your passport.
- Do not become involved with drugs, penalties can be severe, including the death penalty.
- Do not get involved with demonstrations.
- Do not overstay your visa. Heavy fines are normally imposed on those who do.
- Do not resist attempted robbery; this can lead to serious violence.

Note: This information is directly quoted from the United Kingdom Foreign and Commonwealth Office.

Sources: *United Kingdom Foreign and Commonwealth Office*

Business Culture: Information for Business Travelers

For information on etiquette in China see our Cultural Etiquette page.

Online Resources Regarding Entry Requirements and Visas

Foreign Entry Requirements for Americans from the United States Department of State
http://travel.state.gov/travel/cis_pa_tw/cis/cis_1765.html

Visa Services for Non-Americans from the United States Department of State

http://travel.state.gov/visa/visa_1750.html

Visa Bulletins from the United States Department of State

http://travel.state.gov/visa/frvi/bulletin/bulletin_1360.html

Visa Waivers from the United States Department of State

http://travel.state.gov/visa/temp/without/without_1990.html - new

Passport and Visa Information from the Government of the United Kingdom

<http://www.bia.homeoffice.gov.uk/>

Visa Information from the Government of Australia

<http://www.dfat.gov.au/visas/index.html>

Passport Information from the Government of Australia

<https://www.passports.gov.au/Web/index.aspx>

Passport Information from the Government of Canada

http://www.voyage.gc.ca/preparation_information/passport_passeport-eng.asp

Visa Information from the Government of Canada

http://www.voyage.gc.ca/preparation_information/visas-eng.asp

Online Visa Processing by Immigration Experts by VisaPro

<http://www.visapro.com>

Sources: United States Department of State, United Kingdom Foreign and Commonwealth Office, Government of Australia: Department of Foreign Affairs and Trade, Government of Canada Department of Foreign Affairs and International Trade

Useful Online Resources for Travelers

Country-Specific Travel Information from United States

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1765.html

Travel Advice by Country from Government of United Kingdom

<http://www.fco.gov.uk/en/travelling-and-living-overseas/travel-advice-by-country/>

General Travel Advice from Government of Australia

<http://www.smartraveller.gov.au/zw-cgi/view/Advice/General>

Travel Bulletins from the Government of Australia

<http://www.smartraveller.gov.au/zw-cgi/view/TravelBulletins/>

Travel Tips from Government of Australia

<http://www.smartraveller.gov.au/tips/index.html>

Travel Checklist by Government of Canada

http://www.voyage.gc.ca/preparation_information/checklist_sommaire-eng.asp

Travel Checklist from Government of United Kingdom

<http://www.fco.gov.uk/en/travelling-and-living-overseas/staying-safe/checklist>

Your trip abroad from United States Department of State

http://travel.state.gov/travel/tips/brochures/brochures_1225.html

A safe trip abroad from United States Department of State

http://travel.state.gov/travel/tips/safety/safety_1747.html

Tips for expatriates abroad from United States Department of State

http://travel.state.gov/travel/living/residing/residing_1235.html

Tips for students from United States Department of State

http://travel.state.gov/travel/living/studying/studying_1238.html <http://travel.state.gov/travel/tips/broc>

Medical information for travelers from United States Department of State

http://travel.state.gov/travel/tips/health/health_1185.html

US Customs Travel information

<http://www.customs.gov/xp/cgov/travel/>

Sources: United States Department of State; United States Customs Department, United Kingdom Foreign and Commonwealth Office, Foreign and Commonwealth Office, Government of Australia; Government of Canada: Department of Foreign Affairs and International Trade

Other Practical Online Resources for Travelers

Foreign Language Phrases for Travelers

<http://www.travlang.com/languages/>

<http://www.omniglot.com/language/phrases/index.htm>

World Weather Forecasts

<http://www.intellicast.com/>

<http://www.wunderground.com/>

<http://www.worldweather.org/>

Worldwide Time Zones, Map, World Clock

<http://www.timeanddate.com/>

<http://www.worldtimezone.com/>

International Airport Codes

<http://www.world-airport-codes.com/>

International Dialing Codes

<http://www.kropla.com/dialcode.htm>

<http://www.countrycallingcodes.com/>

International Phone Guide

<http://www.kropla.com/phones.htm>

International Mobile Phone Guide

<http://www.kropla.com/mobilephones.htm>

International Internet Café Search Engine

<http://cybercaptive.com/>

Global Internet Roaming

<http://www.kropla.com/roaming.htm>

World Electric Power Guide

<http://www.kropla.com/electric.htm>

<http://www.kropla.com/electric2.htm>

World Television Standards and Codes

<http://www.kropla.com/tv.htm>

International Currency Exchange Rates

<http://www.xe.com/ucc/>

Banking and Financial Institutions Across the World

<http://www.123world.com/banks/index.html>

International Credit Card or Automated Teller Machine (ATM) Locator

<http://visa.via.infonow.net/locator/global/>

<http://www.mastercard.com/us/personal/en/cardholderservices/atmlocations/index.html>

International Chambers of Commerce

<http://www.123world.com/chambers/index.html>

World Tourism Websites

<http://123world.com/tourism/>

Diplomatic and Consular Information

United States Diplomatic Posts Around the World

<http://www.usembassy.gov/>

United Kingdom Diplomatic Posts Around the World

<http://www.fco.gov.uk/en/about-the-fco/embassies-and-posts/find-an-embassy-overseas/>

Australia's Diplomatic Posts Around the World

<http://www.dfat.gov.au/missions/>

<http://www.dfat.gov.au/embassies.html>

Canada's Embassies and High Commissions

<http://www.international.gc.ca/ciw-cdm/embassies-ambassades.aspx>

Resources for Finding Embassies and other Diplomatic Posts Across the World

<http://www.escapeartist.com/embassy1/embassy1.htm>

Safety and Security

Travel Warnings by Country from Government of Australia

<http://www.smarttraveller.gov.au/zw-cgi/view/Advice/>

Travel Warnings and Alerts from United States Department of State

http://travel.state.gov/travel/cis_pa_tw/tw/tw_1764.html

http://travel.state.gov/travel/cis_pa_tw/pa/pa_1766.html

Travel Reports and Warnings by Government of Canada

http://www.voyage.gc.ca/countries_pays/menu-eng.asp

http://www.voyage.gc.ca/countries_pays/updates_mise-a-jour-eng.asp

Travel Warnings from Government of United Kingdom

<http://www.fco.gov.uk/en/travelling-and-living-overseas/travel-advice-by-country/>
<http://www.fco.gov.uk/en/travelling-and-living-overseas/travel-advice-by-country/?action=noTravelAll#noTravelAll>

Sources: United Kingdom Foreign and Commonwealth Office, the United States Department of State, the Government of Canada: Department of Foreign Affairs and International Trade, Government of Australia: Department of Foreign Affairs and Trade

Other Safety and Security Online Resources for Travelers

United States Department of State Information on Terrorism

<http://www.state.gov/s/ct/>

Government of the United Kingdom Resource on the Risk of Terrorism

<http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1044011304926>

Government of Canada Terrorism Guide

<http://www.international.gc.ca/crime/terrorism-terrorisme.aspx?lang=eng>

Information on Terrorism by Government of Australia

<http://www.dfat.gov.au/icat/index.html>

FAA Resource on Aviation Safety

<http://www.faasafety.gov/>

In-Flight Safety Information for Air Travel (by British Airways crew trainer, Anna Warman)

<http://www.warman.demon.co.uk/anna/inflight.html>

Hot Spots: Travel Safety and Risk Information

<http://www.airsecurity.com/hotspots/HotSpots.asp>

Information on Human Rights

<http://www.state.gov/g/drl/hr/>

Sources: The United States Department of State, the United States Customs Department, the Government of Canada, the Government of United Kingdom, the Government of Australia, the Federal Aviation Authority, Anna Warman's In-flight Website, Hot Spots Travel and Risk

Information

Diseases/Health Data

Please Note: Most of the entry below constitutes a generalized health advisory, which a traveler might find useful, regardless of a particular destination.

As a supplement, however, reader will also find below a list of countries flagged with current health notices and alerts issued by the Centers for Disease Control and Prevention (CDC).

Please note that travel to the following countries, based on these 3 levels of warnings, is ill-advised, or should be undertaken with the utmost precaution:

Level 3 (highest level of concern; avoid non-essential travel) --

Guinea - Ebola

Liberia - Ebola

Nepal - Earthquake zone

Sierra Leone - Ebola

Level 2 (intermediate level of concern; use utmost caution during travel) --

Cameroon - Polio

Somalia - Polio

Vanuatu - Tropical Cyclone zone

Throughout Middle East and Arabia Peninsula - MERS ((Middle East Respiratory Syndrome)

Level 1 (standard level of concern; use practical caution during travel) -

Australia - Ross River disease
Bosnia-Herzegovina - Measles
Brazil - Dengue Fever
Brazil - Malaria
Brazil - Zika
China - H7N9 Avian flu
Cuba - Cholera
Egypt - H5N1 Bird flu
Ethiopia - Measles
Germany - Measles
Japan - Hand, foot, and mouth disease (HFMD)
Kyrgyzstan - Measles
Malaysia -Dengue Fever
Mexico - Chikungunya
Mexico - Hepatitis A
Nigeria - Meningitis
Philippines - Measles
Scotland - Mumps
Singapore - Hand, foot, and mouth disease (HFMD)
South Korea - MERS ((Middle East Respiratory Syndrome)
Throughout Caribbean - Chikungunya
Throughout Central America - Chikungunya
Throughout South America - Chikungunya
Throughout Pacific Islands - Chikungunya

**For specific information related to these health notices and alerts please see the CDC's listing available at URL:
<http://wwwnc.cdc.gov/travel/notices>**

Health Information for Travelers to China

The preventive measures you need to take while traveling in East Asia depend on the areas you visit and the length of time you stay. You should observe the precautions listed in this document in most areas of this region. However, in highly developed areas of Japan, Hong Kong, South Korea, and Taiwan, you should observe health precautions similar to those that would apply while traveling in the United States.

Travelers' diarrhea, the number one illness in travelers, can be caused by viruses, bacteria, or parasites, which can contaminate food or water. Infections may cause diarrhea and vomiting (*E.*

coli, *Salmonella*, cholera, and parasites), fever (typhoid fever and toxoplasmosis), or liver damage (hepatitis). Make sure your food and drinking water are safe. (See below.)

Malaria is a preventable infection that can be fatal if left untreated. Prevent infection by taking prescription antimalarial drugs and protecting yourself against mosquito bites (see below). Malaria risk in this region exists only in some rural areas of China. For specific locations, see Malaria Information for Travelers to East Asia (<http://www.cdc.gov/travel/regionalmalaria/eastasia.htm>). Most travelers to East Asia at risk for malaria should take chloroquine to prevent malaria.

A certificate of yellow fever vaccination may be required to enter certain of these countries if you are coming from tropical South America or sub-Saharan Africa. (There is no risk for yellow fever in East Asia.) For detailed information, see Comprehensive Yellow Fever Vaccination Requirements (<http://www.cdc.gov/travel/yelfever.htm>).

Dengue, filariasis, Japanese encephalitis, leishmaniasis, and plague are diseases carried by insects that also occur in this region. Protecting yourself against insect bites (see below) will help to prevent these diseases.

If you visit the Himalayan Mountains, ascend gradually to allow time for your body to adjust to the high altitude, which can cause insomnia, headaches, nausea, and altitude sickness. In addition, use sunblock rated at least SPF 15, because the risk of sunburn is greater at high altitudes.

CDC Recommends the Following Vaccines (as Appropriate for Age):

See your doctor at least 4-6 weeks before your trip to allow time for shots to take effect.

- Hepatitis A or immune globulin (IG), except travelers to Japan.
- Hepatitis B, if you might be exposed to blood (for example, health-care workers), have sexual contact with the local population, stay longer than 6 months, or be exposed through medical treatment.
- Japanese encephalitis, only if you plan to visit rural areas for 4 weeks or more, except under special circumstances, such as a known outbreak of Japanese encephalitis.
- Rabies, if you might be exposed to wild or domestic animals through your work or recreation.
- Typhoid, particularly if you are visiting developing countries in this region.
- As needed, booster doses for tetanus-diphtheria and measles, and a one-time dose of polio for adults. Hepatitis B vaccine is now recommended for all infants and for children ages 11-12 years who did not receive the series as infants.

All travelers should take the following precautions, no matter the destination:

- Wash hands often with soap and water.

- Because motor vehicle crashes are a leading cause of injury among travelers, walk and drive defensively. Avoid travel at night if possible and always use seat belts.
- Always use latex condoms to reduce the risk of HIV and other sexually transmitted diseases.
- Don't eat or drink dairy products unless you know they have been pasteurized.
- Don't share needles with anyone.
- Eat only thoroughly cooked food or fruits and vegetables you have peeled yourself. Remember: boil it, cook it, peel it, or forget it.
- Never eat undercooked ground beef and poultry, raw eggs, and unpasteurized dairy products. Raw shellfish is particularly dangerous to persons who have liver disease or compromised immune systems.

Travelers visiting undeveloped areas should take the following precautions:

To Stay Healthy, Do:

- Drink only bottled or boiled water, or carbonated (bubbly) drinks in cans or bottles. Avoid tap water, fountain drinks, and ice cubes. If this is not possible, make water safer by BOTH filtering through an "absolute 1-micron or less" filter AND adding iodine tablets to the filtered water. "Absolute 1-micron filters" are found in camping/outdoor supply stores.
- If you visit an area where there is risk for malaria, take your malaria prevention medication before, during, and after travel, as directed. (See your doctor for a prescription.) Protect yourself from insects by remaining in well-screened areas, using repellents (applied sparingly at 4-hour intervals), and wearing long-sleeved shirts and long pants from dusk through dawn.
- To prevent fungal and parasitic infections, keep feet clean and dry, and do not go barefoot.

To Avoid Getting Sick:

- Don't eat food purchased from street vendors.
- Don't drink beverages with ice.
- Don't handle animals (especially monkeys, dogs, and cats), to avoid bites and serious diseases (including rabies and plague). (For more information, please see the Animal-Associated Hazards on the Making Travel Safe page at URL <http://www.cdc.gov/travel/safety.htm>.)
- Don't swim in fresh water (except for well-chlorinated swimming pools) in certain areas of China (southeast, east, and Yangtze River valley) to avoid infection with schistosomiasis. Salt water is usually safer. (For more information, please see the Swimming Precautions on the Making Travel Safe page.)

What You Need To Bring with You:

- Long-sleeved shirt and long pants to wear while outside whenever possible, to prevent illnesses carried by insects.

- Insect repellent containing DEET (diethylmethyltoluamide), in 30%-35% strength for adults and 6%-10% for children.
- Over-the-counter antidiarrheal medicine to take if you have diarrhea.
- Iodine tablets and water filters to purify water if bottled water is not available. See Do's above for more detailed information about water filters.
- Sunblock, sunglasses, hat.
- Prescription medications: make sure you have enough to last during your trip, as well as a copy of the prescription(s).

After You Return Home:

If you have visited an area where there is risk for malaria, continue taking your malaria medication weekly for 4 weeks after you leave the area.

If you become ill—even as long as a year after your trip—tell your doctor the areas you have visited.

For More Information:

Ask your doctor or check the CDC web sites for more information about how to protect yourself against diseases that occur in East Asia, such as:

For information about diseases-

Carried by Insects

Dengue, Japanese encephalitis, Malaria

Carried in Food or Water

Cholera, *Escherichia coli*, diarrhea, Hepatitis A, Schistosomiasis, Typhoid Fever

Person-to-Person Contact

Hepatitis B, HIV/AIDS

For more information about these and other diseases, please check the Diseases (<http://www.cdc.gov/travel/diseases.htm>) section and the Health Topics A - Z (<http://www.cdc.gov/health/diseases.htm>).

Note:

China is located in the East Asia health region.

Sources:

The Center for Disease Control Destinations Website:

<http://www.cdc.gov/travel/destinat.htm>

Chapter 6

Environmental Overview

Environmental Issues

General Overview:

China is the world's second largest emitter of carbon, due primarily to its high dependence on coal. Although energy consumption per unit of output has been cut nearly in half since 1970, the country's major industries, including electric power generation, continue to use energy far more intensively than in most developed countries. China's intense growth in recent years has further exacerbated its demand and use of energy, and a lack of attention to the deleterious effects of rapid industrial development has resulted in high degrees of air and water pollution, particularly in cities.

China has taken on some limited initiatives to do with ecological concerns, primarily in the realm of sustainable development. China's sustainable development goals, outlined in its Agenda 21 program, include increased emphasis on energy efficiency and renewable power sources (hydroelectricity, solar, etc.).

In 2006, however, China took a significant step toward progressive environmental policy. China announced a proposal to spend \$175 billion (1.4 yuan) over the course of five years on environmental protection. The amount of funds being set aside for this cause was significant -- totaling around 1.5 percent of China's annual economic output -- and suggested growing consciousness by the leadership of the country regarding ecological imperatives. The funds would be used to decrease air and land pollution in the country, and also to improve China's water quality. These objectives have been hailed by environmental groups as very positive since China is home to significant air and water pollution. As noted above, in the past, the drive toward economic development vitiated ecological concerns.

Current Issues:

- Air pollution from the overwhelming use of high-sulfur coal
- Forest damage from acid rain
- Water shortages experienced throughout the country, particularly in urban areas
- Future shortages are projected as growth in water usage threatens to outpace supplies
- Water pollution from industrial effluents
- Lack of access to potable water
- Lack of treatment of 90 percent of sewage effluent

- Deforestation, with the estimated loss of one-fifth of agricultural land since 1949 due to economic development projects
- Soil erosion
- Desertification
- Loss of bio-diversity (wildlife in particular), due to illegal trade and exploitation of endangered species

Total Greenhouse Gas Emissions (Mtc):

1,348.9

Country Rank (GHG output):

2nd

Natural Hazards:

- Frequent typhoons (about five per year along southern and eastern coasts)
- Floods
- Tsunamis
- Earthquakes
- Droughts

Environmental Policy

Regulation and Jurisdiction:

The regulation and protection of the environment in China is under the jurisdiction of the following:

Major Non-Governmental Organizations:

- the International Geographical Union 's Study Group on Regional Hydrological Responses to Global Warming
- Several university-based programs including:
 - The Nanjing Normal University 's Cetacean Research Laboratory
 - The Chinese Academy of Sciences

International Environmental Accords:

Party to:

- Antarctic-Environmental Protocol
- Antarctic Treaty
- Biodiversity
- Climate Change
- Climate Change-Kyoto Protocol
- Desertification
- Endangered Species
- Hazardous Wastes
- Law of the Sea
- Marine Dumping
- Nuclear Test Ban
- Ozone Layer Protection
- Ship Pollution
- Tropical Timber 83
- Tropical Timber 94
- Wetlands
- Whaling

Signed but not ratified:

- None

Kyoto Protocol Status (year ratified):

2002

Greenhouse Gas Ranking

Greenhouse Gas Ranking

GHG Emissions Rankings

Country Rank	Country
1	United States
2	China
4	Russia
5	Japan
6	India
7	Germany
8	United Kingdom
9	Canada
10	Korea, South
11	Italy

12	Mexico
13	France
14	South Africa
15	Iran
16	Indonesia
17	Australia
18	Spain
19	Brazil
20	Saudi Arabia
21	Ukraine
22	Poland
23	Taiwan
24	Turkey
25	Thailand
26	Netherlands
27	Kazakhstan
28	Malaysia
29	Egypt

30	Venezuela
31	Argentina
32	Uzbekistan
33	Czech Republic
34	Belgium
35	Pakistan
36	Romania
37	Greece
38	United Arab Emirates
39	Algeria
40	Nigeria
41	Austria
42	Iraq
43	Finland
44	Philippines
45	Vietnam
46	Korea, North
47	Israel

48	Portugal
49	Colombia
50	Belarus
51	Kuwait
52	Hungary
53	Chile
54	Denmark
55	Serbia & Montenegro
56	Sweden
57	Syria
58	Libya
59	Bulgaria
60	Singapore
61	Switzerland
62	Ireland
63	Turkmenistan
64	Slovakia
65	Bangladesh

66	Morocco
67	New Zealand
68	Oman
69	Qatar
70	Azerbaijan
71	Norway
72	Peru
73	Cuba
74	Ecuador
75	Trinidad & Tobago
76	Croatia
77	Tunisia
78	Dominican Republic
79	Lebanon
80	Estonia
81	Yemen
82	Jordan
83	Slovenia

84	Bahrain
85	Angola
86	Bosnia & Herzegovina
87	Lithuania
88	Sri Lanka
89	Zimbabwe
90	Bolivia
91	Jamaica
92	Guatemala
93	Luxembourg
94	Myanmar
95	Sudan
96	Kenya
97	Macedonia
98	Mongolia
99	Ghana
100	Cyprus
101	Moldova

102	Latvia
103	El Salvador
104	Brunei
105	Honduras
106	Cameroon
107	Panama
108	Costa Rica
109	Cote d'Ivoire
110	Kyrgyzstan
111	Tajikistan
112	Ethiopia
113	Senegal
114	Uruguay
115	Gabon
116	Albania
117	Nicaragua
118	Botswana
119	Paraguay

120	Tanzania
121	Georgia
122	Armenia
123	Congo, RC
124	Mauritius
125	Nepal
126	Mauritius
127	Nepal
128	Mauritania
129	Malta
130	Papua New Guinea
131	Zambia
132	Suriname
133	Iceland
134	Togo
135	Benin
136	Uganda
137	Bahamas

138	Haiti
139	Congo, DRC
140	Guyana
141	Mozambique
142	Guinea
143	Equatorial Guinea
144	Laos
145	Barbados
146	Niger
147	Fiji
148	Burkina Faso
149	Malawi
150	Swaziland
151	Belize
152	Afghanistan
153	Sierra Leone
154	Eritrea
155	Rwanda

156	Mali
157	Seychelles
158	Cambodia
159	Liberia
160	Bhutan
161	Maldives
162	Antigua & Barbuda
163	Djibouti
164	Saint Lucia
165	Gambia
166	Guinea-Bissau
167	Central African Republic
168	Palau
169	Burundi
170	Grenada
171	Lesotho
172	Saint Vincent & the Grenadines
173	Solomon Islands

174	Samoa
175	Cape Verde
176	Nauru
177	Dominica
178	Saint Kitts & Nevis
179	Chad
180	Tonga
181	Sao Tome & Principe
182	Comoros
183	Vanuatu
185	Kiribati
Not Ranked	Andorra
Not Ranked	East Timor
Not Ranked	Holy See
Not Ranked	Hong Kong
Not Ranked	Liechtenstein
Not Ranked	Marshall Islands
Not Ranked	Micronesia

Not Ranked	Monaco
Not Ranked	San Marino
Not Ranked	Somalia
Not Ranked	Tuvalu

* European Union is ranked 3rd
 Cook Islands are ranked 184th
 Niue is ranked 186th

Global Environmental Snapshot

Introduction

The countries of the world face many environmental challenges in common. Nevertheless, the nature and intensity of problem vary from region to region, as do various countries' respective capacities, in terms of affluence and infrastructure, to remediate threats to environmental quality.

Consciousness of perils affecting the global environment came to the fore in the last third or so of the 20th century has continued to intensify well into the new millennium. According to the United Nations Environment Programme, considerable environmental progress has been made at the level of institutional developments, international cooperation accords, and public participation. Approximately two-dozen international environmental protection accords with global implications have been promulgated since the late 1970s under auspices of the United Nations and other international organizations, together with many additional regional agreements. Attempts to address and rectify environmental problems take the form of legal frameworks, economic instruments, environmentally sound technologies and cleaner production processes as well as conservation efforts. Environmental impact assessments have increasingly been applied across the globe.

Environmental degradation affects the quality, or aesthetics, of human life, but it also displays potential to undermine conditions necessary for the sustainability of human life. Attitudes toward the importance of environmental protection measures reflect ambivalence derived from this bifurcation. On one hand, steps such as cleaning up pollution, dedicating parkland, and suchlike,

are seen as embellishments undertaken by wealthy societies already assured they can successfully perform those functions deemed, ostensibly, more essential-for instance, public health and education, employment and economic development. On the other hand, in poorer countries, activities causing environmental damage-for instance the land degradation effects of unregulated logging, slash-and-burn agriculture, overgrazing, and mining-can seem justified insofar as such activities provide incomes and livelihoods.

Rapid rates of resource depletion are associated with poverty and high population growth, themselves correlated, whereas consumption per capita is much higher in the most developed countries, despite these nations' recent progress in energy efficiency and conservation. It is impossible to sequester the global environmental challenge from related economic, social and political challenges.

First-tier industrialized countries have recently achieved measurable decreases in environmental pollution and the rate of resource depletion, a success not matched in middle income and developing countries. It is believed that the discrepancy is due to the fact that industrialized countries have more developed infrastructures to accommodate changes in environmental policy, to apply environmental technologies, and to invest in public education. The advanced industrialized countries incur relatively lower costs in alleviating environmental problems, in comparison to developing countries, since in the former even extensive environmental programs represent a rather minuscule percentage of total expenditures. Conversely, budget constraints, lagged provision of basic services to the population, and other factors such as debt service and militarization may preclude institution of minimal environmental protection measures in the poorest countries.

A synopsis for the current situation facing each region of the world follows:

Regional Synopsis: Africa

The African continent, the world's second-largest landmass, encompasses many of the world's least developed countries. By global standards, urbanization is comparatively low but rising at a rapid rate. More heavily industrialized areas at the northern and southern ends of the continent experience the major share of industrial pollution. In other regions the most serious environmental problems typically stem from inefficient subsistence farming methods and other forms of land degradation, which have affected an increasingly extensive area under pressure of a widely impoverished, fast-growing population. Africa's distribution of natural resources is very uneven. It is the continent at greatest risk of desertification, especially in the Sahel region at the edge of the Sahara but also in other dry-range areas. Yet at the same time, Africa also harbors some of the earth's richest and most diverse biological zones.

Key Points:

Up to half a billion hectares of African land are moderately to severely degraded, an occurrence reflecting short-fallow shifting cultivation and overgrazing as well as a climatic pattern of recurrent droughts.

Soil degradation is severe along the expanse directly south of the Sahara, from the west to the east coasts. Parts of southern Africa, central-eastern Africa, and the neighboring island of Madagascar suffer from serious soil degradation as well.

Africa contains about 17 percent of the world's forest cover, concentrated in the tropical belt of the continent. Many of the forests, however, are severely depleted, with an estimated 70 percent showing some degree of degradation.

Population growth has resulted in continuing loss of arable land, as inefficient subsistence farming techniques affect increasingly extensive areas. Efforts to implement settled, sustainable agriculture have met with some recent success, but much further progress in this direction is needed. Especially in previously uninhabited forestlands, concern over deforestation is intensifying.

By contrast, the African savanna remains the richest grassland in the world, supporting a substantial concentration of animal and plant life. Wildlife parks are sub-Saharan Africa's greatest tourist attraction, and with proper management-giving local people a stake in conservation and controlling the pace of development-could greatly enhance African economies.

Significant numbers of mammal species in parts of northern, southern and eastern Africa are currently threatened, while the biological diversity in Mauritania and Madagascar is even further compromised with over 20 percent of the mammal species in these two countries currently under threat.

With marine catch trends increasing from 500,000 metric tons in the 1950s to over 3,000,000 metric tons by 2000, there was increasing concern about the reduction in fisheries and marine life, should this trend continue unabated.

Water resource vulnerability is a major concern in northeastern Africa, and a moderate concern across the rest of the continent. An exception is central Africa, which has plentiful water supplies.

Many Africans lack adequate access to resources, not just (if at all) because the resources are unevenly distributed geographically, but also through institutional failures such as faulty land tenure systems or political upheaval. The quality of Africa's natural resources, despite their spotty distribution, is in fact extraordinarily rich. The infrastructure needed to protect and benefit from this natural legacy, however, is largely lacking.

Regional Synopsis: Asia and the Pacific

Asia-earth's largest landmass-and the many large and nearly innumerable small islands lying off its Pacific shore display extraordinarily contrasting landscapes, levels of development, and degrees of environmental stress. In the classification used here, the world's smallest continent, Australia, is also included in the Asia-Pacific region.

The Asia-Pacific region is home to 9 of the world's 14 largest urban areas, and as energy use for utilities, industry and transport increases in developing economies, urban centers are subject to worsening air quality. Intense population density in places such as Bangladesh or Hong Kong is the quintessential image many people have of Asia, yet vast desert areas such as the Gobi and the world's highest mountain range, the Himalayas, span the continent as well. Forested areas in Southeast Asia and the islands of Indonesia and the Philippines were historically prized for their tropical hardwood, but in many places this resource is now severely depleted. Low-lying small island states are extremely vulnerable to the effects of global warming, both rising sea levels and an anticipated increase in cyclones.

Key Points:

Asian timber reserves are forecast to be depleted in the next 40 years. Loss of natural forest is irreversible in some areas, but plantation programs to restore tree cover may ameliorate a portion of the resulting land degradation.

Increased usage of fossil fuels in China and other parts of southern Asia is projected to result in a marked increase in emissions, especially in regard to carbon dioxide. The increased usage of energy has led to a marked upsurge in air pollution across the region.

Acidification is an emerging problem regionally, with sulfur dioxide emissions expected to triple by 2010 if the current growth rate is sustained. China, Thailand, India, and Korea seem to be suffering from particularly high rates of acid deposition. By contrast, Asia's most highly developed economy, Japan, has effected substantial improvements in its environmental indicators.

Water pollution in the Pacific is an urgent concern since up to 70 percent of the water discharged into the region's waters receives no treatment. Additionally, the disposal of solid wastes, in like manner, poses a major threat in a region with many areas of high population density.

The Asia-Pacific region is the largest expanse of the world's land that is adversely affected by soil degradation.

The region around Australia reportedly suffers the largest degree of ozone depletion.

The microstates of the Pacific suffer land loss due to global warming, and the consequent rise in the levels of ocean waters. A high-emissions scenario and anthropogenic climate impact at the upper end of the currently predicted range would probably force complete evacuation of the lowest-elevation islands sometime in this century.

The species-rich reefs surrounding Southeast Asia are highly vulnerable to the deleterious effects of coastal development, land-based pollution, over-fishing and exploitative fishing methods, as well as marine pollution from oil spills and other activities.

With marine catch trends increasing from 5,000,000 metric tons in the 1950s to over 20,000,000 metric tons by 2000, there was increasing concern about the reduction in fisheries and marine life, should this trend continue unabated.

Significant numbers of mammal species in parts of China and south-east Asia are currently threatened, while the biological diversity in India, Japan, Australia, the Philippines, Indonesia and parts of Malaysia is even further compromised with over 20 percent of the mammal species in these countries currently under threat.

Water resource vulnerability is a serious concern in areas surrounding the Indian subcontinent.

Regional Synopsis: Central Asia

The Central Asian republics, formerly in the Soviet Union, experience a range of environmental problems as the result of poorly executed agricultural, industrial, and nuclear programs during the Soviet era. Relatively low population densities are the norm, especially since upon the breakup of the U.S.S.R. many ethnic Russians migrated back to European Russia. In this largely semi-arid region, drought, water shortages, and soil salinization pose major challenges.

Key Points:

The use of agricultural pesticides, such as DDT and other chemicals, has contributed to the contamination of soil and groundwater throughout the region.

Land and soil degradation, and in particular, increased salinization, is mostly attributable to faulty irrigation practices.

Significant desertification is also a problem in the region.

Air pollution is prevalent, mostly due to use of low octane automobile fuel.

Industrial pollution of the Caspian Sea and the Aral Sea, as a result of industrial effluents as well as mining and metal production, presents a challenge to the countries bordering these bodies of water.

One of the most severe environmental problems in the region is attributable to the several billion tons of hazardous materials stored in landfills across Central Asia.

Uzbekistan's particular problem involves the contraction of the Aral Sea, which has decreased in size by a third, as a consequence of river diversions and poor irrigation practices. The effect has been the near-total biological destruction of that body of water.

Kazakhstan, as a consequence of being the heartland of the former Soviet Union's nuclear program, has incurred a high of cancerous malignancies, biogenetic abnormalities and radioactive contamination.

While part of the Soviet Union, the republics in the region experienced very high levels of greenhouse gas emissions, as a consequence of rapid industrialization using cheap but dirty energy sources, especially coal.

By contrast, however, there have recently been substantial reductions in the level of greenhouse gas emissions, especially those attributable to coal burning, with further decreases anticipated over the next decade. These changes are partially due to the use of cleaner energy technologies, such as natural gas, augmented by governmental commitment to improving environmental standards.

Regional Synopsis: Europe

Western Europe underwent dramatic transformation of its landscape, virtually eliminating large-scale natural areas, during an era of rapid industrialization, which intensified upon its recovery from World War II. In Eastern Europe and European Russia, intensive land development has been less prevalent, so that some native forests and other natural areas remain. Air and water pollution from use of dirty fuels and industrial effluents, however, are more serious environmental problems in Eastern than in Western Europe, though recent trends show improvement in many indicators. Acid rain has inflicted heavy environmental damage across much of Europe, particularly on forests. Europe and North America are the only regions in which water usage for industry exceeds that for agriculture, although in Mediterranean nations agriculture is the largest water consumer.

Key Points:

Europe contributes 36 percent of the world's chlorofluorocarbon emissions, 30 percent of carbon dioxide emissions, and 25 percent of sulfur dioxide emissions.

Sulfur and nitrogen oxide emissions are the cause of 30 to 50 percent of Central and Eastern Europe's deforestation.

Acid rain has been an environmental concern for decades and continues to be a challenge in parts of Western Europe.

Overexploitation of up to 60 percent of Europe's groundwater presents a problem in industrial and urban areas.

With marine catch trends increasing from 5,000,000 metric tons in the 1950s to over 20,000,000 metric tons by 2000, there was increasing concern about the reduction in fisheries and marine life, should this trend continue unabated.

Significant numbers of mammal species in parts of western Europe, Eastern Europe and Russia are currently threatened, while the biological diversity on the Iberian Peninsula is even further compromised with over 40 percent of the mammal species in this region currently under threat. As a result, there has been a 10 percent increase in protected areas of Europe.

A major environmental issue for Europe involves the depletion of various already endangered or threatened species, and most significantly, the decline of fish stocks. Some estimates suggest that up to 50 percent of the continent's fish species may be considered endangered species. Coastal fisheries have been over-harvested, resulting in catch limits or moratoriums on many commercially important fish species.

Fortunately, in the last few years, these policies have started to yield measurable results with decreasing trends in marine fish catch.

Recently, most European countries have adopted cleaner production technologies, and alternative methods of waste disposal, including recycling.

The countries of Eastern Europe have made air quality a major environmental priority. This is exemplified by the Russian Federation's addition to the 1995 "Berlin Mandate" (transnational legislation based on resolutions of the Rio Earth Summit) compelling nations to promote "carbon sinks" to absorb greenhouse gases.

On a relative basis, when compared with the degree of industrial emissions emitted by many Eastern European countries until the late 1980s, there has been some marked increase in air quality in the region, as obsolete plants are closed and a transition to cleaner fuels and more efficient energy use takes place.

Regional Synopsis: The Middle and Near East

Quite possibly, the Middle East will exemplify the adage that, as the 20th century was a century fixated on oil, the 21st century will be devoted to critical decisions about water. Many (though far from all) nations in the Middle East rank among those countries with the largest oil and gas reserves, but water resources are relatively scarce throughout this predominantly dry region. Effects of global warming may cause moderately high elevation areas that now typically receive winter "snowpack" to experience mainly rain instead, which would further constrain dry-season water availability. The antiquities and religious shrines of the region render it a great magnet for tourism, which entails considerable economic growth potential but also intensifies stresses on the environment.

Key Points:

Water resource vulnerability is a serious concern across the entire region. The increased usage of, and further demand for water, has exacerbated long-standing water scarcity in the region. For instance, river diversions and industrial salt works have caused the Dead Sea to shrink by one-third from its original surface area, with further declines expected.

The oil industry in the region contributes to water pollution in the Persian Gulf, as a result of oil spills, which have averaged 1.2 million barrels of oil spilt per year (some sources suggest that this figure is understated). The consequences are severe because even after oil spills have been cleaned up, environmental damage to the food webs and ecosystems of marine life will persist for a prolonged period.

The region's coastal zone is considered one of the most fragile and endangered ecosystems of the world. Land reclamation, shoreline construction, discharge of industrial effluents, and tourism (such as diving in the Red Sea) contribute to widespread coastal damage.

Significant numbers of mammal species in parts of the Middle East are currently threatened.

Since the 1980s, 11 percent of the region's natural forest has been depleted.

Regional Synopsis: Latin America and the Caribbean

The Latin American and Caribbean region is characterized by exceedingly diverse landforms that have generally seen high rates of population growth and economic development in recent decades. The percentage of inhabitants residing in urban areas is quite high at 73.4 percent; the region

includes the megacities of Mexico City, Sao Paulo, and Rio de Janeiro. The region also includes the world's second-highest mountain range, the Andes; significant expanses of desert and grassland; the coral reefs of the Caribbean Sea; and the world's largest contiguous tropical forest in the Amazon basin. Threats to the latter from subsistence and commercial farming, mineral exploitation and timbering are well publicized. Nevertheless, of eight countries worldwide that still retain at least 70 percent of their original forest cover, six are in Latin America. The region accounts for nearly half (48.3 percent) of the world's greenhouse gas emissions derived from land clearing, but as yet a comparatively minuscule share (4.3 percent) of such gases from industrial sources.

Key Points:

Although Latin America is one of the most biologically diverse regions of the world, this biodiversity is highly threatened, as exemplified by the projected extinction of up to 100,000 species in the next few decades. Much of this loss will be concentrated in the Amazon area, although the western coastline of South America will also suffer significant depletion of biological diversity. The inventory of rainforest species with potentially useful commercial or medical applications is incomplete, but presumed to include significant numbers of such species that may become extinct before they are discovered and identified.

Up to 50 percent of the region's grazing land has lost its soil fertility as a result of soil erosion, salinization, alkalization and overgrazing.

The Caribbean Sea, the Atlantic Ocean, and the Pacific Ocean have all been contaminated by agricultural wastes, which are discharged into streams that flow into these major waters. Water pollution derived from phosphorous, nitrates and pesticides adversely affects fish stocks, contributes to oxygen depletion and fosters overgrowth of aquatic vegetation. Marine life will continue to be severely compromised as a result of these conditions.

Due to industrial development in the region, many beaches of eastern Latin America and the Caribbean suffer from tar deposits.

Most cities in the region lack adequate sewage treatment facilities, and rapid migration of the rural poor into the cities is widening the gap between current infrastructure capacity and the much greater level needed to provide satisfactory basic services.

The rainforest region of the Amazon Basin suffers from dangerously high levels of deforestation, which may be a significant contributory factor to global warming or "the greenhouse effect." In the late 1990s and into the new millennium, the rate of deforestation was around 20 million acres of rainforest being destroyed annually.

Deforestation on the steep rainforest slopes of Caribbean islands contributes to soil erosion and

landslides, both of which then result in heavy sedimentation of nearby river systems. When these sedimented rivers drain into the sea and coral reefs, they poison the coral tissues, which are vital to the maintenance of the reef ecosystem. The result is marine degradation and nutrient depletion. Jamaica's coral reefs have never quite recovered from the effects of marine degradation.

The Southern Cone of Latin America (Argentina, Brazil, Chile, Paraguay, and Uruguay) suffers the effects of greatly increased ultraviolet-B radiation, as a consequence of more intense ozone depletion in the southern hemisphere.

Water resource vulnerability is an increasingly major concern in the northwestern portion of South America.

Regional Synopsis: North America

North American nations, in particular the United States and Canada, rank among the world's most highly developed industrial economies—a fact which has generated significant pollution problems, but also financial resources and skills that have enabled many problems to be corrected. Although efforts to promote energy efficiency, recycling, and suchlike have helped ease strains on the environment in a part of the world where per capita consumption levels are high, sprawling land development patterns and recent preferences many households have demonstrated for larger vehicles have offset these advances.

Meanwhile, a large portion of North America's original forest cover has been lost, though in many cases replaced by productive second-growth woodland. In recent years, attitudes toward best use of the region's remaining natural or scenic areas seem to be shifting toward recreation and preservation and away from resource extraction. With increasing attention on the energy scarcity in the United States, however, there is speculation that this shift may be short-lived. Indeed, the energy shortage on the west coast of the United States and associated calls for energy exploration, indicate a possible retrenchment toward resource extraction. At the same time, however, it has also served to highlight the need for energy conservation as well as alternative energy sources.

Despite generally successful anti-pollution efforts, various parts of the region continue to suffer significant air, water and land degradation from industrial, vehicular, and agricultural emissions and runoff. Mexico, as a middle-income country, displays environmental problems characteristic of a developing economy, including forest depletion, pollution from inefficient industrial processes and dirty fuels, and lack of sufficient waste-treatment infrastructure.

Key Points:

Because of significantly greater motor vehicle usage in the United States (U.S.) than in the rest of

the world, the U.S. contribution of urban air pollution and greenhouse gas emissions, especially carbon dioxide, is disproportionately high in relation to its population.

Acid rain is an enduring issue of contention in the northeastern part of the United States, on the border with Canada.

Mexico's urban areas suffer extreme air pollution from carbon monoxide, nitrogen oxides, sulfur dioxide, and other toxic air pollutants. Emissions controls on vehicles are in their infancy, compared to analogous regulations in the U.S.

The cities of Mexico, including those on the U.S. border, also discharge large quantities of untreated or poorly treated sewage, though officials are currently planning infrastructure upgrades.

Deforestation is noteworthy in various regions of the U.S., especially along the northwest coastline. Old growth forests have been largely removed, but in the northeastern and upper midwestern sections of the United States, evidence suggests that the current extent of tree cover probably surpasses the figure for the beginning of the 20th century.

Extreme weather conditions in the last few years have resulted in a high level of soil erosion along the north coast of California; in addition, the coastline itself has shifted substantially due to soil erosion and concomitant landslides.

Agricultural pollution-including nitrate contamination of well water, nutrient runoff to waterways, and pesticide exposure-is significant in various areas. Noteworthy among affected places are California's Central Valley, extensive stretches of the Midwest, and land in the Chesapeake Bay watershed.

Inland waterways, especially around the Great Lakes, have substantially improved their water quality, due to concentrated efforts at reducing water pollution by governmental, commercial and community representatives. Strict curbs on industrial effluents and near-universal implementation of sewage treatment are the chief factors responsible for this improvement.

A major environmental issue for Canada and the United States involves the depletion of various already endangered or threatened species, and most significantly, the decline of fish stocks. Coastal fisheries have been over-harvested, resulting in catch limits or moratoriums on many commercially important fish species. In the last few years, these policies have started to yield measurable results with decreasing trends in marine fish catch.

Due to the decay of neighboring ecosystems in Central America and the Caribbean, the sea surrounding Florida has become increasingly sedimented, contributing to marine degradation,

nutrient depletion of the ecosystem, depletion of fish stocks, and diseases to coral species in particular.

Polar Regions

Key Points:

The significant rise in sea level, amounting 10 to 25 centimeters in the last 100 years, is due to the melting of the Arctic ice sheets, and is attributed to global warming.

The Antarctic suffers from a significant ozone hole, first detected in 1976. By 1985, a British scientific team reported a 40 percent decrease in usual regeneration rates of the ozone. Because a sustained increase in the amount of ultraviolet-B radiation would have adverse consequences upon all planetary life, recent environmental measures have been put into effect, aimed at reversing ozone depletion. These measures are projected to garner significant results by 2050.

Due to air and ocean currents, the Arctic is a sink for toxic releases originally discharged thousands of miles away. Arctic wildlife and Canada's Inuit population have higher bodily levels of contaminants such as PCB and dioxin than those found in people and animals in much of the rest of the world.

Global Environmental Concepts

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1. Global Warming and Greenhouse Gases

The Greenhouse Effect:

In the early 19th century, the French physicist, Jean Fourier, contended that the earth's atmosphere functions in much the same way as the glass of a greenhouse, thus describing what is now understood as the "greenhouse effect." Put simply, the "greenhouse effect" confines some of the sun's energy to the earth, preserving some of the planet's warmth, rather than allowing it to flow back into space. In so doing, all kinds of life forms can flourish on earth. Thus, the "greenhouse effect" is necessary to sustain and preserve life forms and ecosystems on earth.

In the late 19th century, a Swedish chemist, Svante Arrhenius, noticed that human activities, such as the burning of coal and other fossil fuels for heat, and the removal of forested lands for urban development, led to higher concentrations of greenhouse gases, like carbon dioxide and methane, in the atmosphere. This increase in the levels of greenhouse gases was believed to advance the "greenhouse effect" exponentially, and might be related to the trend in global warming.

In the wake of the Industrial Revolution, after industrial development took place on a large scale and the total human population burgeoned simultaneously with industrialization, the resulting increase in greenhouse gas emissions could, many scientists believe, be significant enough to have some bearing on climate. Indeed, many studies in recent years support the idea that there is a linkage between human activities and global warming, although there is less consensus on the extent to which this linkage may be relevant to environmental concerns.

That said, some scientists have argued that temperature fluctuations have existed throughout the evolution of the planet. Indeed, Dr. S. Fred Singer, the president of the Science and Environment Policy Project has noted that 3,000-year-old geological records of ocean sediment reveal changes in the surface temperature of the ocean. Hence, it is possible that climate variability is merely a normal fact of the planet's evolution. Yet even skeptics as to anthropogenic factors concur that any substantial changes in global temperatures would likely have an effect upon the earth's ecosystems, as well as the life forms that inhabit them.

The Relationship Between Global Warming and Greenhouse Gases:

A large number of climatologists believe that the increase in atmospheric concentrations of "greenhouse gas emissions," mostly a consequence of human activities such as the burning of fossil fuels, are contributing to global warming. The cause notwithstanding, the planet has reportedly warmed 0.3°C to 0.6°C over the last century. Indeed, each year during the 1990s was one of the very warmest in the 20th century, with the mean surface temperature for 1999 being the fifth warmest on record since 1880.

In early 2000, a panel of atmospheric scientists for the National Research Council concluded in a report that global warming was, indeed, a reality. While the panel, headed by Chairman John Wallace, a professor of atmospheric sciences at the University of Washington, stated that it remained unclear whether human activities have contributed to the earth's increasing temperatures, it was apparent that global warming exists.

In 2001, following a request for further study by the incoming Bush administration in the [United States](#), the National Academy of Sciences again confirmed that global warming had been in existence for the last 20 years. The study also projected an increase in temperature between 2.5 degrees and 10.4 degrees Fahrenheit by the year 2100. Furthermore, the study found the leading

cause of global warming to be emissions of carbon dioxide from the burning of fossil fuels, and it noted that greenhouse gas accumulations in the earth's atmosphere was a result of human activities.

Within the scientific community, the controversy regarding has centered on the difference between surface air and upper air temperatures. Information collected since 1979 suggests that while the earth's surface temperature has increased by about a degree in the past century, the atmospheric temperature five miles above the earth's surface has indicated very little increase. Nevertheless, the panel stated that this discrepancy in temperature between surface and upper air does not invalidate the conclusion that global warming is taking place. Further, the panel noted that natural events, such as volcanic eruptions, can decrease the temperature in the upper atmosphere.

The major consequences of global warming potentially include the melting of the polar ice caps, which, in turn, contribute to the rise in sea levels. Many islands across the globe have already experienced a measurable loss of land as a result. Because global warming may increase the rate of evaporation, increased precipitation, in the form of stronger and more frequent storm systems, is another potential outcome. Other consequences of global warming may include the introduction and proliferation of new infectious diseases, loss of arable land (referred to as "desertification"), destructive changes to existing ecosystems, loss of biodiversity and the isolation of species, and concomitant adverse changes in the quality of human life.

International Policy Development in Regard to Global Warming:

Regardless of what the precise nature of the relationship between greenhouse gas emissions and global warming may be, it seems that there is some degree of a connection between the phenomena. Any substantial reductions in greenhouse gas emissions and global warming trends will likely involve systematic changes in industrial operations, the use of advanced energy sources and technologies, as well as global cooperation in implementing and regulating these transformations.

In this regard, the United Nations Framework Convention on Climate Change (UNFCCC) stipulated the following objectives:

1. To stabilize "greenhouse gas" concentrations within the atmosphere, in such a manner that would preclude hazardous anthropogenic intervention into the existing biosphere and ecosystems of the world. This stabilization process would facilitate the natural adaptation of ecosystems to changes in climate.
2. To ensure and enable sustainable development and food production on a global scale.

*** See section on "International Environmental Agreements and Associations" for information related to international policies related to limiting greenhouse gases and controlling climate change

emanating from historic summits at Kyoto, Copenhagen, Doha, and Paris. ***

2. Air Pollution

Long before global warming reared its head as a significant issue, those concerned about the environment and public health noted the deleterious effects of human-initiated combustion upon the atmosphere. Killer smogs from coal burning triggered acute health emergencies in London and other places. At a lower level of intensity motor vehicle, power plant, and industrial emissions impaired long-range visibility and probably had some chronic adverse consequences on the respiratory systems of persons breathing such air.

In time, scientists began associating the sulfur dioxide and nitrogen oxides released from coal burning with significant acid deposition in the atmosphere, eventually falling as "acid rain." This phenomenon has severely degraded forestlands, especially in Europe and a few parts of the [United States](#). It has also impaired some aquatic ecosystems and eaten away the surface of some human artifacts, such as marble monuments. Scrubber technology and conversion to cleaner fuels have enabled the level of industrial production to remain at least constant while significantly reducing acid deposition. Technologies aimed at cleaning the air and curtailing acid rain, soot, and smog may, nonetheless, boomerang as the perils of global warming become increasingly serious. In brief, these particulates act as sort of a sun shade -- comparable to the effect of volcanic eruptions on the upper atmosphere whereby periods of active volcanism correlate with temporarily cooler weather conditions. Thus, while the carbon dioxide releases that are an inevitable byproduct of combustion continue, by scrubbing the atmosphere of pollutants, an industrial society opens itself to greater insolation (penetration of the sun's rays and consequent heating), and consequently, it is likely to experience a correspondingly greater rise in ambient temperatures.

The health benefits of removing the sources of acid rain and smog are indisputable, and no one would recommend a return to previous conditions. Nevertheless, the problematic climatic effects of continually increasing emissions of carbon dioxide and other greenhouse gases pose a major global environmental challenge, not as yet addressed adequately.

3. Ozone Depletion

The stratospheric ozone layer functions to prevent ultraviolet radiation from reaching the earth. Normally, stratospheric ozone is systematically disintegrated and regenerated through natural photochemical processes. The stratospheric ozone layer, however, has been depleted unnaturally as a result of anthropogenic (man-made) chemicals, most especially chlorine and bromide compounds such as chloroflorocarbons (CFCs), halons, and various industrial chemicals in the form of

solvents, refrigerants, foaming agents, aerosol propellants, fire retardants, and fumigants. Ozone depletion is of concern because it permits a greater degree of ultraviolet-B radiation to reach the earth, which then increases the incidences of cancerous malignancies, cataracts, and human immune deficiencies. In addition, even in small doses, ozone depletion affects the ecosystem by disturbing food chains, agriculture, fisheries and other forms of biological diversity.

Transnational policies enacted to respond to the dangers of ozone depletion include the 1985 Vienna Convention on the Protection of the Ozone Layer and the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer. The Montreal Protocol was subsequently amended in London in 1990, Copenhagen in 1992 and Vienna in 1995. By 1996, 155 countries had ratified the Montreal Protocol, which sets out a time schedule for the reduction (and eventual elimination) of ozone depleting substances (OPS), and bans exports and imports of ODS from and to non-participant countries.

In general, the Protocol stipulates that developed countries must eliminate halon consumption by 1994 and CFC consumption by 1996, while developing countries must eliminate these substances by 2010. Consumption of methyl bromide, which is used as a fumigant, was to be frozen at the 1995 in developed countries, and fully eliminated in 2010, while developing countries are to freeze consumption by 2002, based on average 1995-1998 consumption levels. Methyl chloroform is to be phased out by 2005. Under the Montreal Protocol, most ODS will be completely eliminated from use by 2010.

4. Land Degradation

In recent decades, land degradation in more arid regions of the world has become a serious concern. The problem, manifest as both "desertification" and "devegetation," is caused primarily by climate variability and human activities, such as "deforestation," excessive cultivation, overgrazing, and other forms of land resource exploitation. It is also exacerbated by inadequate irrigation practices. Although the effects of droughts on drylands have been temporary in the past, today, the productivity and sustainability of these lands have been severely compromised for the long term. Indeed, in every region of the world, land degradation has become an acute issue.

Desertification and Devegetation:

"Desertification" is a process of land degradation causing the soil to deteriorate, thus losing its nutrients and fertility, and eventually resulting in the loss of vegetation, known as "devegetation." As aforementioned, "desertification" and "devegetation" are caused by human activities, yet human beings are also the greatest casualties. Because these forms of land degradation affect the ability of the soil to produce crops, they concomitantly contribute to poverty. As population increases and

demographic concentrations shift, the extent of land subject to stresses by those seeking to wrest subsistence from it has inexorably risen.

In response, the United Nations has formed the Convention to Combat Desertification-aimed at implementing programs to address the underlying causes of desertification, as well as measures to prevent and minimize its effects. Of particular significance is the formulation of policies on transboundary resources, such as areas around lakes and rivers. At a broader level, the Convention has established a Conference of Parties (COP), which includes all ratifying governments, for directing and advancing international action.

To ensure more efficacious use of funding, the Convention intends to reconfigure international aid to utilize a consultative and coordinated approach in the disbursement and expenditure of donor funds. In this way, local communities that are affected by desertification will be active participants in the solution-generation process. In-depth community education projects are envisioned as part of this new international aid program, and private donor financing is encouraged. Meanwhile, as new technologies are developed to deal with the problem of desertification, they need to be distributed for application across the world. Hence, the Convention calls for international cooperation in scientific research in this regard.

Desertification is a problem of sustainable development. It is directly connected to human challenges such as poverty, social and economic well-being and environmental protection as well. Broader environmental issues, such as climate change, biological diversity, and freshwater supplies, are indirectly related, so any effort to resolve this environmental challenge must entail coordinated research efforts and joint action.

Deforestation:

Deforestation is not a recent phenomenon. For centuries, human beings have cut down trees to clear space for land cultivation, or in order to use the wood for fuel. Over the last 200 years, and most especially after World War II, deforestation increased because the logging industry became a globally profitable endeavor, and so the clearing of forested areas was accelerated for the purposes of industrial development. In the long term, this intensified level of deforestation is considered problematic because the forest is unable to regenerate itself quickly. The deforestation that has occurred in tropical rainforests is seen as an especially serious concern, due to the perceived adverse effects of this process upon the entire global ecosystem.

The most immediate consequence of deforestation is soil degradation. Soil, which is necessary for the growth of vegetation, can be a fragile and vital property. Organically, an extensive evolution process must take place before soil can produce vegetation, yet at the same time, the effects of natural elements, such as wind and rain, can easily and quickly degrade this resource. This

phenomenon is known as soil erosion. In addition, natural elements like wind and rain reduce the amount of fertile soil on the ground, making soil scarcity a genuine problem. When fertile topsoil that already exists is removed from the landscape in the process of deforestation, soil scarcity is further exacerbated. Equally significant is the fact that once land has been cleared so that the topsoil can be cultivated for crop production, not only are the nutrient reserves in the soil depleted, thus producing crops of inferior quality, but the soil structure itself becomes stressed and deteriorates further.

Another direct result of deforestation is flooding. When forests are cleared, removing the cover of vegetation, and rainfall occurs, the flow of water increases across the surface of land. When extensive water runoff takes place, the frequency and intensity of flooding increases. Other adverse effects of deforestation include the loss of wildlife and biodiversity within the ecosystem that supports such life forms.

At a broader level, tropical rainforests play a vital role in maintaining the global environmental system. Specifically, destruction of tropical rainforests affects the carbon dioxide cycle. When forests are destroyed by burning (or rotting), carbon dioxide is released into the air, thus contributing to an intensified "greenhouse effect." The increase in greenhouse gas emissions like carbon dioxide is a major contributor to global warming, according to many environmental scientists. Indeed, trees themselves absorb carbon dioxide in the process of photosynthesis, so their loss also reduces the absorption of greenhouse gases.

Tropical rainforest destruction also adversely affects the nitrogen cycle. Nitrogen is a key nutrient for both plants and animals. Plants derive nitrogen from soil, while animals obtain it via nitrogen-enriched vegetation. This element is essential for the formation of amino acids, and thereby for proteins and biochemicals that all living things need for metabolism and growth. In the nitrogen cycle, vegetation acquires these essential proteins and biochemicals, and then cyclically returns them to the atmosphere and global ecosystem. Accordingly, when tropical rainforest ecosystems are compromised, not only is vegetation removed; the atmosphere is also affected and climates are altered. At a more immediate level, the biodiversity within tropical rainforests, including wildlife and insect species and a wealth of plant varieties, is depleted. Loss of rare plants is of particular concern because certain species as yet unknown and unused could likely yield many practical benefits, for instance as medicines.

As a result of the many challenges associated with deforestation, many environmental groups and agencies have argued for government policies on the sustainable development of forests by governments across the globe. While many countries have instituted national policies and programs aimed at reducing deforestation, and substantial research has been advanced in regard to sustainable and regenerative forestry development, there has been very little progress on an international level. Generally speaking, most tropical rainforests are located in developing and less developed countries, where economic growth is often dependent upon the exploitation of tropical

rainforests. Timber resources as well as wildlife hunting tend to be particularly lucrative arenas.

In places such as the Amazon, where deforestation takes place for the construction of energy plants aimed at industrialization and economic development, there is an exacerbated effect on the environment. After forests are cleared in order to construct such projects, massive flooding usually ensues. The remaining trees then rot and decay in the wake of the flooding. As the trees deteriorate, their biochemical makeup becomes more acidic, producing poisonous substances such as hydrogen sulphide and methane gases. Acidified water subsequently corrodes the mechanical equipment and operations of the plants, which are already clogged by rotting wood after the floodwaters rise.

Deforestation generally arises from an economically plausible short-term motivation, but nonetheless poses a serious global concern because the effects go beyond national boundaries. The United Nations has established the World Commission on Forest and Sustainable Development. This body's task is to determine the optimal means of dealing with the issue of deforestation, without unduly affecting normal economic development, while emphasizing the global significance of protecting tropical forest ecosystems.

5. Water Resources

For all terrestrial fauna, including humans, water is the most immediate necessity to sustain life. As the population has increased and altered an ever-greater portion of the landscape from its natural condition, demand on water resources has intensified, especially with the development of industrialization and large-scale irrigation. The supply of freshwater is inherently limited, and moreover distributed unevenly across the earth's landmasses. Moreover, not just demand for freshwater but activities certain to degrade it are becoming more pervasive. By contrast, the oceans form a sort of "last wilderness," still little explored and in large part not seriously affected by human activity. However, coastal environments - the biologically richest part of the marine ecosystem-are experiencing major depletion due to human encroachment and over-exploitation.

Freshwater:

In various regions, for instance the Colorado River in the western [United States](#), current withdrawals of river water for irrigation, domestic, and industrial use consume the entire streamflow so that almost no water flows into the sea at the river's mouth. Yet development is ongoing in many such places, implying continually rising demand for water. In some areas reliant on groundwater, aquifers are being depleted at a markedly faster rate than they are being replenished. An example is the San Joaquin Valley in California, where decades of high water withdrawals for agriculture have caused land subsidence of ten meters or more in some spots.

Naturally, the uncertainty of future water supplies is particularly acute in arid and semi-arid regions. Speculation that the phenomenon of global warming will alter geographic and seasonal rainfall patterns adds further uncertainty.

Water conservation measures have great potential to alleviate supply shortages. Some city water systems are so old and beset with leaking pipes that they lose as much water as they meter. Broad-scale irrigation could be replaced by drip-type irrigation, actually enhancing the sustainability of agriculture. In many areas where heavy irrigation has been used for decades, the result is deposition of salts and other chemicals in the soil such that the land becomes unproductive for farming and must be abandoned.

Farming is a major source of water pollution. Whereas restrictions on industrial effluents and other "point sources" are relatively easy to implement, comparable measures to reform hydraulic practices at farms and other "nonpoint sources" pose a significantly knottier challenge. Farm-caused water pollution takes the following main forms:

- Nitrate pollution found in wells in intensive farming areas as a consequence of heavy fertilizer use is a threat to human health. The most serious danger is to infants, who by ingesting high-nitrate water can contract methemoglobinemia, sometimes called "blue baby syndrome," a potentially fatal condition.
- Fertilizer runoff into rivers and lakes imparts unwanted nutrients that cause algae growth and eventual loss of oxygen in the body of water, degrading its ability to support fish and other desirable aquatic life.
- Toxic agricultural chemicals - insecticides, herbicides, and fungicides - are detectable in some aquifers and waterways.

In general, it is much easier to get a pollutant into water than to retrieve it out. Gasoline additives, dry cleaning chemicals, other industrial toxins, and in a few areas radionuclides have all been found in water sources intended for human use. The complexity and long time scale of subterranean hydrological movements essentially assures that pollutants already deposited in aquifers will continue to turn up for decades to come. Sophisticated water treatment processes are available, albeit expensive, to reclaim degraded water and render it fit for human consumption. Yet source protection is unquestionably a more desirable alternative.

In much of the developing world, and even some low-income rural enclaves of the developed world, the population lacks ready access to safe water. Surface water and shallow groundwater supplies are susceptible to contamination from untreated wastewater and failing septic tanks, as well as chemical hazards. The occurrence of waterborne disease is almost certainly greatly underreported.

Marine Resources:

Coastal areas have always been desirable places for human habitation, and population pressure on them continues to increase. Many types of water degradation that affect lakes and rivers also affect coastal zones: industrial effluents, untreated or partially treated sewage, nutrient load from agriculture figure prominently in both cases. Prospects for more extreme storms as a result of global warming, as well as the pervasiveness of poorly planned development in many coastal areas, forebode that catastrophic hurricanes and landslides may increase in frequency in the future. Ongoing rise in sea levels will force remedial measures and in some cases abandonment of currently valuable coastal property.

Fisheries over much of the globe have been overharvested, and immediate conservation measures are required to preserve stocks of many species. Many governments subsidized factory-scale fishing fleets in the 1970s and 1980s, and the resultant catch increase evidently surpassed a sustainable level. It is uncertain how much of the current decline in fish stocks stems from overharvesting and how much from environmental pollution. The deep ocean remains relatively unaffected by human activity, but continental shelves near coastlines are frequently seriously polluted, and these close-to-shore areas are the major biological nurseries for food fish and the smaller organisms they feed on.

6. Environmental Toxins

Toxic chemical pollution exploded on the public consciousness with disclosure of spectacularly polluted industrial areas such as Love Canal near Buffalo, New York. There is no question that pollutants such as organophosphates or radionuclides can be highly deleterious to health, but evidence to date suggests that seriously affected areas are a localized rather than universal problem.

While some explore the possibilities for a lifestyle that fully eschews use of modern industrial chemicals, the most prevalent remediative approach is to focus on more judicious use. The most efficient chemical plants are now able to contain nearly all toxic byproducts of their production processes within the premises, minimizing the release of such substances into the environment. Techniques such as Integrated Pest Management (IPM) dictate limited rather than broadcast use of pesticides: application only when needed using the safest available chemical, supplemented as much as possible with nontoxic controls.

While heightened public awareness and growing technical sophistication suggest a hopeful outlook on limiting the damage from manmade environmental toxins, one must grant that previous incidents of their misuse and mishandling have already caused environmental damage that will have to be

dealt with for many years to come. In the case of the most hazardous radioactive substances, the time scale for successful remediation actually extends beyond that of the recorded history of civilization. Moreover, in this era of high population density and rapid economic growth, quotidian activities such as the transport of chemicals will occasionally, seemingly inevitably result in accidents with adverse environmental consequences.

7. "Islandization" and Biodiversity

With increased awareness regarding the adverse effects of unregulated hunting and habitat depletion upon wildlife species and other aspects of biodiversity, large-scale efforts across the globe have been initiated to reduce and even reverse this trend.

In every region of the world, many species of wildlife and areas of biodiversity have been saved from extinction. Nationally, many countries have adopted policies aimed at preservation and conservation of species, and one of the most tangible measures has been the proliferation of protected habitats. Such habitats exist in the form of wildlife reserves, marine life reserves, and other such areas where biodiversity can be protected from external encroachment and exploitation.

Despite these advances in wildlife and biodiversity protection, further and perhaps more intractable challenges linger. Designated reserves, while intended to prevent further species decline, exist as closed territories, fragmented from other such enclaves and disconnected from the larger ecosystem. This environmental scenario is referred to as "islandization." Habitat reserves often serve as oversized zoos or game farms, with landscapes and wildlife that have effectively been "tamed" to suit. Meanwhile, the larger surrounding ecosystem continues to be seriously degraded and transformed, while within the islandized habitat, species that are the focus of conservation efforts may not have sufficient range and may not be able to maintain healthy genetic variability.

As a consequence, many conservationists and preservationists have demanded that substantially larger portions of land be withheld as habitat reserves, and a network of biological corridors to connect continental reserves be established. While such efforts to combat islandization have considerable support in the [United States](#), how precisely such a program would be instituted, especially across national boundaries, remains a matter of debate. International conservationists and preservationists say without a network of reserves a massive loss of biodiversity will result.

The concept of islandization illustrates why conservation and preservation of wildlife and biodiversity must consider and adopt new, broader strategies. In the past, conservation and preservation efforts have been aimed at specific species, such as the spotted owl and grizzly bear in North America, the Bengal tiger in Southeast Asia, the panda in [China](#), elephants in Africa. Instead, the new approach is to simultaneously protect many and varied species that inhabit the same ecosystem. This method, referred to as "bio-regional conservation," may more efficaciously

generate longer-term and more far-reaching results precisely because it is aimed at preserving entire ecosystems, and all the living things within.

More About Biodiversity Issues:

This section is directly taken from the United Nations Environmental Program: "[Biodiversity Assessment](#)"

The Global Biodiversity Assessment, completed by 1500 scientists under the auspices of United Nations Environmental Program in 1995, updated what is known (or unknown) about global biological diversity at the ecosystem, species and genetic levels. The assessment was uncertain of the total number of species on Earth within an order of magnitude. Of its working figure of 13 million species, only 13 percent are scientifically described. Ecological community diversity is also poorly known, as is its relationship to biological diversity, and genetic diversity has been studied for only a small number of species. The effects of human activities on biodiversity have increased so greatly that the rate of species extinctions is rising to hundreds or thousands of times the background level. These losses are driven by increasing demands on species and their habitats, and by the failure of current market systems to value biodiversity adequately. The Assessment calls for urgent action to reverse these trends.

There has been a new recognition of the importance of protecting marine and aquatic biodiversity. The first quantitative estimates of species losses due to growing coral reef destruction predict that almost 200,000 species, or one in five presently contributing to coral reef biodiversity, could die out in the next 40 years if human pressures on reefs continue to increase.

Since Rio, many countries have improved their understanding of the status and importance of their biodiversity, particularly through biodiversity country studies such as those prepared under the auspices of UNEP/GEF. The [United Kingdom](#) identified 1250 species needing monitoring, of which 400 require action plans to ensure their survival. Protective measures for biodiversity, such as legislation to protect species, can prove effective. In the USA, almost 40 percent of the plants and animals protected under the Endangered Species Act are now stable or improving as a direct result of recovery efforts. Some African countries have joined efforts to protect threatened species through the 1994 Lusaka Agreement, and more highly migratory species are being protected by specialized cooperative agreements among range states under the Bonn Agreement.

There is an emerging realization that a major part of conservation of biological diversity must take place outside of protected areas and involve local communities. The extensive agricultural areas occupied by small farmers contain much biodiversity that is important for sustainable food production. Indigenous agricultural practices have been and continue to be important elements in the maintenance of biodiversity, but these are being displaced and lost. There is a new focus on the

interrelationship between agrodiversity conservation and sustainable use and development practices in smallholder agriculture, with emphasis on use of farmers' knowledge and skills as a source of information for sustainable farming.

Perhaps even more important than the loss of biodiversity is the transformation of global biogeochemical cycles, the reduction in the total world biomass, and the decrease in the biological productivity of the planet. While quantitative measurements are not available, the eventual economic and social consequences may be so significant that the issue requires further attention.

Specific sources used for this section:

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USFWS. 1994. U.S. Fish and Wildlife Service report to Congress, cited in news release 21 July 1994.

Online resources used generally in the Environmental Overview:

Environmental Protection Agency Global Warming Site. URL: <http://www.epa.gov/globalwarming>

Food and Agriculture Organization of United Nations: Forestry. URL: <http://www.fao.org/forestry/site/sofo/en/>

Global Warming Information Page. URL: <http://globalwarming.org>

U n i t e d N a t i o n s E n v i r o n m e n t a l P r o g r a m . U R L : http://www.unep.org/GEO/GEO_Products/Assessment_Reports/

United Nations Global Environmental Outlook. URL: <http://www.unep.org/geo/geo4/media/>

Note on Edition Dates:

The edition dates for textual resources are noted above because they were used to formulate the original content. We also have used online resources (cited above) to update coverage as needed.

Information Resources

For more information about environmental concepts, CountryWatch recommends the following resources:

The United Nations Environmental Program Network (with country profiles)

[<http://www.unep.net/>](http://www.unep.net/)

The United Nations Environment Program on Climate Change

[<http://climatechange.unep.net/>](http://climatechange.unep.net/)

The United Nations Environmental Program on Waters and Oceans

[<http://www.unep.ch/earthw/Pdepwat.htm>](http://www.unep.ch/earthw/Pdepwat.htm)

The United Nations Environmental Program on Forestry: "Forests in Flux"

[<http://www.unep-wcmc.org/forest/flux/homepage.htm>](http://www.unep-wcmc.org/forest/flux/homepage.htm)

FAO "State of the World's Forests"

[<http://www.fao.org/forestry/FO/SOFO/SOFO99/sofo99-e.stm>](http://www.fao.org/forestry/FO/SOFO/SOFO99/sofo99-e.stm)

World Resources Institute.

[<http://www.wri.org/>](http://www.wri.org/)

Harvard University Center for Health and the Global Environment

[<http://www.med.harvard.edu/chge/the-review.html>](http://www.med.harvard.edu/chge/the-review.html)

The University of Wisconsin Center for Sustainability and the Global Environment

<http://sage.aos.wisc.edu/>

International Environmental Agreements and Associations

International Policy Development in Regard to Global Warming:

Introduction

Regardless of what the precise nature of the relationship between greenhouse gas emissions and

global warming may be, it seems that there is some degree of a connection between the phenomena. Any substantial reductions in greenhouse gas emissions and global warming trends will likely involve systematic changes in industrial operations, the use of advanced energy sources and technologies, as well as global cooperation in implementing and regulating these transformations.

In this regard, the United Nations Framework Convention on Climate Change (UNFCCC) stipulated the following objectives:

1. To stabilize "greenhouse gas" concentrations within the atmosphere, in such a manner that would preclude hazardous anthropogenic intervention into the existing biosphere and ecosystems of the world. This stabilization process would facilitate the natural adaptation of ecosystems to changes in climate.
2. To ensure and enable sustainable development and food production on a global scale.

Following are two discussions regarding international policies on the environment, followed by listings of international accords.

Special Entry: The Kyoto Protocol

The UNFCCC was adopted at the Rio Earth Summit in 1992, and entered into force in 1994. Over 175 parties were official participants.

Meanwhile, however, many of the larger, more industrialized nations failed to reach the emissions' reduction targets, and many UNFCCC members agreed that the voluntary approach to reducing emissions had not been successful. As such, UNFCCC members reached a consensus that legally binding limits were necessitated, and agreed to discuss such a legal paradigm at a meeting in Kyoto, [Japan](#) in 1997. At that meeting, the UNFCCC forged the Kyoto Protocol. This concord is the first legally binding international agreement that places limits on emissions from industrialized countries. The major greenhouse gas emissions addressed in the Kyoto Protocol include carbon dioxide, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and methane.

The provisions of the Kyoto Protocol stipulate that economically advanced nations must reduce their combined emissions of greenhouse gases, by approximately five percent from their 1990 levels, before the 2008-2010 deadline. Countries with the highest carbon dioxide emissions, such as the [United States](#) (U.S.), many of the European Union (EU) countries, and [Japan](#), are to reduce emissions by a scale of 6 to 8 percent. All economically advanced nations must show "demonstrable progress" by 2005. In contrast, no binding limits or timetable have been set on developing countries. Presumably, this distinction is due to the fact that most developing countries - - with the obvious exceptions of [India](#) and [China](#) -- simply do not emit as many greenhouse gases

as do more industrially advanced countries. Meanwhile, these countries are entrenched in the process of economic development.

Regardless of the aforementioned reasoning, there has been strong opposition against the asymmetrical treatment assigned to emissions limits among developed and developing countries. Although this distinction might be regarded as unfair in principle, associations such as the Alliance of Small Island States have been vocal in expressing how global warming -- a result of greenhouse gas emissions - has contributed to the rise in sea level, and thus deleteriously affected their very existence as island nation states. For this reason, some parties have suggested that economically advanced nations, upon returning to their 1990 levels, should be required to further reduce their greenhouse gas emissions by a deadline of 2005. In response, interested parties have observed that even if such reductions were undertaken by economically advanced nations, they would not be enough to completely control global warming. Indeed, a reduction in the rate of fossil fuel usage by developing nations would also be necessary to have substantial ameliorative effect on global warming. Indeed, a reduction in the rate of fossil fuel usage by developing nations would also be necessary to have substantial ameliorative effect on global warming.

As such, the Protocol established a "Clean Development Mechanism" which permits developed countries to invest in projects aimed at reducing emissions within developing countries in return for credit for the reductions. Ostensibly, the objective of this mechanism is to curtail emissions in developing countries without unduly penalizing them for their economic development. Under this model, the countries with more potential emissions credits could sell them to other signatories of the Kyoto Protocol, whose emissions are forecast to significantly rise in the next few years. Should this trading of emissions credits take place, it is estimated that the Kyoto Protocol's emissions targets could still be met.

In 1999, the International Energy Outlook projected that Eastern Europe, the former Soviet Union and Newly Independent States, as well as parts of Asia, are all expected to show a marked decrease in their level of energy-related carbon emissions in 2010. Nations with the highest emissions, specifically, the U.S., the EU and [Japan](#), are anticipated to reduce their emissions by up to 8 percent by 2012. By 2000, however, the emissions targets were not on schedule for achievement. Indeed, the U.S. Department of Energy estimates forecast that by 2010, there will be a 34 percent increase in carbon emissions from the 1990 levels, in the absence of major shifts in policy, economic growth, energy prices, and consumer trends. Despite this assessment in the U.S., international support for the Kyoto Protocol remained strong, especially among European countries and island states, who view the pact as one step in the direction away from reliance on fossil fuels and other sources of greenhouse gases.

In 2001, U.S. President, George W. Bush, rejected his country's participation in the Kyoto Protocol, saying that the costs imposed on the global economic system, and especially, on the US, overshadowed the benefits of the Protocol. He also cited the unfair burden on developed nations to

reduce emissions, as another primary reasons for withdrawal from the international pact, as well as insufficient evidence regarding the science of global warming. Faced with impassioned international disapproval for his position, the U.S. president stated that his administration remained interested in dealing with the matter of global warming, but would endorse alternative measures to combat the problem, such as voluntary initiatives limiting emissions. Critics of Bush's position, however, have noted that it was the failure of voluntary initiatives to reduce emissions following the Rio Summit that led to the establishment of the Kyoto Protocol in the first place.

In the wake of the Bush administration's decision, many participant countries resigned themselves to the reality that the goals of the Kyoto Protocol might not be achieved without U.S. involvement. Nevertheless, in Bonn, [Germany](#), in July 2001, the remaining participant countries struck a political compromise on some of the key issues and sticking points, and planned to move forward with the Protocol, irrespective of the absence of the U.S. The key compromise points included the provision for countries to offset their targets with carbon sinks (these are areas of forest and farmland which can absorb carbon through the process of photosynthesis). Another compromise point within the broader Bonn Agreement was the reduction of emissions cuts of six gases from over 5 percent to a more achievable 2 percent. A third key change was the provision of funding for less wealthy countries to adopt more progressive technologies.

In late October and early November 2001, the UNFCCC's 7th Conference of the Parties met in Marrakesh, [Morocco](#), to finalize the measures needed to make the Kyoto Protocol operational. Although the UNFCCC projected that ratification of the Protocol would make it legally binding within a year, many critics noted that the process had fallen short of implementing significant changes in policy that would be necessary to actually stop or even slow climate change. They also maintained that the absence of U.S. participation effectively rendered the Protocol into being a political exercise without any substance, either in terms of transnational policy or in terms of environmental concerns.

The adoption of the compromises ensconced within the Bonn Agreement had been intended to make the provisions of the Kyoto Protocol more palatable to the U.S. In this regard, it failed to achieve its objective as the Bush administration continued to eschew participation in the international accord. Still, however, the Bonn Agreement did manage to render a number of other positive outcomes. Specifically, in 2002, key countries, such as [Russia](#), [Japan](#) and [Canada](#) agreed to ratify the protocol, bringing the number of signatories to 178. The decision by key countries to ratify the protocol was regarded as "the kiss of life" by observers.

By 2005, on the eve of a climate change conference in London, British Prime Minister Tony Blair was hoping to deal with the problems of climate change beyond the provisions set forth in the Kyoto Protocol. Acknowledging that the Kyoto Protocol could not work in its current form, Blair wanted to open the discussion for a new climate change plan.

Blair said that although most of the world had signed on to Kyoto, the protocol could not meet any of its practical goals of cutting greenhouse gas emissions without the participation of the United States, the world's largest polluter. He also noted that any new agreement would have to include India and China -- significant producers of greenhouse gas emissions, but exempt from Kyoto because they have been classified as developing countries. Still, he said that progress on dealing with climate change had been stymied by "a reluctance to face up to reality and the practical action needed to tackle problem."

Blair also touted the "huge opportunities" in technology and pointed toward the possibilities offered by wind, solar and nuclear power, along with fuel cell technology, eco-friendly biofuels, and carbon capture and storage which could generate low carbon power. Blair also asserted that his government was committed to achieving its domestic goal of reducing carbon dioxide emissions by 20 percent by 2010.

In the United States, President George W. Bush has said that global warming remained a debatable issue and despite conclusions reached by his own Environmental Protection Agency, he has not agreed with the conclusion that global warming and climate change are linked with human activities. Bush has also refused to ratify Kyoto on the basis of its economic costs.

Australia, an ally of the United States, has taken a similarly dim view of the Kyoto Protocol. Ahead of the November 2005 climate change meeting in Canada in which new goals for the protocol were to be discussed, Australia's Environment Minister, Ian Campbell, said that negotiating new greenhouse gas emission levels for the Kyoto Protocol would be a waste of time. Campbell said, "There is a consensus that the caps, targets and timetables approach is flawed. If we spend the next five years arguing about that, we'll be fiddling and negotiating while Rome burns." Campbell, like the Bush administration, has also advocated a system of voluntary action in which industry takes up new technologies rather than as a result of compelling the reduction of emissions. But the Australian Conservation Foundation (ACF) has called on its government to ratify the Kyoto Protocol, to establish a system of emissions trading, and to set binding limits on emissions. Interestingly, although it did not sign on to Kyoto, Australia was expected to meet its emissions target by 2012 (an 8 percent increase in 1990 levels in keeping with the country's reliance on coal). But this success has nothing to do with new technologies and is due to state-based regulations on land clearing.

Note: The Kyoto Protocol calls for developed nations to cut greenhouse emissions by 5.2 percent of 1990 levels by 2012.

Special Entry: Climate Change Summit in Copenhagen (2009) --

In December 2009, the United Nations Climate Change Summit opened in the Danish capital of

Copenhagen. The summit was scheduled to last from Dec. 7-18, 2009. Delegates from more than 190 countries were in attendance, and approximately 100 world leaders, including British Prime Minister Gordon Brown and [United States](#) President Barack Obama, were expected to participate. At issue was the matter of new reductions targets on greenhouse gas emissions by 2020.

Despite earlier fears that little concurrence would come from the conference, effectively pushing significant actions forward to a 2010 conference in [Mexico](#) City, negotiators were now reporting that the talks were productive and several key countries, such as [South Africa](#), had pledged to reduce greenhouse gas emissions. The two main issues that could still lead to cleavages were questions of agreement between the industrialized countries and the developing countries of the world, as well as the overall effectiveness of proposals in seriously addressing the perils of climate change.

On Dec. 9, 2009, four countries -- the [United Kingdom](#), [Australia](#), [Mexico](#) and [Norway](#) -- presented a document outlining ideas for raising and managing billions of dollars, which would be intended to help vulnerable countries dealing with the perils of climate change. Described as a "green fund," the concept could potentially help small island states at risk because of the rise in sea level. [Bangladesh](#) identified itself as a potential recipient of an assistance fund, noting that as a country plagued by devastating floods, it was particularly hard-hit by climate change. The "green fund" would fall under the rubric of the United Nations Framework Convention on Climate Change, for which developed countries have been committed to quantifying their emission reduction targets, and also to providing financial and technical support to developing countries.

The [United Kingdom](#), [Australia](#), [Mexico](#) and [Norway](#) also called for the creation of a new legal treaty that would replace the Kyoto Protocol. This new treaty, which could go into force in 2012, would focus largely on the reduction of greenhouse gas emissions by 2020. But [Australia](#) went even further in saying that the successor treaty to the Kyoto Protocol, should be one with provisions covering all countries. Such a move would be a departure from the structure of the Kyoto Protocol, which contained emissions targets for industrialized countries due to the prevailing view that developed countries had a particular historic responsibility to be accountable for climate change. More recently, it has become apparent that substantial reductions in greenhouse gas emissions demanded by scientists would only come to pass with the participation also of significant developing nation states, such as [China](#) and [India](#). Indeed, one of the most pressing critiques of the Kyoto Protocol was that it was a "paper tiger" that failed to address the impact of the actions of emerging economies like [China](#) and [India](#), with its focus on the developed economies.

Now, in 2009, [China](#) -- as the world's biggest greenhouse gas emitter -- was responding this dubious distinction by vocalizing its criticism of the current scenario and foregrounding its new commitments. Ahead of the Copenhagen summit, [China](#) had announced it would reduce the intensity of its carbon emissions per unit of its GDP in 2020 by 40 to 45 percent against 2005 levels. With that new commitment at hand, [China](#) was now accusing the [United States](#) and the European Union of shirking their own responsibilities by setting weak targets for greenhouse gas

emissions cuts. Senior Chinese negotiator, Su Wei, characterized the goals of the world's second largest greenhouse gas emitter -- the [United States](#) -- as "not notable," and the European Union's target as "not enough." Su Wei also took issue with [Japan](#) for setting implausible preconditions.

On Dec. 11, 2009, [China](#) demanded that developed and wealthy countries in Copenhagen should help deliver a real agreement on climate change by delivering on their promises to reduce carbon emissions and provide financial support for developing countries to adapt to global warming. In so doing, China's Vice Foreign Minister He Yafei said his country was hoping that a "balanced outcome" would emerge from the discussions at the summit. Echoing the position of the Australian government, He Yafei spoke of a draft agreement as follows: "The final document we're going to adopt needs to be taking into account the needs and aspirations of all countries, particularly the most vulnerable ones."

China's Vice Foreign Minister emphasized the fact that climate change was "a matter of survival" for developing countries, and accordingly, such countries need wealthier and more developed countries to accentuate not only their pledges of emissions reduction targets, but also their financial commitments under the aforementioned United Nations Framework Convention on Climate Change. To that end, scientists and leaders of small island states in the Indian Ocean, the Pacific Ocean and the Caribbean Sea, have highlighted the existential threat posed by global warming and the concomitant rise in sea level.

China aside, attention was also on [India](#) -- another major player in the developing world and a country with an industrializing economy that was impacting the environment. At issue was the Indian government's decision to set a carbon intensity target, which would slow emissions growth by up to 25 percent by the 2020 deadline. This strong position was resisted by some elements in [India](#), who argued that their country should not be taking such a strong position when developed wealthy countries were yet to show accountability for their previous commitments to reduce greenhouse gas emissions. The matter grew so heated that the members of the opposition stormed out of the parliament in protest as Indian Environment Minister Jairam Ramesh defended the policy. But the political pressure at home in [India](#) was leaving the Indian delegation in Copenhagen in a state of chaos as well. In fact, India's top environmental negotiator refused to travel to Copenhagen in protest of the government's newly-announced stance.

China and [India](#) were joined by [Brazil](#) and [South Africa](#) in the crafting of a draft document calling for a new global climate treaty to be completed by June 2010. Of concern has been the realization that there was insufficient time to find concurrence on a full legal treaty, which would leave countries only with a politically-binding text by the time the summit at Copenhagen closed. But Guyana's leader, President Bharrat Jagdeo, warned that the summit in [Denmark](#) would be classified as a failure unless a binding document was agreed upon instead of just political consensus. He urged his cohorts to act with purpose saying, "Never before have science, economics, geo-strategic self-interest and politics intersected in such a way on an issue that impacts

everyone on the planet."

Likewise, [Tuvalu](#) demanded that legally binding agreements emerge from Copenhagen. Its proposal was supported by many of the vulnerable countries, from small island states and sub-Saharan Africa, all of whom warned of the catastrophic impact of climate change on their citizens. [Tuvalu](#) also called for more aggressive action, such as an amendment to the 1992 agreement, which would focus on sharp greenhouse gas emissions and the accepted rise in temperatures, due to the impact the rise in seas. The delegation from [Kiribati](#) joined the call by drawing attention to the fact that one village had to be abandoned due to waist-high water, and more such effects were likely to follow. Kiribati's Foreign Secretary, Tessie Lambourne, warned that the people of [Kiribati](#) could well be faced with no homeland in the future saying, "Nobody in this room would want to leave their homeland." But despite such impassioned pleas and irrespective of warnings from the Intergovernmental Panel on Climate Change that the rise in sea level from melting polar ice caps would deleteriously affect low-lying atolls such as such as [Tuvalu](#) and [Kiribati](#) in the Pacific, and the [Maldives](#) in the Indian Ocean, the oil-giant [Saudi Arabia](#) was able to block this move.

Meanwhile, within the developed countries, yet another power struggle was brewing. The European Union warned it would only agree to raise its target of 20 percent greenhouse gas emissions reductions to 30 percent if the [United States](#) demonstrated that it would do more to reduce its own emissions. It was unknown if such pressure would yield results. [United States](#) President Barack Obama offered a "provisional" 2020 target of 17 percent reductions, noting that he could not offer greater concessions at Copenhagen due to resistance within the [United States](#) Congress, which was already trying to pass a highly controversial "cap and trade" emissions legislation. However, should that emissions trading bill fail in the Senate, the [United States](#) Environment Protection Agency's declaration that greenhouse gases pose a danger to human health and the environment was expected to facilitate further regulations and limits on power plants and factories at the national level. These moves could potentially strengthen the Obama administration's offering at Copenhagen. As well, President Obama also signaled that he would be willing to consider the inclusion of international forestry credits.

Such moves indicated willingness by the Obama administration to play a more constructive role on the international environmental scene than its predecessor, the Bush administration. Indeed, ahead of his arrival at the Copenhagen summit, President Barack Obama's top environmental advisors promised to work on a substantial climate change agreement. To that end, [United States](#) Environmental Protection Agency Administrator Lisa Jackson said at a press conference, "We are seeking robust engagement with all of our partners around the world." But would this pro-engagement assertion yield actual results?

By Dec. 12, 2009, details related to a draft document prepared by Michael Zammit Cutajar, the head of the Ad-hoc Working Group on Long-Term Cooperative Action, were released at the Copenhagen climate conference. Included in the document were calls for countries to make major

reductions in carbon emissions over the course of the next decade. According to the Washington Post, industrialized countries were called on to make cuts of between 25 percent and 40 percent below 1990 levels -- reductions that were far more draconian than the [United States](#) was likely to accept. As discussed above, President Obama had offered a provisional reduction target of 17 percent. The wide gap between the released draft and the United States' actual stated position suggested there was much more negotiating in the offing if a binding agreement could be forged, despite the Obama administration's claims that it was seeking greater engagement on this issue.

In other developments, the aforementioned call for financial support of developing countries to deal with the perils of climate change was partly answered by the European Union on Dec. 11, 2009. The European bloc pledged an amount of 2.4 billion euros (US\$3.5 billion) annually from 2010 to 2012. Environment Minister Andreas Carlgren of [Sweden](#) -- the country that holds the rotating presidency of the European Union at the time of the summit -- put his weight behind the notion of a "legally binding deal." Meanwhile, Yvo de Boer, a top United Nations climate change official, focused less on the essence of the agreement and more on tangible action and effects saying, "Copenhagen will only be a success if it delivers significant and immediate action that begins the day the conference ends."

The division between developed and developing countries in Copenhagen reached new heights on Dec. 14, 2009, when some of the poor and less developed countries launched a boycott at the summit. The move, which was spurred by African countries but backed by [China](#) and [India](#), appeared to be geared toward redirecting attention and primary responsibility to the wealthier and more industrialized countries. The impasse was resolved after the wealthier and more industrialized countries offered assurances that they did not intend on shirking from their commitments to reducing greenhouse gases. As a result, the participating countries ceased the boycott.

Outside the actual summit, thousands of protestors had gathered to demand crucial global warming, leading to clashes between police and demonstrators elsewhere in the Danish capital city. There were reports of scattered violence across Copenhagen and more than 1,000 people were arrested.

Nevertheless, by the second week of the climate change summit, hopes of forging a strong deal were eroding as developed and developing nations remained deadlocked on sharing cuts in greenhouse gases, and particularly on the matters of financing and temperature goals. In a bid to shore up support for a new climate change, [United States](#) President Barack Obama joined other world leaders in Copenhagen. On Dec. 14, 2009, there was a standoff brewing between the [United States](#) and [China](#). At issue was China's refusal to accept international monitoring of its expressed targets for reducing greenhouse gas emissions. The [United States](#) argued that China's opposition to verification could be a deal-breaker.

By the close of the summit, the difficult process eventually resulted in some consensus being

cultivated. A draft text called for \$100 billion a year by 2020 to assist poor nations cope with climate change, while aiming to limit global warming to two degrees Celsius compared with pre-industrial levels. The deal also included specific targets for developed countries to reduce greenhouse gas emissions, and called for reductions by developing countries as a share of their economies. Also included in the agreement was a mechanism to verify compliance. The details of the agreement were supported by President Barack Obama, Chinese Premier Wen Jiabao, Indian Prime Minister Manmohan Singh and Brazilian President Luiz Inacio Lula da Silva.

This draft would stand as an interim agreement, with a legally-binding international pact unlikely to materialize until 2010. In this way, the summit in Copenhagen failed to achieve its central objective, which was to negotiate a successor to the Kyoto Protocol on greenhouse gas emissions.

Editor's Note

In the background of these developments was the growing global consciousness related to global warming and climate change. Indeed, as the Copenhagen summit was ongoing, it was clear there was enormous concurrence on the significance of the stakes with an editorial on the matter of climate change being published in 56 newspapers in 45 countries. That editorial warned that without global action, climate change would "ravage our planet." Meanwhile, a global survey taken by Globescan showed that concern over global warming had exponentially increased from 1998 -- when only 20 percent of respondents believed it to be a serious problem -- to 64 percent in 2009. Such survey data, however, was generated ahead of the accusations by climate change skeptics that some climate scientists may have overstated the case for global warming, based on emails derived in an illicit manner from a British University.

Special Entry: Climate change talks in Doha in [Qatar](#) extend life of Kyoto Protocol (2012)

December 2012 saw climate talks ensue in the Qatari city of Doha as representatives from countries across the world gathered to discuss the fate of the Kyoto Protocol, which seeks to minimize greenhouse gas emissions. The summit yielded results with decisions made (1) to extend the Kyoto Protocol until 2020, and (2) for wealthier countries to compensate poorer countries for the losses and damage incurred as a result of climate change.

In regards to the second matter, Malia Talakai of [Nauru](#), a leading negotiator for the Alliance of Small Island States, explained the necessity of the compensation package as follows: "We are trying to say that if you pollute you must help us."

This measure was being dubbed the "Loss and Damage" mechanism, and was being linked with [United States](#) President Barack Obama's request for \$60 billion from Congress to deal with the devastation caused by Hurricane Sandy months before. The sight of a hurricane bearing down on

the northern Atlantic seaboard, along with the reality of the scope of reconstruction, appeared to have illustrated the economic costs of climate change -- not so much as a distant environmental issue -- but as a danger to the quotidian lives of people. Still, there was blame to be placed on the [United States](#) and European countries -- some of world's largest emitters -- for failing to do more to reduce emissions.

To that latter end, there was in fact little progress made on the central issue of reducing greenhouse gas emissions. Had those emissions been reduced, there would have been less of a need to financially deal with the devastation caused by climate change. One interpretation was that the global community was accepting the fact that industrialization was contributing to global warming, which had deleterious effects on the polar ice caps and concomitantly on the rise of sea level, with devastating effects for small island nations. Thus, wealthier countries were willing to pay around \$10 billion a year through 2020, effectively in "damages," to the poor countries that could be viewed as the "collateral damage" of industrial progress. But damages today could potentially be destruction tomorrow, leaving in place the existential challenges and burdens to be born by some of the world's smallest and least wealthy island countries.

Perhaps not surprisingly, the representative for the small island nation states at the Doha summit responded with ire, characterizing the lack of progress on reducing emissions as follows: "We see the package before us as deeply deficient in mitigation (carbon cuts) and finance. It's likely to lock us on the trajectory to a 3,4,5C rise in global temperatures, even though we agreed to keep the global average temperature rise of 1.5C to ensure survival of all islands. There is no new finance (for adapting to climate change and getting clean energy) -- only promises that something might materialize in the future. Those who are obstructive need to talk not about how their people will live, but whether our people will live."

Indeed, in most small island countries not just in the Pacific, but also the Caribbean and Indian Ocean, ecological concerns and the climate crisis have been dominant themes with dire life and death consequences looming in the background for their people. Small island nations in these region are already at risk from the rise of sea-level, tropical cyclones, floods. But their very livelihoods of fishing and subsistence farming were also at risk as a result of ecological and environmental changes. Increasingly high storm surges can wipe out entire villages and contaminate water supplies. Accordingly, the very existence of island nations, such as [Kiribati](#) and [Tuvalu](#), are at severe risk of being obliterated from the map. Yet even with the existential threat of being wiped off the map in the offing, the international community has been either slow or restrictive in its efforts to deal with global warming, climate change, economic and ecological damage, as well as the emerging global challenge of environmental refugees.

A 2012 report from the United Nations Environment Program (UNEP) and the Pacific Regional Environment Program underlined the concerns of small island nations and their people as it concluded that the livelihoods of approximately 10 million people in Pacific island communities

were increasingly vulnerable to climate change. In fact, low-lying islands in that region would likely confront losses of up to 18 percent of gross domestic product due to climate change, according to the report. The report covers 21 countries and territories, including [Fiji](#), [Kiribati](#), [Samoa](#) and [Tonga](#), and recommended environmental legislation intended to deal with the climate crisis facing the small island countries particularly. As noted by David Sheppard, the director general of the Pacific Regional Environment Program that co-sponsored this study: "The findings... emphasize the need more than ever to raise the bar through collective actions that address the region's environmental needs at all levels."

Regardless of the failures of the summit in [Qatar](#) (discussed above), the meeting did facilitate a process starting in 2015, which would bind both wealthy and poor countries together in the mission of forging a new binding treaty that would replace the Kyoto Protocol and tackle the central causes of climate change.

For more information on the threats faced in small island nations by climate change and the measures being undertaken to lobby for international action, please see the Alliance for Small Island States available online at the URL: <http://aosis.org/>

Special Report

COP 21 summit in Paris ends with historic agreement to tackle climate change; rare international consensus formed on environmental crisis facing the planet (2015) --

In mid-December 2015, the highly-anticipated United Nations climate conference of parties (COP) in Paris, [France](#), ended with a historic agreement. In fact, it would very likely be understood as the most significant international agreement signed by all the recognized countries of the world since the Cold War. Accordingly, the Paris Agreement was being distinguished as the first multilateral pact that would compel all countries across the world to cut its carbon emissions -- one of the major causes of increasing greenhouse gas emissions, which contribute to global warming, and its deleterious effects ranging from the dangerous rise in sea level to catastrophic climate change.

The accord, which was dubbed to be the "Paris Agreement," was the work of rigorous diplomacy and fervent environmental advocacy, and it aimed to address the climate change crisis facing the planet. As many as 195 countries were represented in the negotiations that led to the landmark climate deal. Indeed, it was only after weeks of passionate debate that international concurrence was reached in addressing the environmental challenges confronting the world, with particular attention to moving beyond fossil fuels and reducing greenhouse gas emissions.

The success of the COP 21 summit in Paris and the emergence of the landmark Paris Agreement

was, to some extent, attributed to the efforts of France's Foreign Minister Laurent Fabius who presided over the negotiations. The French foreign minister's experience and credentials as a seasoned diplomat and respected statesman paid dividends. He skillfully guided the delegates from almost 200 countries and interest groups along the negotiations process, with ostensibly productive results and a reasonably robust deal to show for it.

On Dec. 12, 2015, French Foreign Minister Fabius officially adopted the agreement, declaring: "I now invite the COP to adopt the decision entitled Paris Agreement outlined in the document. Looking out to the room I see that the reaction is positive, I see no objections. The Paris agreement is adopted." Once Foreign Minister Fabius' gavel was struck, symbolically inaugurating the Paris Agreement into force, the COP delegate rushed to their feet with loud and bouyant cheers as well as thunderous applause.

In general, the Paris Agreement was being hailed as a victory for enviromental activists and a triumph for international diplomats, while at the same time being understood as simply an initial -- and imperfect -- move in the direction of a sustainable future. China's chief negotiator, Xie Zhenhua, issued this message, saying that while the accord was not ideal, it should "not prevent us from marching historical steps forward."

United States President Barack Obama lauded the deal as both "ambitious" and "historic," and the work of strenuous multilateral negotiations as he declared, "Together, we've shown what's possible when the world stands as one." The [United States](#) leader acknowledged that the accord was not "perfect," but he reminded the critics that it was "the best chance to save the one planet we have. "

Former [United States](#) Vice President Al Gore, one of the world's most well known environmental advocates, issued a lengthy statement on the accomplishments ensconced in the Paris Agreement. He highlighted the fact that the Paris Agreement was a first step towards a future with a reduced carbon footprint on Planet Earth as he said, "The components of this agreement -- including a strong review mechanism to enhance existing commitments and a long-term goal to eliminate global-warming pollution this century -- are essential to unlocking the necessary investments in our future. No agreement is perfect, and this one must be strengthened over time, but groups across every sector of society will now begin to reduce dangerous carbon pollution through the framework of this agreement."

The central provisions of the Paris Agreement included the following items:

- Greenhouse gas emissions should peak as quickly as possible, with a move towards balancing energy sources, and ultimately the decrease of greenhouse gases in the second half of this century
- Global temperature increase would be limited to 1.5 degrees Centigrade above pre-industrial levels and would be held "well below" the two degrees Centigrade threshold
- Progress on these goals would be reviewed every five years beginning in 2020 with new

greenhouse gas reduction targets issued every five years

- \$100 billion would be expended each year in climate finance for developing countries to move forward with green technologies, with further climate financing to be advanced in the years beyond

It should be noted that there both legally binding and voluntary elements contained within the Paris Agreement. Specifically, the submission of an emissions reduction target and the regular review of that goal would be legally mandatory for all countries. Stated differently, there would be a system in place by which experts would be able to track the carbon-cutting progress of each country. At the same time, the specific targets to be set by countries would be determined at the discretion of the countries, and would not be binding. While there was some criticism over this non-binding element, the fact of the matter was that the imposition of emissions targets was believed to be a major factor in the failure of climate change talks in Copenhagen, [Denmark](#), in 2009.

In 2015, the talks faced challenges as several countries, such as [China](#) and [India](#), objected to conditions that would stymie economic and development. In order to avoid that kind of landmine, a system Intended Nationally Determined Contributions (INDCs) was developed and formed the basis of the accord. As such, the Paris Agreement would, in fact, facilitate economic growth and development, as well as technological progress, but with the goal of long-term ecological sustainability based on low carbon sources. In fact, the agreement heralded as "the beginning of the end of the fossil fuel era." As noted by Nick Mabey, the head of the climate diplomacy organization E3G, said, "Paris means governments will go further and faster to tackle climate change than ever before. The transition to a low carbon economy is now unstoppable, ensuring the end of the fossil fuel age."

A particular sticking point in the agreement was the \$100 billion earmarked for climate financing for developing countries to transition from traditional fossil fuels to green energy technologies and a low carbon future. In 2014, a report by the International Energy Agency indicated that the cost of that transition would actually be around \$44 trillion by the mid-century -- an amount that would render the \$100 billion being promised to be a drop in the proverbial bucket. However, the general expectation was that the Republican-controlled Senate in the [United States](#), which would have to ratify the deal in that country, was not interested in contributing significant funds for the cause of climate change.

A key strength of the Paris Agreement was the ubiquitous application of measures to all countries. Of note was the frequently utilized concept of "flexibility" with regard to the Paris Agreement. Specifically, the varying capacities of the various countries in meeting their obligations would be anticipated and accorded flexibility. This aspect presented something of a departure from the 1997 Kyoto Protocol, which drew a sharp distinction between developed and developing countries, and mandated a different set of obligations for those categories of countries. Thus, under Kyoto, [China](#) and [India](#) were not held to the same standards as the [United States](#) and European

countries. In the Paris Agreement, there would be commitments from all countries across the globe.

Another notable strength of the Paris Agreement was the fact that the countries of the world were finally able to reach consensus on the vital necessity to limit global temperature increases to 1.5 degrees Centigrade. Ahead of the global consensus on the deal, and as controversy continued to surface over the targeted global temperature limits, the leaders of island countries were sounding the alarm about the melting of the Polar ice caps and the associated rise in sea level. Prime Minister Enele Sopoaga of [Tuvalu](#) issued this dismal reminder: "Tuvalu's future ... is already bleak and any further temperature increase will spell the total demise of [Tuvalu](#). No leader in this room carries such a level of worry and responsibility. Just imagine you are in my shoes, what would you do?" It was thus something of a victory for environmental advocates that the countries of the world could find consensus on the lower number -- 1.5 degrees rather than 2 degrees.

A significant weak point with regard to the Paris deal was a "loss and damage" provision, which anticipates that even with all the new undertakings intended to reduce greenhouse gas emissions and move to a low carbon future, there would nonetheless be unavoidable climate change consequences. Those consequences ranged from the loss of arable land for farmers as well as soil erosion and contamination of potable water by sea water, to the decimation of territory in coastal zones and on small islands, due to the rise in sea level, with entire small island countries being rendered entirely uninhabitable. The reality was that peoples' homes across the world would be destroyed along with their way of life.

With that latter catastrophic effect being a clear and present danger for small island countries, the Association of Small Island States (AOSIS) demanded that the developed world acknowledge its responsibility for this irreversible damage.. Despite the fact that greenhouse gas emissions and the ensuing plague of global warming was, indeed, the consequence of development in the West (the [United States](#) and Europe) and the large power house countries, such as [Russia](#), [China](#) and [India](#), there was no appetite by those countries to sign on to unlimited liability. Under the Paris Agreement, there was a call for research on insurance mechanisms that would address loss and damage issues, with recommendations to come in the future.

The call for research was being regarded as an evasion of sorts and constituted the weakest aspect of the Paris Agreement. Not surprisingly, a coalition of small island nations demanded a "Marshall Plan" for the Pacific. Borrowing the term "Marshall Plan" from the post-World War II reconstruction effort, the coalition of Pacific island nation, which included [Kiribati](#), [Tuvalu](#), [Fiji](#), and the [Marshall Islands](#), called for an initiative that would include investment in renewable energy and shoreline protection, cultural preservation, economic assistance for economies in transition, and a plan for migration and resettlement for these countries as they confront the catastrophic effects of the melting of the Polar ice caps and the concomitant rise in sea level. The precise contours of the initiative remained unknown, unspecified, and a mere exercise in theory at the time

of writing. Yet such an initiative would, at some point, have to be addressed, given the realities of climate change and the slow motion calamity unfolding each day for low-lying island nations across the world.

As noted by Vice President Greg Stone of Conservation International, who also functions as an adviser to the government of [Kiribati](#), “Imagine living in a place where you know it’s going to go away someday, but you don’t know what day that wave’s going to come over and wash your home away.” He added, “It’s a disaster we know is going to happen.” Meanwhile, the intervening years promised to be filled with hardship for small island nations, such as [Kiribati](#). Stone explained, “For every inch of sea-level rise, these islands lose 10 feet of their freshwater table to saltwater intrusion,” Stone explained. “So it’s not just about the day the water finally goes over the island; it’s also about the day that there’s just not enough water left and everyone has to move off the island.” Presaging the future for island nations that could face submersion, Stone said, “If you look ahead 50 years, a country like [Kiribati](#) could become the first aqueous nation. possibility of migration. That is, they own this big patch of ocean, and they administer it from elsewhere.”

Foreign Minister Minister Tony Debrum of the [Marshall Islands](#) emerged as the champion advocating on behalf of small island nation states and a loose coalition of concerned countries from the Pacific to the Caribbean, but with support from the [United States](#). He addressed the comprehensive concerns of small island nations regarding the weaknesses of the deal, while simultaneously making clear that the Paris Agreement signified hope for the countries most at risk. In a formal statement, Debrum declared: “We have made history today. Emissions targets are still way off track, but this agreement has the tools to ramp up ambition, and brings a spirit of hope that we can rise to this challenge. I can go back home to my people and say we now have a pathway to survival.” Debrum highlighted the imperatives of Pacific island nations, saying, “Our High Ambition Coalition was the lightning rod we needed to lift our sights and expectations for a strong agreement here in Paris. We were joined by countries representing more than half the world. We said loud and clear that a bare-bones, minimalist agreement would not fly. We instead demanded an agreement to mark a turning point in history, and the beginning of our journey to the post-carbon era.”

Debrum of the [Marshall Islands](#) espoused the quintessential synopsis of the accord and its effects for those most likely to be affected by climate change as he noted, “Climate change won’t stop overnight, and my country is not out of the firing line just yet, but today we all feel a little safer.”

Editor's Entry on [Environmental Policy](#):

The low-lying Pacific island nations of the world, including [Kiribati](#), [Tuvalu](#), the [Marshall Islands](#), [Fiji](#), among others, are vulnerable to the threats posed by global warming and climate change, derived from carbon emissions, and resulting in the rise in sea level. Other island nations in the

Caribbean, as well as poor countries with coastal zones, were also at particular risk of suffering the deleterious effects of climate change.

Political policy in these countries are often connected to ecological issues, which have over time morphed into an existential crisis of sorts. Indeed, ecological concerns and the climate crisis have also been dominant themes with life and death consequences for the people of island nations in the Pacific. Indeed, the very livelihoods of fishing and subsistence farming remain at risk as a result of ecological and environmental changes. Yet even so, these countries are threatened by increasingly high storm surges, which could wipe out entire villages and contaminate water supplies. Moreover, because these are low lying island nations, the sustained rise in sea level can potentially lead to the terrain of these countries being uninhabitable at best, and submerged at worst. Stated in plain terms, these countries are at severe risk of being obliterated from the map and their plight illuminates the emerging global challenge of environmental refugees. In these manifold senses, climate change is the existential crisis of the contemporary era.

Since the time of the 1997 Kyoto Protocol, there have been efforts aimed at extending the life of that agreement, with an eye on minimizing greenhouse gas emissions, and thus minimizing the effects of climate change. Those endeavors have largely ended in failure, as exemplified by the unsuccessful Copenhagen talks in 2009 and the fruitless Doha talks in 2012 respectively. The success of the COP 21 talks in [France](#), with the adoption of the landmark Paris Agreement in 2015, was regarded as the first glimmer of hope. Not only did the Paris Agreement signify the triumph of international diplomacy and global consensus, but it also marked the start of the end of the fossil fuel era, with the path forward toward a low carbon future reliant on greener technologies. Most crucially, the Paris Agreement stood as the first significant response in recent times to the central challenge of climate change and its quotidian effects on the lives of real human beings across the world.

1. Major International Environmental Accords:

General Environmental Concerns

Convention on Environmental Impact Assessment in a Transboundary Context, Espoo, 1991.

Accords Regarding Atmosphere

Annex 16, vol. II (Environmental Protection: Aircraft Engine Emissions) to the 1044 Chicago Convention on International Civil Aviation, Montreal, 1981

Convention on Long-Range Transboundary Air Pollution (LRTAP), Geneva, 1979

United Nations Framework Convention on Climate Change (UNFCCC), New York, 1992

Vienna Convention for the Protection of the Ozone Layer, Vienna, 1985 including the Montreal Protocol on Substances that Depleted the Ozone Layer, Montreal, 1987

Accords Regarding Hazardous Substances

Convention on the Ban of the Import into Africa and the Control of Transboundary Movements and Management of Hazardous Wastes within Africa, Bamako, 1991

Convention on Civil Liability for Damage Caused during Carriage of Dangerous Goods by Road, Rail and Inland Navigation Vessels (CRTD), Geneva, 1989

Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (Basel Convention), Basel, 1989

Convention on the Transboundary Effects of Industrial Accidents, Helsinki, 1992

Convention to Ban the Importation into Forum Island Countries of Hazardous and Radioactive Wastes and to Control the Transboundary Movement and Management of Hazardous Wastes within the South Pacific Region (Waigani Convention), Waigani, 1995

European Agreement Concerning the International Carriage of Dangerous Goods by Road (ADR), Geneva 1957

FAO International Code of Conduct on the Distribution and Use of Pesticides, Rome, 1985

2. Major International Marine Accords:

Global Conventions

Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (London Convention 1972), London, 1972

International Convention for the Prevention of Pollution from Ships, 1973, as modified by Protocol of 1978 relation thereto (MARPOL 73/78), London, 1973 and 1978

International Convention on Civil Liability for Oil Pollution Damage 1969 (1969 CLC), Brussels, 1969, 1976, and 1984

International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage 1971 (1971 Fund Convention), Brussels, 1971

Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea (HNS), London 1996

International Convention on Oil Pollution Preparedness, Response, and Co-operation (OPRC), London, 1990

International Convention Relation to Intervention on the High Seas in Cases of Oil Pollution Casualties (Intervention Convention), Brussels, 1969

United Nations Convention on the Law of the Sea (UNCLOS), Montego Bay, 1982

Regional Conventions

Convention for the Prevention of Marine Pollution by Dumping from Ships and Aircraft (Oslo Convention), Oslo, 1972

Convention for the Prevention of Marine Pollution from Land-based Sources (Paris Convention), Paris, 1974

Convention for the Protection of the Marine Environment of the North East Atlantic (OSPAR Convention), Paris, 1992

Convention for the Protection of the Marine Environment of the Baltic Sea Area (1974 Helsinki Convention), Helsinki 1974

Convention for the Protection of the Marine Environment of the Baltic Sea Area (1992 Helsinki Convention), Helsinki 1992

Conventions within the UNEP Regional Seas Programme

Convention on the Protection of the Black Sea against Pollution, Bucharest, 1992

Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region, Cartagena de Indias, 1983

Convention for the Protection, Management, and Development of the Marine and Coastal Environment of the Eastern African Region, Nairobi, 1985

Kuwait Regional Convention for Co-operation on the Protection of the Marine Environment from Pollution, [Kuwait](#), 1978

Convention for the Protection and Development of the Marine Environment and Coastal Region of the Mediterranean Sea (Barcelona Convention), Barcelona, 1976

Regional Convention for the Conservation of the Red Sea and Gulf of Aden Environment, Jeddah, 1982

Convention for the Protection of the Natural Resources and Environment of the South Pacific Region, Noumea, 1986

Convention for the Protection of the Marine Environment and Coastal Area of the South-East Pacific, Lima, 1981

Convention for Co-operation in the Protection and Development of the Marine and Coastal Environment of the West and Central African Region, Abidjan, 1981

3. Major Conventions Regarding Living Resources:

Marine Living Resources

Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR), Canberra, 1980

International Convention for the Conservation of Atlantic Tunas (ICCAT), Rio de Janeiro, 1966

International Convention for the Regulation of Whaling (ICRW), Washington, 1946

Nature Conservation and Terrestrial Living Resources

Antarctic Treaty, Washington, D.C., 1959

Convention Concerning the Protection of the World Cultural and Natural Heritage (World Heritage Convention), Paris, 1972

Convention on Biological Diversity (CBD), Nairobi, 1992

Convention on the Conservation of Migratory Species of Wild Animals (CMS), Bonn, 1979

Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), Washington, D.C., 1973

Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar Convention), Ramsar, 1971

Convention to Combat Desertification (CCD), Paris 1994

FAO International Undertaking on Plant Genetic Resources, Rome, 1983

International Tropical Timber Agreement, 1994 (ITTA, 1994), Geneva, 1994

Freshwater Resources

Convention on the Protection and Use of Transboundary Watercourses and International Lakes, Helsinki, 1992

4. Major Conventions Regarding Nuclear Safety:

Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency (Assistance Convention), Vienna, 1986

Convention on Early Notification of a Nuclear Accident (Notification Convention), Vienna, 1986

Convention on Nuclear Safety, Vienna, 1994

Vienna Convention on Civil Liability for Nuclear Damage, Vienna, 1963

5. Major Intergovernmental Organizations

Commission on Sustainable Development (CSD)

European Union (EU): Environment

Food and Agriculture Organization (FAO)

Global Environment Facility (GEF)

International Atomic Energy Agency (IAEA)

International Council for the Exploration of the Sea (ICES)

International Fund for Agricultural Development (IFAD)

International Labour Organization (ILO)

International Maritime Organization (IMO)

International Monetary Fund (IMF)

International Oil Pollution Compensation Funds (IOPC Funds)

Organization for Economic Co-operation and Development (OECD), Environment Policy Committee (EPOC)

United Nations Children's Fund (UNICEF)

United Nations Development Programme (UNDP)

United Nations Educational, Scientific, and Cultural Organization (UNESCO)

United Nations Environment Programme (UNEP)

United Nations Industrial Development Organization (UNIDO)

United Nations Population Fund (UNFPA)

World Bank

World Food Programme (WFP)

World Health Organization (WHO)

World Meteorological Organization (WMO)

World Trade Organization (WTO)

6. Major Non-Governmental Organizations

Atmosphere Action Network East Asia (AANE)

Climate Action Network (CAN)

Consumers International (CI)

Earth Council

Earthwatch Institute

Environmental Liaison Centre International (ELCI)

European Environmental Bureau (EEB)

Forest Stewardship Council (FSC)

Friends of the Earth International (FoEI)

Greenpeace International

International Chamber of Commerce (ICC)

International Confederation of Free Trade Unions (ICFTU)

International Planned Parenthood Federation (IPPF)

International Solar Energy Society (ISES)

IUCN-The World Conservation Union

Pesticide Action Network (PAN)

Sierra Club

Society for International Development (SID)

Third World Network (TWN)

Water Environment Federation (WEF)

Women's Environment and Development Organization (WEDO)

World Business Council for Sustainable Development (WBCSD)

World Federalist Movement (WFM)

World Resources Institute (WRI)

World Wide Fund For Nature (WWF)

7. Other Networking Instruments

Arab Network for Environment and Development (RAED)

Global Legislators for a Balanced Environment (GLOBE)

Regional Environmental Center for Central and Eastern Europe (REC)

United Nations Non-Governmental Liaison Service (UN-NGLS)

Appendices

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The demographic information for language, ethnicity and religion listed in CountryWatch content is

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World Bank: Governance Indicators. URL: <http://info.worldbank.org/governance>

-- See also list of News Wires services below, which are also used for research purposes. --

Note on Edition Dates:

The earlier edition dates are noted above because they were used to formulate the original Country Reviews and serve as the baseline for some of the information covered. Later editions have been used in some cases, and are cited as such, while other more recent online resources (cited above) contain recent and ever-updated data sets used for research.

Sources: [Economic Overview](#)

BP Statistical Review of World Energy. URL: <http://www.bp.com/genericsection.do?categoryId=92&contentId=7005893>

BP Statistical Review of World Energy, June 1998. 1998 to present. Page 1.C. London: The British Petroleum Company.

International Monetary Fund, Direction of Trade Statistics Yearbook. Washington, D.C.: International Monetary Fund Publication Services.

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United Nations Statistics Division, Monthly Bulletin of Statistics (MBS On Line), November 1999 Edition. 1999 to present. New York: United Nations.

United Nations, Statistical Yearbook, 43rd Issue. 1999. 1999 to present New York: United Nations.

United Nations, Food & Agricultural Organization, FAOSTAT Database. URL : <http://apps.fao.org/>
United Nations, Comtrade Data Base, <http://comtrade.un.org/>

United States Department of Energy, Country Analysis Briefs.
URL:<http://www.eia.doe.gov/emeu/cabs/contents.html>

United States Department of Labor, Bureau of Labor Statistics Database

United States Geological Service, Mineral Information

United States Department of State, Country Commercial Guides. Washington, D.C. [United States](#) of America. URL:http://www.state.gov/www/about_state/business/com_guides/index.html

The World Bank, Global Development Finance, Country Tables. 1999 to present. Washington, D.C.: The World Bank.

The World Bank Group, World Development Indicators. 1999 to present. Washington, D.C.: The World Bank.

Yearbook of Tourism Statistics, World Tourism Organization. 1998 to present. Madrid: The World Tourism Organization.

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Methodology Notes for Economic Data:

Estimates by CountryWatch.com of GDP in dollars in most countries are made by converting local currency GDP data from the International Monetary Fund World Economic Outlook to US dollars by market exchange rates estimated from the International Monetary Fund International Financial Statistics and projected out by the CountryWatch Macroeconomic Forecast. Real GDP was estimated by deflating current dollar values by the US GDP Implicit Price Deflator.

Exceptions to this method were used for:

- Bosnia-Herzegovina
- Nauru
- Cuba
- Palau
- Holy See
- San Marino
- Korea, North
- [Serbia](#) & Montenegro
- Liberia
- Somalia
- Liechtenstein
- Tonga
- Monaco
- Tuvalu

In these cases, other data and/or estimates by CountryWatch.com were utilized.

Investment Overview

C o r r u p t i o n a n d T r a n s p a r e n c y I n d e x . U R L :
<http://www.transparency.org/documents/cpi/2001/cpi2001.html#cpi>
<<http://www.transparency.org/documents/>

Deloitte Tax Guides. URL: <http://www.deloittetaxguides.com>

Trade Policy Reviews by the World Trade Organization . URL: http://www.wto.org/english/tratop_e/tpr_e/tp_rep_e.htm#bycountry

United States Department of Energy, Country Analysis Briefs. URL: <http://www.eia.doe.gov/emeu/cabs/contents.html>

United States Department of State, Background Notes. URL: http://www.state.gov/www/background_notes/index.html

United States Department of State, Country Commercial Guides. 1996-2006. Washington, D.C. U n i t e d S t a t e s o f A m e r i c a . U R L : http://www.state.gov/www/about_state/business/com_guides/index.html

World Bank: Doing Business. URL: <http://www.doingbusiness.org>

World Bank: Governance Indicators. URL: <http://info.worldbank.org/governance>

Social Overview

Borden, G.A., Conaway, W.A., Morrison, T. 1994. *Kiss, Bow, or Shake Hands: How to do Business in Sixty Countries*. Holbrook, Massachusetts, 1994.

Center for Disease Control. URL: <http://www.cdc.gov>

Eldis Country Profiles. URL: <http://www.eldis.org/country/index.htm>

Ethnologue. URL: <http://www.ethnologue.com/>

Government of Australia Department of Foreign Affairs and Trade. URL: <http://www.dfat.gov.au/geo>

Government of Canada Foreign Affairs and International Trade. URL: http://www.voyage.gc.ca/consular_home-e.htm

Library of Congress Country Studies. URL: <http://lcweb2.loc.gov/frd/cs/cshome.html>

Lonely Planet. URL: <http://www.lonelyplanet.com/worldguide/>

Steve Kropla's Online Help For World Travelers. URL: <http://www.kropla.com/>

[United Kingdom](http://www.fco.gov.uk/) Ministry of Foreign and Commonwealth Office. URL: <http://www.fco.gov.uk/>

United Nations Human Development Report. URL: <http://www.undp.org/hdro>

UNICEF Statistical Database Online. URL: <http://www.unicef.org/statis/atoz.html>

[United States](http://www.cia.gov/cia/publications/factbook/index.html) Central Intelligence Agency, World Factbook. 2001. Washington, D.C.: Printing and Photography Group. URL: <http://www.cia.gov/cia/publications/factbook/index.html>

United States Department of State, Background Notes. URL: http://www.state.gov/www/background_notes/index.html

United States Department of State, Commercial and Business Affairs: Travel Tips. URL: http://www.state.gov/www/about_state/business/cba_travel.html

United States Department of State, Bureau of Consular Affairs. URL: <http://travel.state.gov/>

World Health Organization. URL: <http://www.who.int/home-page/>

World News Connection, National Technical Information Service. Springfield, Virginia, USA.

Internet News Service, Xinhua News Agency (U.S.) Inc. Woodside, New York. URL: <http://www.xinhuanet.com/english/>

Note on Edition Dates:

The earlier edition dates are noted above because they were used to formulate the original country reviews and serve as the baseline for some of the information covered. Later editions have been used in some cases, and are cited as such, while other more recent online resources (cited above) contain recent and ever-updated data sets used for research.

Methodology Notes for the HDI:

Since 1990, the United Nations Development Programme, in concert with organizations across the globe, has produced the [Human Development Index](#) (or HDI). According to the UNDP, the index measures average achievement in basic human development in one simple composite index, and produces from this index a ranking of countries. The HDI is a composite of three basic components of human development: longevity, knowledge and standard of living. Longevity is measured by life expectancy. Knowledge is measured by combination of adult literacy and mean

years of schooling. Standard of living is measured by purchasing power, based on real GDP per capita (in constant US\$) adjusted for differences in international living costs (or, purchasing power parity, PPP). While the index uses these social indicators to measure national performance with regard to human welfare and development, not all countries provide the same level of information for each component needed to compute the index; therefore, as in any composite indicator, the final index is predicated on projections, predictions and weighting schemes. The index is a static measure, and thus, an incomplete measure of human welfare. In fact, the UNDP says itself the concept of human development focuses on the ends rather than the means of development and progress, examining in this manner, the average condition of all people in a given country.

Specifically, the index is calculated by determining the maximum and minimum for each of the three components (as listed above) and then measuring where each country stands in relation to these scales-expressed as a value between 0 and 1. For example, the minimum adult literary rate is zero percent, the maximum is 100 percent, and the reading skills component of knowledge in the HDI for a country where the literacy rate is 75 percent would be 0.75. The scores of all indicators are then averaged into the overall index.

For a more extensive examination of human development, as well as the ranking tables for each participating country, please visit: <http://www.undp.org>

Note on [History](#) sections

In some CountryWatch Country Reviews, open source content from the State Department Background Notes and Country Guides have been used.

Environmental Overview

Environmental Profiles: A Global Guide to Projects and People. 1993. Linda Sobel Katz, Sarah Orrick, and Robert Honig. New York: Garland Publishing.

The Environment Encyclopedia and Directory, 2nd Edition. 1998. London: Europa.

Environmental Protection Agency Global Warming Site. URL: <http://www.epa.gov/globalwarming>

Food and Agriculture Organization of United Nations: Forestry. URL: <http://www.fao.org/forestry/site/sofo/en/>

Global Warming Information Page. URL: <http://globalwarming.org>

Introduction to Global [Environmental Issues](#), 2nd Edition. 1997. Kevin Pickering and Lewis Owen.

London: Routledge.

Trends: Compendium of Data on Global Change. URL: http://cdiac.esd.ornl.gov/trends/emis/em_cont.htm

United Nations Environmental Program. URL: http://www.unep.org/GEO/GEO_Products/Assessment_Reports/

United Nations Global Environmental Outlook. URL: <http://www.unep.org/geo/geo4/media/>

United States Department of Energy, Country Analysis Briefs. URL: <http://www.eia.doe.gov/emeu/cabs/contents.html>

World Climate Data Online. URL: <http://www.worldclimate.com>

World Directory of Country Environmental Studies. 1996. The World Resource Institute.

World Factbook. US Central Intelligence Agency. Washington, D.C.: Printing and Photography Group.

1998-1999 World Resources Guide to the Global Environment by the World Resources Institute. May, 1998.

1998/1999 Yearbook of International Cooperation on Environment and Development. 1998. London: Earthscan Publications.

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Other Sources:

General information has also been used in the compilation of this review, with the courtesy of governmental agencies from this country.

News Services:

CANA Daily Bulletin. Caribbean Media Agency Ltd., St. Michael, [Barbados](#).

Central and Eastern Africa Report, United Nations Office for the Coordination of Humanitarian Affairs - Integrated Regional Information Network for Central and Eastern Africa.

Daily News, Panafrican News Agency. Dakar, [Senegal](#).

PACNEWS, Pacific Islands Broadcasting Association. Suva, [Fiji](#).

Radio Free Europe/Radio Liberty. Washington D.C. USA.

Reuters News. Thomson Reuters. New York, New York. USA.

Southern Africa Report, United Nations Office for the Coordination of Humanitarian Affairs - Integrated Regional Information Network for Southern Africa.

Voice of America, English Service. Washington D.C.

West Africa Report, United Nations Office for the Coordination of Humanitarian Affairs - Integrated Regional Information Network for West Africa. 1998-1999

Note: Some or all these news services have been used to research various sections of this Country Review.

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For items in a "Works Cited" list, CountryWatch.com suggests that users follow recommended patterns for indentation given in the *MLA Handbook*, 4th edition.

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Basic form, using an Internet protocol:

Author/editor. *Title of Print Version of Work*. Edition statement (if given). Publication information (Place of publication: publisher, date), if given. *Title of Electronic Work*. Medium. Available Protocol (if applicable):Site/Path/File. Access date.

Examples:

Youngblood-Coleman, Denise. *Country Review: France*. 2003. Houston, Texas: CountryWatch Publications, 2003. *Country Review:France*. Online. Available URL : http://www.countrywatch.com/cw_country.asp?vCOUNTRY=61 October, 12, 2003.

Note:

This is the citation format used when the print version is not used in the reference.

Parts of Works

Basic form, using an Internet protocol:

Author/editor. "Part title." *Title of Print Version of Work*. Edition statement (if given). Publication information (Place of publication: publisher, date), if given. *Title of Electronic Work*. Medium. AvailableProtocol (if applicable): Site/Path/File. Access date.

Examples:

Youngblood-Coleman, Denise. "People." *CountryWatch.com: France*. 2003. Houston, Texas: CountryWatch Publications, 2003. *CountryWatch.com: France*. Online. Available URL : http://www.countrywatch.com/cw_topic.asp?vCOUNTRY=61&SECTION=SOCIAL&TOPIC=CLPEO&TYPE=TEXT. October 12, 2003.

Note:

This is the citation format used when the print version is not used in the reference.

For further source citation information, please email: editor@countrywatch.com or education@countrywatch.com.

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