

CHINA



Zhonghua Renmin Gonghe Guo
(People's Republic of China)

Capital: Beijing (Peking)

Population projection, 2010: 1,354.53m.

GDP per capita, 2004: (PPP\$) 5,896

HDI/world rank: 0.768/81

KEY HISTORICAL EVENTS

An embryonic Chinese state emerged in the fertile Huang He (Yellow River) basin before 4000 BC. Chinese culture reached the Chang Jiang (Yangtze) basin by 2500 BC and within 500 years the far south was also within the Chinese orbit. Four thousand years ago the Xia dynasty ruled in the Huang He basin. About 1500 BC it was supplanted by the Shang dynasty, under which writing developed using recognizable Chinese characters. The remains of the Shang period show that their state was the cultural ancestor of modern China.

Shang civilization spread out from the Huang He region. In the west, the Shang state came into conflict with the Zhou state, whose rulers replaced the Shang dynasty around 1000 BC. Under the Zhou, a centralized administration developed. In about 500 BC one court official, Kongfuzi (Confucius), outlined his vision of society. Confucianism, which introduced a system

of civil service recruitment through examination, remained the principal Chinese belief system until the mid-20th century.

The Zhou expanded the Chinese state south beyond the Chang Jiang. There, dependent territories emerged which, by the 5th century, had become independent Warring States. These insubordinate kingdoms periodically rebelled against the central authority and fought one another. In 221 BC the ruler of the Warring State of Qin became the first emperor of China. He built an empire extending from the South China Sea to the edge of Central Asia, where work was begun on the Great Wall of China, a massive fortification to keep threatening nomads at bay. The Qin dynasty standardized laws, money and administration throughout the empire but it was short-lived. By 206 BC the state had divided into three.

Reunification came gradually under the Han dynasty (202 BC–AD 200). Han emperors ruled through an efficient, centralized bureaucracy. They established a state whose boundaries were similar to those of modern China. Some of the peripheral possessions proved too distant to hold and the Han empire collapsed through rebellion and invasion. It was followed by the Jin (265–316) and Sui (589–612) dynasties, interspersed by a period of inter-state war and anarchy. Reunification was achieved by the Tang dynasty, whose efficient reforming rule brought new

prosperity to China from 618–917. Eventually the Tang empire too collapsed as separatism grew.

Under the next dynasty, the Song (960–1127), the balance of power within China shifted south. Song China expanded trade with the rest of Asia. In 1126 nomads from Manchuria invaded the north. The Song state lost control of the area north of the Chang Jiang. A declining Song empire persisted in the south until 1279.

Genghis Khan

The northern invaders were overthrown by the Mongols, led by Genghis Khan (c. 1162–1227), who went on to claim the rest of China. In 1280 their ruler Kublai Khan (1251–94), who had founded the Yuan dynasty in 1271, swept into southern China. The Mongol Yuan dynasty adopted Chinese ways but was overthrown by a nationalist uprising in 1368, led by Hongwu (1328–98), a former beggar who established the Ming dynasty. Hongwu, and several later Ming emperors, made important reforms, resulting in increased levels of prosperity and extended borders.

The Ming empire collapsed in a peasants' revolt in 1644. The capital, Beijing, was only 64 km from the Great Wall and vulnerable to attack from nomads to the north. Within months the peasants' leader was swept aside by the invasion of the Manchus, whose Qing dynasty ruled China until 1911. Preoccupied with threats from the north, China neglected its southern coastal frontier where European traders were attempting to open up the country. The Portuguese, who landed on the Chinese coast in 1516, were followed by the Dutch in 1622 and the English in 1637.

Qing emperors initially ruled fairly and adopted Chinese ways and customs. The empire expanded into Mongolia, Tibet, Vietnam and Kazakhstan. By the 19th century imperial China was suffering from corruption. Under pressure from rural revolts, ignited by crippling taxation and poverty, the Qing empire started to collapse. Through the two Opium Wars (1838–42; 1856–58), Britain forced China to allow the import of opium from India into China, while Britain, France, Germany and other European states gained concessions in 'treaty ports' that virtually came under foreign rule.

The Taiping Rebellion (1851–64) set up a revolutionary egalitarian state in southern China. The European powers intervened to crush the rebellion, but in 1860 British and French forces invaded Beijing and burnt the imperial palace. The Europeans extracted further trading concessions from China. A weakened China was defeated by Japan in 1895 and lost both Taiwan and Korea.

The xenophobic Boxer Rebellion, led by members of a secret society called the Fists of Righteous Harmony, broke out in 1900. The Guangxu emperor (1875–1908) attempted modernization in the Hundred Days Reform, but was taken captive by the conservative dowager empress who harnessed the Boxer Rebellion to her own ends. The rebellion was put down by European troops in 1901. China was then divided into zones of influence between the major European states and Japan.

With imperial authority so weakened, much of the country was ungovernable and ripe for rebellion. The turning point came in 1911 when a revolution led by the Kuomintang (Guomintang or Nationalist movement) of Sun Yet-sen (Sun Zhong Shan; 1866–1925) overthrew the emperor and the imperial system. The revolution was followed by a period of anarchy, which included an attempted imperial restoration. The authoritarian Yuan Shih-kai ruled as president from 1913 to 1916. Following the overthrow of Yuan, China disintegrated at the hands of local warlords.

In 1916 Sun founded a republic in southern China. The north remained beyond his control. Sun reorganized the Nationalist party on Soviet lines. At this stage the Nationalists co-operated with the Communists to re-establish national unity, but rivalry between the two parties increased, particularly after the death of Sun in 1925.

Nationalism and Communism

After Sun's death the nationalist movement was taken over by his ally Chiang Kai-shek (Jiang Jie Shi; 1887–1976). As commander in chief of the Nationalist army from 1925, Chiang's power grew. In April 1927 he tried to suppress the Chinese Communist Party in a bloody campaign in which thousands of Communists were slaughtered. The remains of the party fled to the far western province of Jiangxi, beyond the reach of the Nationalists. In 1928 Chiang's army entered Beijing. With the greater part of the country reunited under Chiang's rule, he formed a government in Nanjing, which became the capital of China.

In 1934 the Communists were forced to retreat from Jiangxi province. Led by Mao Zedong (Mao Tse-tung; 1893–1976) they trekked for more than a year on the 5,600-mile Long March. Harried during their journey, they were besieged by the Nationalists when they eventually took refuge in Shaanxi province.

In 1931, against this backdrop of civil unrest, the Japanese had invaded Manchuria and set up the last emperor of China as puppet emperor of Manchukuo. By 1937 the Japanese had seized Beijing and most of coastal China. The Nationalists and Communists finally co-operated against the invader, although the Chinese were unable to achieve much against the superior Japanese forces.

During the Second World War (1939–45), a Nationalist government provided largely ineffectual rule of unoccupied China from a temporary capital in Chongqing. At the end of the war, Nationalist-Communist co-operation was short-lived. The Soviet Union sponsored the Communist Party, which marched into Manchuria in 1946. This action began the civil war which lasted until 1949. Although the Nationalist forces of Chiang Kai-shek received support from some western countries, particularly the United States, the Communists were victorious. On 1 Oct. 1949 Mao declared the People's Republic of China in Beijing.

Chiang fled with the remains of his Nationalist forces to the island of Taiwan, where he established a government that claimed to be a continuation of the Republic of China. At first, that administration was recognized as the government of China by most Western countries and Taiwan kept China's Security Council seat at the United Nations until 1971. Chiang's authoritarian regime was periodically challenged by Red China, which bombed Taiwan's small offshore islands near the mainland. But, supported by the United States, Taiwan endured. In the 1960s and 1970s, Taiwan gradually lost recognition as the legitimate government of China and in 1978 the USA recognized the People's Republic of China.

Expansionism

In 1950 China invaded Tibet, which had been independent in practice since 1916. Repressive Chinese rule quickly alienated the Tibetans, who rose in rebellion in 1959. The Tibetan religious leader, the Dalai Lama, was forced to flee to India. Since then, the settlement of large numbers of ethnic Chinese in the main cities of Tibet has threatened to swamp Tibetan culture.

During the 1950s and 1960s China was involved in a number of border disputes and wars in neighbouring states. The Communists posted 'volunteers' to fight alongside Communist North Korea during the Korean War (1950–53). There were clashes on the Soviet border in the 1950s and the Indian border in the 1960s, when China occupied some Indian territory.

From the establishment of the Peoples' Republic of China, Communist China and the Soviet Union were allies. Communist China initially depended upon Soviet assistance for economic development. A Soviet-style five-year plan was put into action in 1953, but the relationship with Moscow was already showing signs of strain. The two Communist powers fell out regarding their different interpretations of Marxist orthodoxy. By the end of the 1950s the Soviet Union and China were rivals, spurring the Chinese arms race. Chinese research into atomic weapons culminated in the testing of the first Chinese atomic bomb in 1964.

Mao introduced rapid collectivization of farms in 1955. The countryside was to take the lead in implementing Communist economics. Mao's idea was not met with universal approval in the Communist Party but its implementation demonstrated his complete authority over the fortunes of the nation. In 1956 he launched the doctrine of letting a 'hundred flowers bloom', encouraging intellectual debate. However, the new freedoms took a turn Mao did not expect and led to the questioning of the role of the party. Strict controls were reimposed and free-thinkers were sent to work in the countryside to be 're-educated'.

In May 1958 Mao launched another ill-fated policy, the Great Leap Forward. To promote rapid industrialization and socialism, the collectives were reorganized into larger units. Neither the resources nor trained personnel were available for this huge task. Backyard blast furnaces were set up to increase production of iron and steel. The Great Leap Forward was a disaster. It is believed that 30m. died from famine. Soviet advice against the project was ignored and a complete rift in relations with Moscow came in 1963, when Soviet assistance was withdrawn. As relations between the former friends cooled, a rapprochement with the United States was achieved in the early 1970s.

Cultural Revolution

Having published his 'Thoughts' in the 'Little Red Book' in 1964, Mao set the Cultural Revolution in motion. Militant students were organized into groups of Red Guards to attack the party hierarchy. Anyone perceived to lack enthusiasm for Mao Zedong Thought was denounced. Thousands died as the students lost control and the army was eventually called in to restore order.

After Mao's death in 1976 the Gang of Four, led by Mao's widow Chang Ch'ing, attempted to seize power. These hard-liners were denounced and arrested. China effectively came under the control of Deng Xiaoping, despite the fact that he held none of the great offices of state. Deng placed an emphasis on economic reform. The country was opened to Western investment. Special Economic Zones and 'open cities' were designated and private enterprise gradually returned, on a small scale at first.

Greatly improved standards of living and a thriving economy increased expectations for civil liberties. The demand for political change climaxed in demonstrations by workers and students in April 1989, following the funeral of Communist Party leader Hu Yaobang. Protests were held in several major cities. In Beijing where demonstrators peacefully occupied Tiananmen Square, they were evicted by the military who opened fire, killing more than 1,500. Hard-liners took control of the government, and martial law was imposed from May 1989 to Jan. 1990.

Since 1989 the leadership has concentrated on economic development. Hong Kong was returned to China from British rule in 1997 and Macao from Portuguese rule in 1999. The late 1990s saw a cautious extension of civil liberties, but the leadership still denies Chinese citizens most basic political rights.

For the background to the handover of Hong Kong in 1997, see page 326.

TERRITORY AND POPULATION

China is bounded in the north by Russia and Mongolia; east by North Korea, the Yellow Sea and the East China Sea, with Hong Kong and Macao as enclaves on the southeast coast; south by Vietnam, Laos, Myanmar, India, Bhutan and Nepal; west by India, Pakistan, Afghanistan, Tajikistan, Kyrgyzstan and Kazakhstan. The total area (including Taiwan, Hong Kong and Macao) is estimated at 9,572,900 sq. km (3,696,100 sq. miles). A law of Feb. 1992 claimed the Spratly, Paracel and Diaoyutai Islands. An agreement of 7 Sept. 1993 at prime ministerial level settled Sino-Indian border disputes which had first emerged in the war of 1962.

China's fifth national census was held on 1 Nov. 2000. According to preliminary results, the total population of the 31 provinces, autonomous regions and municipalities on the mainland was

1,265,830,000 (612,280,000 females, representing 48.37%); density, 132 per sq. km. The population rose by 132,150,000 (or 11.66%) since the census in 1990. There were 455,940,000 urban residents, accounting for 36.1% of the population. The proportion of the population living in urban areas has more than doubled since 1975. An estimated 300m. people have migrated from the countryside to cities since the economy was opened up in the late 1970s, and a further 300m. are expected to move to towns and cities by 2020. China has a fast-growing ageing population. Whereas in 1980 only 4.7% of the population was aged 65 or over and by 2005 this had increased to 7.6%, by 2030 it is expected to rise to 16.3%. Long-term projections suggest that in 2050 as much as 23.6% of the population will be 65 or older. The estimated population in 2005 was 1,315.84m.

The UN gives a projected population for 2010 of 1,354.53m.

China is set to lose its status as the world's most populous country to India in about 2030, and according to UN projections its population will begin to decline around the same time.

1979 regulations restricting married couples to a single child, a policy enforced by compulsory abortions and economic sanctions, have been widely ignored, and it was admitted in 1988 that the population target of 1,200m. by 2000 would have to be revised to 1,270m. Since 1988 peasant couples have been permitted a second child after four years if the first born is a girl, a measure to combat infanticide. In 1999 China started to implement a more widespread gradual relaxation of the one-child policy.

An estimated 34m. persons of Chinese origin lived abroad in 2000.

A number of widely divergent varieties of Chinese are spoken. The official 'Modern Standard Chinese' is based on the dialect of North China. Mandarin in one form or another is spoken by 885m. people in China, or around 70% of the population of mainland China. The Wu language and its dialects has some 77m. native speakers and Cantonese 66m. The ideographic writing system of 'characters' is uniform throughout the country, and has undergone systematic simplification. In 1958 a phonetic alphabet (*Pinyin*) was devised to transcribe the characters, and in 1979 this was officially adopted for use in all texts in the Roman alphabet. The previous transcription scheme (Wade) is still used in Taiwan and Hong Kong.

Mainland China is administratively divided into 22 provinces, five autonomous regions (originally entirely or largely inhabited by ethnic minorities, though in some regions now outnumbered by Han immigrants) and four government-controlled municipalities. These are in turn divided into 332 prefectures, 658 cities (of which 265 are at prefecture level and 393 at county level), 2,053 counties and 808 urban districts.

Government-controlled municipalities	Area (in 1,000 sq. km)	Population (2000 census, in 1,000)	Density per sq. km (in 2000)	Capital
Beijing	16.8	13,820	823	—
Chongqing	82.0	30,090	367	—
Shanghai	6.2	16,740	2,700	—
Tianjin	11.3	10,010	886	—
<i>Provinces</i>				
Anhui	139.9	59,860	428	Hefei
Fujian	123.1	34,710	282	Fuzhou
Gansu ¹	366.5	25,620	70	Lanzhou
Guangdong ¹	197.1	86,420	438	Guangzhou
Guizhou ¹	174.0	35,250	203	Guiyang
Hainan ¹	34.3	7,870	229	Haikou
Hebei ¹	202.7	67,440	333	Shijiazhuang
Heilongjiang ¹	463.6	36,890	80	Haerbin
Henan	167.0	92,560	554	Zhengzhou
Hubei ¹	187.5	60,280	321	Wuhan
Hunan ¹	210.5	64,400	306	Changsha
Jiangsu	102.6	74,380	723	Nanjing
Jiangxi	164.8	41,400	251	Nanchang
Jilin ¹	187.0	27,280	146	Changchun
Liaoning ¹	151.0	42,380	281	Shenyang
Qinghai ¹	721.0	5,180	7	Xining

Government-controlled municipalities	Area (in 1,000 sq. km)	Population (2000 census, in 1,000)	Density per sq. km (in 2000)	Capital
Shaanxi	195.8	36,050	184	Xian
Shandong	153.3	90,790	592	Jinan
Shanxi	157.1	32,970	210	Taiyuan
Sichuan ¹	487.0	83,290	171	Chengdu
Yunnan ¹	436.2	42,880	98	Kunming
Zhejiang ¹	101.8	46,770	459	Hangzhou
<i>Autonomous regions</i>				
Guangxi Zhuang	220.4	44,890	204	Nanning
Inner Mongolia	1,177.5	23,760	20	Hohhot
Ningxia Hui	66.4	5,620	85	Yinchuan
Tibet ²	1,221.6	2,620	2	Lhasa
Xinjiang Uighur	1,646.9	19,250	12	Urumqi

¹Also designated minority nationality autonomous area.
²See also Tibet below.

Population of largest cities in 2000: Shanghai, 14.35m.; Beijing (Peking), 11.51m.; Chongqing, 9.69m.; Guangzhou (Canton), 8.52m.; Wuhan, 8.31m.; Tianjin, 7.50m.; Shenzhen, 7.01m.; Dongguan, 6.45m.; Shenyang, 5.30m.; Xian, 4.48m.; Chengdu, 4.33m.; Nanjing, 3.62m.; Haerbin, 3.48m.; Dalian, 3.25m.; Changchun, 3.23m.; Kunming, 3.04m.; Jinan, 3.00m.; Guiyang, 2.99m.; Zibo, 2.82m.; Qingdao, 2.72m.; Zhengzhou, 2.59m.; Taiyuan, 2.56m.; Chaoyang, 2.47m.; Hangzhou, 2.45m.; Zhongshan, 2.36m.; Nanhai, 2.13m.; Changsha, 2.12m.; Fuzhou, 2.12m.; Lanzhou, 2.09m.; Xiamen, 2.05m.; Zaozhuang, 2.00m.; Shijiazhuang, 1.97m.; Jilin, 1.95m.; Linyi, 1.94m.; Wenzhou, 1.92m.; Puning, 1.86m.; Nanchang, 1.84m.; Nanchong, 1.77m.; Nanning, 1.77m.; Urumqi (Wulumuqi), 1.75m.; Fuyang, 1.72m.; Yantai, 1.72m.; Tangshan, 1.71m.; Shunde, 1.69m.; Xuzhou, 1.68m.; Baotou, 1.67m.; Hefei, 1.66m.; Tianmen, 1.61m.; Liuan, 1.60m.; Suizhou, 1.60m.; Suzhou, 1.60m.; Nanyang, 1.58m.; Ningbo, 1.57m.; Anshan, 1.56m.; Tengzhou, 1.55m.; Pizhou, 1.54m.; Qiqihaer, 1.54m.; Taian, 1.54m.; Datong, 1.53m.

China has 56 ethnic groups. According to the 2000 census 1,159,400,000 people (91.6%) were of Han nationality and 106,430,000 (8.4%) were from national minorities (including Zhuang, Manchu, Hui, Miao, Uighur, Yi, Tujia, Mongolian and Tibetan). Compared with the 1990 census, the Han population increased by almost 116,920,000 (11.2%), while the ethnic minorities increased by 15,230,000 (16.7%). Non-Han populations predominate in the autonomous regions, most notably in Tibet where national minorities accounted for 97.2% of the population in 1994.

Li Chengrui, *The Population of China*. Beijing, 1992

Tibet

After the 1959 revolt was suppressed, the Preparatory Committee for the Autonomous Region of Tibet (set up in 1955) took over the functions of local government, led by its Vice-Chairman, the Panchen Lama, in the absence of its Chairman, the Dalai Lama, who had fled to India in 1959. In Dec. 1964 both the Dalai and Panchen Lamas were removed from their posts and on 9 Sept. 1965 Tibet became an Autonomous Region. 301 delegates were elected to the first People's Congress, of whom 226 were Tibetans. The senior spiritual leader, the Dalai Lama, is in exile. He was awarded the Nobel Peace Prize in 1989. Following the death of the 10th Panchen Lama (Tibet's second most important spiritual leader) in Jan. 1989, the Dalai Lama announced Gendun Choekyi Nyima (b. 1989) as the 11th Panchen Lama in May 1995. Beijing rejected the choice and appointed Gyaltzen Norbu (b. 1989) in his place. Gendun Choekyi Nyima has been missing since 1995. The borders were opened for trade with neighbouring countries in 1980. In July 1988 Tibetan was reinstated as a 'major official language', competence in which is required of all administrative officials. Monasteries and shrines have been renovated and reopened. There were some 46,000 monks and nuns in 2004. In 1984 a Buddhist seminary in Lhasa opened with 200 students. A

further softening of Beijing's attitude towards Tibet was shown during President Bill Clinton's visit to China in June 1998. Jiang Zemin, China's president, said he was prepared to meet the Dalai Lama provided he acknowledged Chinese sovereignty over Tibet and Taiwan. In Sept. 2002 direct contact between the exiled government and China was re-established after a nine-year gap.

At the 2000 census Tibet had a population of 2.62m., of which 2.42m. were Tibetans and the remainder from other ethnic groups. The average population density was 2.02 persons per sq. km, although the majority of residents live in the southern and eastern parts of the region. Birth rate (per 1,000), 2000, 17.6; death rate, 6.6. Population of the Lhasa (capital) region in 2000 was 403,700. Expectation of life was 67 years in 2000.

In 2000, 1.24m. people were in employment: 909,800 worked in agriculture, forestry, animal husbandry and fisheries; 73,300 in wholesale and retail services; 57,300 in government and party institutions and social organizations; 35,600 in construction; 33,100 in transport and communications; 32,400 in education, culture and media; 28,700 in manufacturing; and 12,400 in health and social welfare. Output in 2000 included 120,000 cu. metres of timber, 493,200 tonnes of cement, 196,628 tonnes of chromium ore, 441,900 garments and 591 tonnes of traditional Chinese medicines. Electricity output in 2000 was 66m. kWh.

In 2000 the total sown area was 230,850 ha. (dry fields, 229,760 ha.; paddy fields, 1,080 ha.). Output (in 1,000 tonnes), 2000: total major crops, 962; including qingke barley, 597; wheat, 307; rice, 5. Livestock numbered 22.6m. in 2000: including 5.3m. cattle; 10.4m. sheep; 5.9m. goats; and 0.2m. pigs.

In 2000 there were 22,503 km of roads (21,842 km in 1990). There are airports at Lhasa and Bangda providing external links. 148,877 tourists visited Tibet in 2000. In July 2006 a 1,142-km railway linking Lhasa with the town of Golmud opened. It is the highest railway in the world. Direct services have subsequently been introduced between Lhasa and a number of major Chinese cities, including Beijing and Shanghai.

By 2000 Tibet had about 4,250 primary schools (including those run by villages); 106 secondary schools (90 middle schools, 16 vocational and polytechnic schools); and 4 higher education institutes (Tibet University, Tibet Ethnic College, Tibet Institute of Agriculture and Animal Husbandry, and Tibetan Medical College). There were more than 300,000 pupils and students.

In 2000 there were 11,027 medical personnel (including 5,262 doctors) and 1,237 medical institutions, with a total of 6,348 beds.

Barnett, R. and Akiner, S. (eds.) *Resistance and Reform in Tibet*. Farnborough, 1994

Margolis, Eric, *War at the Top of the World: The Struggle for Afghanistan, Kashmir and Tibet*. Routledge, New York, 2001

Pinfold, John, *Tibet* [Bibliography]. Oxford and Santa Barbara (CA), 1991

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SOCIAL STATISTICS

Births, 2001, 17,020,000; deaths, 8,180,000. 2001 birth rate (per 1,000 population), 13.38; death rate, 6.43. The birth rate has declined each year since 1987. There were 8,420,044 marriages and 1,212,863 divorces in 2000. In April 2001 parliament passed revisions to the marriage law prohibiting bigamy and cohabitation outside marriage. The Ministry of Health estimated in 2001 that the suicide rate in China was about 22 per 100,000 population. China is the only major country in which the suicide rate is higher among females—over half the world's women suicides occur in China. In 1996 the most popular age for marrying was 25–29 for both men and women. Life expectancy at birth, 2003, was 69.9 years for men and 73.5 years for women.

Infant mortality, 2001, 31 per 1,000 live births. Fertility rate, 2004, 1.7 births per woman. Annual population growth rate, 1992–2002, 0.9%. The number of people living on less than US\$1 a day at purchasing power parity declined from 470m. in 1990 to 261m. in 2000.

CLIMATE

Most of China has a temperate climate but, with such a large country, extending far inland and embracing a wide range of latitude as well as containing large areas at high altitude, many parts experience extremes of climate, especially in winter. Most rain falls during the summer, from May to Sept., though amounts decrease inland. Monthly average temperatures and annual rainfall (2000): Beijing (Peking), Jan. 20.5°F (–6.4°C), July 85.3°F (29.6°C). Annual rainfall 14.6" (371.1 mm). Chongqing, Jan. 45.8°F (7.7°C), July 83.3°F (28.5°C). Annual rainfall 39.8" (1,010 mm). Shanghai, Jan. 41.2°F (5.1°C), July 84.5°F (29.1°C). Annual rainfall 52.4" (1,332 mm). Tianjin, Jan. 20.3°F (–6.5°C), July 83.8°F (28.8°C). Annual rainfall 18.0" (459 mm).

CONSTITUTION AND GOVERNMENT

On 21 Sept. 1949 the *Chinese People's Political Consultative Conference* met in Beijing, convened by the Chinese Communist Party. The Conference adopted a 'Common Programme' of 60 articles and the 'Organic Law of the Central People's Government' (31 articles). Both became the basis of the Constitution adopted on 20 Sept. 1954 by the 1st National People's Congress, the supreme legislative body. The Consultative Conference continued to exist after 1954 as an advisory body. Three further constitutions have been promulgated under Communist rule—in 1975, 1978 and 1982 (currently in force). The latter was partially amended in 1988, 1993 and 1999, endorsing the principles of a socialist market economy and of private ownership.

The unicameral *National People's Congress* is the highest organ of state power. Usually meeting for one session a year, it can amend the constitution and nominally elects and has power to remove from office the highest officers of state. There are 2,985 members of the Congress, who are elected to serve five-year terms by municipal, regional and provincial people's congresses. The Congress elects a *Standing Committee* (which supervises the *State Council*) and the *President* and *Vice-President* for a five-year term. When not in session, Congress business is carried on by the *Standing Committee*.

The *State Council* is the supreme executive organ and comprises the Prime Minister, Deputy Prime Ministers and State Councillors.

The *Central Military Commission* is the highest state military organ.

National Anthem

'March of the Volunteers'; words by Tien Han, tune by Nie Er.

GOVERNMENT CHRONOLOGY

Leaders of the Communist Party of China since 1935.

Chairmen

1935–76	Mao Zedong
1976–81	Hua Guofeng
1981–82	Hu Yaobang

General Secretaries

1956–57	Deng Xiaoping
1980–87	Hu Yaobang
1987–89	Zhao Ziyang
1989–2002	Jiang Zemin
2002–	Hu Jintao

De facto ruler

1978–97	Deng Xiaoping
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Heads of State since 1949.

Chairman of the Central People's Government
1949–54 Mao Zedong

Chairmen (Presidents)

1954–59	Mao Zedong
1959–68	Liu Shaoqi
1968–75	Dong Biwu

Chairmen of the Standing Committee of the National People's Congress

1975–76	Zhu De
1978–83	Ye Jianying

Presidents of the Republic

1983–88	Li Xiannian
1988–93	Yang Shangkun
1993–2003	Jiang Zemin
2003–	Hu Jintao

Prime Ministers since 1949.

1949–76	Zhou Enlai
1976–80	Hua Guofeng
1980–87	Zhao Ziyang
1987–1998	Li Peng
1998–2003	Zhu Rongji
2003–	Wen Jiabao

RECENT ELECTIONS

Elections of delegates to the 10th *National People's Congress* were held between Dec. 2002 and Feb. 2003 by municipal, regional and provincial people's congresses. At its annual session in March 2003 the Congress elected Hu Jintao as *President* and Zeng Qinghong as *Vice-President*.

CURRENT ADMINISTRATION

President and Chairman of Central Military Commission: Hu Jintao; b. 1942 (Chinese Communist Party; elected 15 March 2003).

Deputy President: Zeng Qinghong.

In April 2007 the government comprised:

Prime Minister: Wen Jiabao; b. 1942 (Chinese Communist Party; appointed 16 March 2003).

Deputy Prime Ministers: Huang Ju; Wu Yi; Zeng Peiyan; Hui Liangyu.

Minister of Agriculture: Sun Zhengcai. *Civil Administration*: Li Xueju. *Commerce*: Bo Xilai. *Communications*: Yang Jiechi. *Construction*: Wang Guangtao. *Culture*: Sun Jiazheng. *Education*: Zhou Ji. *Finance*: Jin Renqing. *Foreign Affairs*: Yang Jiechi. *Health*: Gao Qiang. *Information Industry*: Wang Xudong. *Justice*: Wu Aiyang. *Labour and Social Security*: Tian Chengping. *National Defence*: Cao Gangchuan. *National Land Resources*: Sun Wensheng. *National Security*: Xu Yongyue. *Personnel*: Zhang Bolin. *Public Security*: Zhou Yongkang. *Railways*: Liu Zhijun. *Science and Technology*: Xu Guanhua. *Supervision*: Li Zhilun. *Water Resources*: Wang Shucheng.

Ministers heading State Commissions: *Development and Reform*, Ma Kai. *Ethnic Affairs*, Li Dezhu. *Population and Family Planning*, Zhang Weiqing. *Science, Technology and Industry for National Defence*, Zhang Yunchuan.

De facto power is in the hands of the Communist Party of China, which had 66m. members in 2002. There are eight other parties, all members of the Chinese People's Political Consultative Conference.

The members of the Standing Committee of the Politburo in March 2007 were: Hu Jintao (*General Secretary*); Wen Jiabao; Luo Gan; Wu Bangguo; Zeng Qinghong; Huang Ju; Jia Qinglin; Li Changchun; Wu Guanzheng.

Government Website: <http://www.gov.cn>

CURRENT LEADERS

Hu Jintao

Position
President

Introduction

Hu Jintao was nominated general secretary of the Chinese Communist Party (CCP) in Nov. 2002, formally succeeding Jiang Zemin as head of state in March 2003 and as chairman of the Central Military Commission in Sept. 2004. Although widely perceived as a conservative—having imposed martial law in Tibet and supported the Tiananmen Square massacres in the late 1980s—he has continued Jiang's cautious reformist policies. He has maintained the drive for rapid industrial growth and also further developed China's international contacts, having by late 2006 undertaken visits as state president to Latin America, Australia, Canada, Central Asia, the UK, USA and, in particular, Africa.

Early Life

Much of Hu's early history is disputed. He is believed to have been born in Dec. 1942 in Jixi, Anhui Province. His mother died when he was six and he was subsequently raised by an aunt. In 1959 he began engineering studies at Qinghua University and graduated in 1964, the same year in which he joined the CCP. He then held a variety of posts at the University and the Ministry of Water Conservancy.

He is reported to have distanced himself from Mao's Cultural Revolution of the mid-1960s and was sentenced to two months of 'reform through labour', during which time he worked on a farm. Over the next few years he worked on several large-scale engineering projects in Gansu province. By the late 1970s Hu was a favourite of Deng Xiaoping, who became China's effective leader. He settled in Beijing in 1980, and within two years he was the youngest member of the party's central committee. Having risen through the ranks of the Communist Youth League, in 1985 he was appointed provincial party secretary for Guizhou. In 1988 he became party secretary in charge of Tibet and authorized the killing of several independence protesters in March 1989. Shortly afterwards he declared martial law and oversaw the introduction of 100,000 troops into the region. Later in the year he was among the first of the provincial party secretaries to express his support for those who took part in the Tiananmen Square massacres.

In 1992 Hu was responsible for organizing Jiang's first party congress as leader. Shortly afterwards he was designated a member of the Politburo Standing Committee. In 1998 he was named vice-president, from which point on he was Jiang's acknowledged successor. The following year he was a key figure in the protests staged at the US and British embassies in Beijing over the accidental bombing of the Chinese embassy in Belgrade during NATO military action against Serbia. He was also named deputy chairman of the Central Military Commission at that time.

Career in Office

At the CCP congress of Nov. 2002, Hu replaced Jiang as party general secretary, ushering in the 'Fourth Generation' of the party leadership; he then succeeded Jiang as state president on 15 March 2003. Hu expressed his commitment to Jiang's *Theory of Three Representations* (treatise on Chinese political thought), while the presence on the Politburo of several Jiang allies also suggested that a radically different style of government was unlikely.

Hu has pursued an active foreign policy, breaking from the Deng model which proscribed taking the lead in diplomatic negotiations. He has sought to resolve the issue of North Korea's nuclear ambitions through the ongoing six-nations talks between North and South Korea, China, Japan, Russia and the USA. He has also developed relations with neighbouring India and Pakistan, establishing military links with both countries in

Nov. 2003. Earlier, in June 2003, Hu received the visiting Indian Prime Minister Atal Bihari Vajpayee. India conceded recognition of Tibet as an autonomous region of the People's Republic of China and promised to prevent 'anti-China political activities in India' by Tibetans. The announcement left the future of the Dalai Lama's government-in-exile in Dharamsala unclear. As president, Hu has also visited Australia, Africa, Latin America, Canada and Central Asia, in pursuit of closer economic and commercial links to supply the resources for China's industrial machine. In Nov. 2006 he hosted a Sino-African summit in Beijing attended by more than 40 African heads of state and government.

Human rights and Taiwan remain the most difficult issues in Sino-US relations. Perennial US accusations of 'backsliding' in human rights have been vigorously denied, and Hu's government has pointed to US foreign policy as aggressive and harmful to the rights of civilians. President George W. Bush's less conciliatory attitude towards China over Taiwan has led to a more turbulent relationship between the two countries, although Hu made a seemingly successful first presidential visit to the USA in April 2006.

Hu's domestic agenda has centred on alleviating the poverty of China's peasant population, in contrast to Jiang's close links with the business sector. His anti-corruption drive has included the banning of courtesy cars for CCP officials and the sacking of several officials over the handling of the SARS (severe acute respiratory syndrome) epidemic, which hit China in late 2002. His government has pledged increases in agricultural subsidies and the eventual termination of agricultural taxes—a programme interpreted as an attempt to create a larger middle class, committed to the CCP hegemony.

Wen Jiabao

Position
Prime Minister

Introduction

Wen Jiabao was confirmed as China's prime minister in March 2003. Although relatively low-profile, he has established a reputation for reliability and durability. A leading figure in the liberalization of China's economic and environmental policies in the 1990s, he has promoted the development of the traditionally poorer and less urban west of the country.

Early Life

Wen Jiabao was born in Tianjin in the east of China in Sept. 1942. In 1965 he obtained a degree from the Beijing Institute of Geology and joined the Chinese Communist Party (CCP). In 1968 he received his master's degree and began working with the geomechanics survey team at the Gansu provincial geological bureau. He remained at the bureau until 1982, serving as its deputy director-general in his final year.

Having won the patronage of Song Ping, an influential figure within the CCP at the time, Wen moved to Beijing to take a job at the Ministry of Geology and Mineral Resources. After heading the policy and research section he was appointed vice-minister. In 1985 he was made deputy director of the general office of the CCP central committee, working closely with the party chairman, Hu Yaobang. Wen emerged unscathed after Hu's 1987 purging and took over as director of the general office as well as becoming an alternate member of the Politburo of the CCP central committee and secretary of the central committee's work committee of departments.

In 1989 Wen was in attendance when General Secretary Zhao Ziyang visited Tiananmen Square during the student protests. Zhao was subsequently purged, but again Wen's position remained secure. In 1992 he took on additional roles within the CCP central committee. Having led the team responsible for drafting the national five-year plan in 1995, Wen won full membership of the Politburo of the central committee two years later.

Throughout the 1990s Wen was a prominent figure in the formation of the party's economic policy. He was involved in banking reform and the restructuring of the Finance Ministry. By the late 1990s he was increasingly involved in environmental and rural affairs. At the 16th party congress in late 2002 General Secretary Jiang Zemin and Prime Minister Zhu Rongji were among several high profile figures to retire. On 16 March 2003 Wen was confirmed as Zhu's successor to the premiership with 99.3% support from the National People's Congress.

Career in Office

Wen is perceived as less personally charismatic than Zhu, but has won respect within the Chinese political establishment for his longevity and experience. His management style has traditionally been based on seeking consensus.

When he was in Gansu, Wen became one of the few leading Chinese politicians to work for an extended period in the economically less prosperous west of the country. He has stated that his aim is to narrow the prosperity gap between the east and west of China. In addition, many observers hope that he can confront the problems of China's economically weak agricultural sector. Under Jiang, Wen did much to promote the land rights of the rural peasant population. In addition, he pushed for a reduction in the tax burden on rural communities and promoted freedom for farmers to sell their holdings. He has urged the financial sector to support improvements in the region's infrastructures, education system and use of natural resources.

Despite his key contribution to banking reform in the 1990s, Wen was not expected to champion radical reforms to counter the crippling problem of bad debts. In Oct. 2002 he called for a 'gradual approach' to further deregulation and in Oct. 2003 he stated that China would not be pressured by the international community into a revaluation of the yuan (renminbi). Nevertheless, in July 2005 China did revalue the currency, abandoning its 11-year peg to the US dollar and linking it to a basket of currencies.

Wen's programme for assisting the rural poor took shape at the opening of the National People's Congress in March 2004. Described as *yiren weiben* ('administration for the sake of the people'), the programme stressed the importance of social development in poorer regions and the need to avoid an overheated economy. He highlighted the damaging disparity in wealth between the rich, industrial coastal provinces and the poorer rural provinces of the interior. He promised 30bn. yuan investment in agriculture and announced that taxes on farmers would be cut to zero by 2009. His programme also included the recognition of private property, requiring an amendment to the constitution, designed to prevent the unlawful requisition of property by officials.

The government's slow reaction to SARS, originating in Guangdong in 2002 and 2003, was criticized by the international community. Nearly 350 people died from the virus, despite quarantines and travel bans. About 600 people were quarantined in Beijing in April 2004 in response to fears of another outbreak. The government has also been criticized for ignoring the plight of HIV/AIDS sufferers. In April 2004 Wu Yi, the health minister, announced plans to combat the AIDS epidemic, promising to act against officials and politicians who attempted to hide the facts.

DEFENCE

The Chinese president is chairman of the State and Party's Military Commissions. China is divided into seven military regions. The military commander also commands the air, naval and civilian militia forces assigned to each region.

China's armed forces, totalling more than 2.2m. in 2006, are the largest of any country.

Conscription is compulsory, but for organizational reasons, is selective: only some 10% of potential recruits are called up.

Service is for two years. A military academy to train senior officers in modern warfare was established in 1985.

Defence expenditure in 2004 totalled US\$84,303m. (US\$19 per capita) and represented 1.5% of GDP. Only the USA spent more on defence in 2004, but China's defence expenditure totalled less than 20% of that of the USA. In the period 2001–05 China's expenditure on major conventional weapons was the highest in the world at US\$13.3bn.; its spending was the highest in the world in every year in the five-year period apart from 2003.

Nuclear Weapons

Having carried out its first test in 1964, there have been 45 tests in all at Lop Nur, in Xinjiang (the last in 1996). The nuclear arsenal consisted of approximately 130 warheads in Jan. 2006 according to the Stockholm International Peace Research Institute. China has been helping Pakistan with its nuclear efforts. Despite China's official position, *Deadly Arsenals*, published by the Carnegie Endowment for International Peace, alleges that the Chinese government is secretly pursuing chemical and biological weapons programmes.

Army

The Army (PLA: 'People's Liberation Army') is divided into main and local forces. Main forces, administered by the seven military regions in which they are stationed, but commanded by the Ministry of Defence, are available for operation anywhere and are better equipped. Local forces concentrate on the defence of their own regions. There are 18 Integrated Group Armies comprising 42 infantry divisions, nine armoured divisions, 12 armoured brigades, one mechanized infantry, 22 motorized infantry brigades, seven artillery divisions, 14 artillery brigades, one anti-tank brigade, nine surface-to-air missile brigades and 12 anti-aircraft artillery brigades. Total strength in 2006 was 1.60m. including some 800,000 conscripts. Reserve forces are undergoing major reorganization on a provincial basis but are estimated to number some 800,000.

In Sept. 2003 it was announced that the strength of the PLA was to be reduced by 200,000 as part of a move to modernize the military.

There is a paramilitary People's Armed Police force estimated at 1.5m. under PLA command.

Navy

The naval arm of the PLA comprises one nuclear-powered ballistic missile armed submarine, four nuclear-propelled fleet submarines, one diesel-powered cruise missile submarine and some 51 patrol submarines. Surface combatant forces include 27 missile-armed destroyers, 44 frigates and some 52 missile craft.

There is a land-based naval air force of about 792 combat aircraft, primarily for defensive and anti-submarine service. The force includes H-5 torpedo bombers, Q-5 fighter/ground attack aircraft, J-6 (MiG-19) and J-7 (MiG-21) fighters.

The naval arm is split into a North Sea Fleet, an East Sea Fleet and a South Sea Fleet.

In 2006 naval personnel were estimated at 255,000, including 26,000 in the naval air force and 40,000 conscripts.

Air Force

There are 32 air divisions. Up to four squadrons make up an air regiment and three air regiments form an air division. The Air Force has an estimated 2,600 combat aircraft.

Equipment includes J-7 (MiG-21) interceptors and fighter-bombers, H-5 (Il-28) jet bombers, H-6 Chinese-built copies of Tu-16 strategic bombers, Q-5 fighter-bombers (evolved from the MiG-19) and Su-27 fighters supplied by Russia. About 165 of a locally-developed fighter designated J-8 (known in the West as 'Finback') are in service.

Total strength (2006) was 400,000 (150,000 conscripts), including 210,000 in air defence organization. The Air Force headquarters are in Beijing.

INTERNATIONAL RELATIONS

The People's Republic of China is a member of UN (and its Security Council), WTO, BIS, the Asian Development Bank, APEC, Mekong Group and the Antarctic Treaty.

China is heavily dependent on foreign aid. In 2000 it received US\$1.7bn., more than any other country.

ECONOMY

In 2002 agriculture accounted for 15.4% of GDP, industry 51.1% and services 33.5%.

It has been estimated that corruption cost China US\$150bn. in the 1990s, or between 13% and 16% of the country's GDP.

Overview

China's economic performance over the last two and a half decades has been impressive, with annual growth averaging over 9%. As US manufacturing flourishes, China has an increasing impact on the global economy. It holds the largest foreign reserves, is among the top recipients of foreign direct investment and is a major consumer of energy. It is also a key player in Africa's development, signing business deals worth US\$2bn. by 2006. The world's largest producer and consumer of coal, China is now actively seeking energy from abroad.

The first steps towards a more market-oriented economy were taken by Deng Xiaoping in the late 1970s. He opened the economy to foreign trade and investment, decentralized industrial management and allowed the private sector to flourish. In 2001 China became a member of the WTO, establishing trade relations with many countries. Much of China's recent dynamism has come from 'collective' enterprises, particularly those at township and village level run by managers under the auspices of local government. Local governments have an incentive to see enterprises run efficiently as officials are allowed to keep surplus revenues. Much of the productivity enhancing competition that China has experienced is therefore competition between local or regional governments with direct interests in productive enterprise.

Private entrepreneurs and foreign investors, often working in partnership with Chinese interests, have played an important role in manufacturing output. Even before 1978 the economy was heavily skewed towards manufacturing but thereafter output increased further and there was a significant structural shift away from large state-owned enterprises (SOEs), though SOEs remain a significant part of the economy. Over the last decade the number of state firms has declined from 300,000 to 150,000. Between 1999–2003 SOEs shed 22m. workers while private companies created 18m. jobs. Many new enterprises are labour-intensive industries as distinct from the capital-intensive SOEs. Estimates of the private sector's share of total economic activity differ significantly, with the Chinese government and some foreign banks estimating that it is only a quarter while the OECD estimate two-thirds. Growth has largely been fuelled by low added value, labour-intensive exports but the country has moved up the added value curve and Chinese firms are predicted to become increasingly competitive with higher added value producers, such as South Korea.

The World Bank estimates that the number of people living on less than a dollar a day declined by 170m. between 1990–2000. Yet the benefits of China's explosive development have not been felt equally, with rural areas and remote, resource-poor regions (particularly in the west and the interior) still poverty-stricken despite efforts to develop them.

There are several threats to continued growth. Inefficient production techniques and equipment has led to a deterioration of the environment, especially in the north. Air pollution, soil erosion and a declining water table are particular problems. The fragile and inefficient financial sector is encumbered with a high proportion of loans that could turn bad in weaker

economic conditions. Although resilient to previous downturns in international markets, the economy is thought to be vulnerable to a slump in the USA and Europe.

The authorities have taken a cautious yet progressive approach to the financial sector. A few Western banks have recently gained a foothold in the financial sector in exchange for taking responsibility for the liabilities of banks and brokerage houses with weak balance sheets. The authorities are also aware of the need to rely less on investment and trade surpluses and rebalance growth towards domestic demand.

Further structural reform is necessary in order to redirect the export-oriented economy, including increased worker mobility and improved public sector efficiency. The economy's dynamism is significantly handicapped by heavy capitalization requirements for start-ups, bias against small private companies by state-controlled banks and a deficient stock market that makes family and friends a key source of financing. The OECD highlights the need for a reform of bankruptcy law, the creation of property rights and a corporate law to eliminate market entry barriers and foster the growth of new firms. In March 2007 the communist authorities introduced legislation governing the rights of an individual to own assets and providing for increased protection against land seizures, a common problem for farmers in rural areas. SOEs continue to dominate 'strategic' industries and remain burdened by excess labour. China also faces the growing burden of an ageing population.

Currency

The currency is called Renminbi (*i.e.*, People's Currency). The unit of currency is the *yuan* (CNY) which is divided into ten *jiao*, the *jiao* being divided into ten *fen*. The yuan was floated to reflect market forces on 1 Jan. 1994 while remaining state-controlled. For eleven years the People's Bank of China maintained the yuan at about 8.28 to the US dollar, allowing it to fluctuate but only by a fraction of 1% in closely supervised trading. However, on 21 July 2005 it was revalued and is now pegged against a 'market basket' of currencies the central parities of which are determined every night. The exchange rate was changed from 8.28 yuan to the dollar to 8.11 yuan to the dollar. The yuan became convertible for current transactions from 1 Dec. 1996. Total money supply in March 2005 was 9,899.97bn. yuan. Gold reserves were 19.29m. troy oz in July 2005. Foreign exchange reserves were US\$853.6bn. in Feb. 2006 (US\$73.6bn. in 1995). China's reserves are the highest of any country, having overtaken those of Japan in the course of Feb. 2006.

Inflation rates (based on IMF statistics):

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
8.3%	2.8%	-0.8%	-1.4%	0.4%	0.7%	-0.8%	1.2%	3.9%	1.8%

Budget

Total revenue and expenditure (in 1bn. yuan):

	1997	1998	1999	2000	2001	2002
Revenue	865.1	987.6	1,144.4	1,339.5	1,637.1	1,891.4
Expenditure	923.3	1,079.8	1,318.8	1,588.7	1,884.4	2,201.2

Total revenue in the central budget for 2001 was 917.1bn. yuan, comprising 857.8bn. yuan in revenue collected by central government and 59.3bn. yuan transferred to central government from local authorities. Total expenditure in the central budget amounted to 1,176.9bn. yuan, of which 575.4bn. yuan of expenditure for the central government and 601.5bn. yuan in the form of subsidies for local authorities. Local government revenue in 2001 came to 1,380.8bn. yuan (779.3bn. yuan in revenue collected by local authorities and 601.5bn. yuan in central government subsidies) and expenditure amounted to 1,368.3bn. yuan (1,309.0bn. yuan of expenditure in local budgets and 59.3bn. yuan transferred to central government). The 247.3bn. yuan deficit in 2001 increased to 309.8bn. in 2002.

Performance

GDP totalled US\$2,228.9bn. in 2005, the fourth highest in the world behind the USA, Japan and Germany. It is forecast that by 2050 China will have overtaken the USA to become the world's largest economy. Real GDP growth rates (based on IMF statistics):

1998	1999	2000	2001	2002	2003	2004	2005
7.8%	7.1%	8.4%	8.3%	9.1%	10.0%	10.1%	10.2%

In spite of high growth in recent years, China's GDP per capita at purchasing power parity was \$5,896 in 2004 compared to the high human development average of \$26,568.

According to the Sept. 2005 *OECD Economic Survey*: 'Economic growth has averaged 9½ per cent over the past two decades and seems likely to continue at that pace for some time. Such an increase represents one of the most sustained and rapid economic transformations seen in the world economy in the past 50 years. It has delivered higher incomes and a substantial reduction of those living in absolute poverty... Underlying this growth there has been a profound evolution of economic policies that has transformed the efficiency of enterprises.'

Banking and Finance

The People's Bank of China is the central bank and bank of issue (*Governor*, Zhou Xiaochuan). There are three state policy banks—the State Development Bank, Export and Import Bank of China and Agricultural Development Bank of China—and four national specialized banks (the Bank of China, Industrial and Commercial Bank of China, Agricultural Bank of China and China Construction Bank). The Bank of China, Industrial and Commercial Bank of China and China Construction Bank have all sold minority stakes to foreign investors. The Bank of China is responsible for foreign banking operations. In April 2003 the China Banking Regulatory Commission was launched, taking over the role of regulating and supervising the country's banks and other deposit-taking financial institutions from the central bank. Legislation of 1995 permitted the establishment of commercial banks; credit co-operatives may be transformed into banks, mainly to provide credit to small businesses. In 2001 there were over 44,000 rural credit co-operatives and 3,200 urban credit co-operatives. In mid-2002 deposits in rural co-operatives amounted to 1,870bn. yuan and loans reached 1,360bn. yuan. Insurance is handled by the People's Insurance Company.

Savings deposits in various forms in all banking institutions totalled 14,363bn. yuan at the end of 2001. Loans amounted to 11,230bn. yuan.

There are stock exchanges in the Shenzhen Special Economic Zone and in Shanghai. A securities trading system linking six cities (Securities Automated Quotations System) was inaugurated in 1990 for trading in government bonds.

China received US\$60.6bn. worth of foreign direct investment in 2004 and a record US\$72.4bn. in 2005.

Weights and Measures

The metric system is in general use alongside traditional units of measurement.

ENERGY AND NATURAL RESOURCES

Environment

China's carbon dioxide emissions from the consumption and flaring of fossil fuels in 2004 accounted for 17.4% of the world total (the second highest after the USA) and were equivalent to 3.6 tonnes per capita. Its total emissions are forecast to overtake those of the USA in 2010. An *Environmental Sustainability Index* compiled for the World Economic Forum meeting in Jan. 2005 ranked China 133rd in the world out of 146 countries analysed, with 38.6%. The index measured the ability of countries to maintain favourable environmental conditions and examined

various factors including pollution levels and the use or abuse of natural resources.

Electricity

Installed generating capacity in 2002 was 353m. kW, compared with 254m. kW in 1997. In 2002 electricity output was 1,654,000 GWh, an 11.7% increase over 2001. Consumption per capita was 1,484 kWh in 2002. Rapidly increasing demand has meant that more than half of China's provinces have had to ration power. Sources of energy in 2001 as percentage of total energy production: coal, 67.7%; crude oil, 20.6%; hydro-electric power, 8.3%; natural gas, 3.4%. In 2003 there were eight nuclear reactors in use with a further three under construction. Generating electricity is not centralized; local units range between 30 and 60 MW of output. In Dec. 2002 China formally broke up its state power monopoly, creating instead five generating and two transmission firms. The Three Gorges dam project on the Yangtze river, launched in 1993 and scheduled for completion in 2009, is intended to produce abundant hydro-electricity (as well as helping flood control); the first three 700,000-kW generators in service at the project's hydro-power station began commercial operation in July 2003. When the project is completed in 2009, its 26 generators will have a combined capacity of 18.2 GW.

Oil and Gas

On-shore oil reserves are found mainly in the northeast (particularly the Daqing and Liaohe fields) and northwest. There are off-shore fields in the continental shelves of east China. Oil production was 180.8m. tonnes in 2005. China is the second largest consumer of oil after the USA. Ever-growing demand has meant that increasing amounts of oil are having to be imported. Domestic production now accounts for only 55% of consumption, compared to nearly 85% in 1998. Proven reserves in 2005 were 16.0bn. bbls.

The largest natural gas reserves are located in the western and north-central regions. Production was 50.0bn. cu. metres in 2005, with proven reserves of 2,350bn. cu. metres.

Minerals

At the end of 2001 there were 156 varieties of proven mineral deposits in China, making it the third richest in the world in total reserves. Recoverable deposits of coal totalled 1,003.3bn. tonnes, mainly distributed in north China (particularly Shanxi province and the Inner Mongolia Autonomous Region). Coal production was 1,380m. tonnes in 2002, an 18.9% increase on 2001.

Iron ore reserves were 45.7bn. tonnes in 2001. Deposits are abundant in the anthracite field of Shanxi, in Hebei and in Shandong, and are found in conjunction with coal and worked in the northeast. Production in 2001 was 217m. tonnes, making China the world's leading iron ore producer.

Tin ore is plentiful in Yunnan, where the tin-mining industry has long existed. Tin production was 62,000 tonnes in 2002.

China is a major producer of wolfram (tungsten ore). Mining of wolfram is carried on in Hunan, Guangdong and Yunnan.

Salt production was 35.0m. tonnes in 2002; gold production was 162 tonnes in 2000. Output of other minerals (in 1,000 tonnes) in 2001: bauxite, 9,500; aluminium (2002), 4,300; zinc, 1,700; lead (2002), 641; copper, 588. Estimated diamond production in 2005, 1,060,000 carats. Other minerals produced: nickel, barite, bismuth, graphite, gypsum, mercury, molybdenum, silver. Reserves (in tonnes) of salt, 402,400m.; phosphate ore, 15,766m.; sylvite, 458m.

Agriculture

Agriculture accounted for approximately 15.4% of GDP in 2002, compared to over 50% in 1949 at the time of the birth of the People's Republic of China and over 30% in 1980. In 2003 areas harvested for major crops were (in 1m. ha.): rice, 27.40; maize, 23.52; wheat, 22.04; soybeans, 9.50; rapeseed, 7.20; sweet potatoes, 5.31. Intensive agriculture and horticulture have been

practised for millennia. Present-day policy aims to avert the traditional threats from floods and droughts by soil conservancy, afforestation, irrigation and drainage projects, and to increase the 'high stable yields' areas by introducing fertilizers, pesticides and improved crops. In spite of this, 18.1m. ha. of land were flooded in 1996 and 20.1m. ha. were covered by drought. In Aug. 1998 more than 21m. ha., notably in the Yangtze valley, were under water as China experienced some of its worst flooding in recent times. The 2002 flood season claimed over 1,500 lives.

'Township and village enterprises' in agriculture comprise enterprises previously run by the communes of the Maoist era, co-operatives run by rural labourers and individual firms of a certain size. Such enterprises employed 130.8m. people in 2001. There were 2,026 state farms in 2000 with 3.92m. employees. In 2001 there were 244.32m. rural households. The rural workforce in 2001 was 490.85m., of whom 324.5m. were employed in agriculture, fishing or land management. Net per capita annual peasant income, 2001: 2,366 yuan. Around 44% of the total workforce is engaged in agriculture, down from 68% in 1980. According to the 2000 census, rural residents accounted for 63.9% of the population.

In 2002 there were 142,621,000 ha. of arable land and 11,335,000 ha. of permanent cropland; 54.9m. ha. were irrigated. There were 926,031 tractors in 2002 and 197,000 harvester-threshers.

Agricultural production of main crops (in 1m. tonnes), 2003: rice, 166.42; maize, 114.18; sweet potatoes, 100.19; sugarcane, 92.37; wheat, 86.10; melons (including watermelons), 80.19; potatoes, 66.82; cabbages, 30.68; tomatoes, 28.85; cucumbers and gherkins, 25.07; onions, 17.55; soybeans, 16.50; aubergines, 16.03; seed cotton, 15.60; groundnuts, 13.45; chillies and green peppers, 11.54; rapeseeds, 11.41; cottonseed, 10.40; garlic, 10.08; pears, 9.42; tangerines and mandarins, 9.00. Tea production in 2003 was just 800,000 tonnes. China is the world's leading producer of a number of agricultural crops, including rice, sweet potatoes, wheat, potatoes, watermelons, groundnuts and honey. The gross value of agricultural output in 2001 was 2,617,960m. yuan.

Livestock, 2003: pigs, 469,804,000; goats, 172,921,000; sheep, 143,793,000; cattle, 103,470,000; buffaloes, 22,733,000; horses, 8,090,000; chickens, 3.98bn.; ducks, 660m. China has more sheep, goats, pigs, horses and chickens than any other country. China also has nearly two-thirds of the world's ducks. Meat production in 2003 was 71.04m. tonnes; milk, 14.34m. tonnes; eggs, 22.33m. tonnes; honey, 273,000 tonnes. China is the world's leading producer of meat and eggs.

Powell, S. G., *Agricultural Reform in China: from Communes to Commodity Economy, 1978-1990*. Manchester Univ. Press, 1992

Forestry

In 2000 the area under forests was 163.48m. ha., or 17.5% of the total land area. The average annual increase in forest cover of 1,806,000 ha. between 1990 and 2000 was the highest of any country in the world. Total roundwood production in 2003 was 286.11m. cu. metres, making China the world's third largest timber producer (8.6% of the world total in 2003). It is the world's leading importer of roundwood, accounting for 22.1% of world timber imports in 2003.

Fisheries

Total catch, 2003: 16,755,653 tonnes, of which 14,293,783 tonnes were from marine waters. China's annual catch is the largest in the world, and currently accounts for approximately 19% of the world total. In 1989 the annual catch had been just 5.3m. tonnes.

INDUSTRY

The leading companies by market capitalization in China in June 2006 were PetroChina (\$175.2bn.) and Bank of China (\$107.5bn.).

Industry accounted for 52.9% of GDP in 2004, up from 21% in 1949 when the People's Republic of China came into existence.

Cottage industries persist into the 21st century. Industrial output grew by 11.1% in 2004. Modern industrial development began with the manufacture of cotton textiles and the establishment of silk filatures, steel plants, flour mills and match factories. In 1999 there were 7,929,900 industrial enterprises. 61,300 were state-owned, 1,659,800 were collectives and 6,126,800 were individually owned. A law of 1988 ended direct state control of firms and provided for the possibility of bankruptcy.

Output of major products, 2004 (in tonnes): cement, 970.0m. (nearly half of the world total); rolled steel, 297.2m.; crude steel, 272.8m.; pig iron, 251.9m.; distillate fuel oil (2002), 76.8m.; petrol (2002), 42.9m.; chemical fertilizers (2002), 37.9m.; paper and paperboard (2001), 37.9m.; sulphuric acid (2002), 30.5m.; residual fuel oil (2002), 18.5m.; sugar (2002), 9.26m.; cotton yarn (2002), 8.50m. Also produced in 2002: cloth, 3,220m. metres; woollen fabrics, 326.9m. metres; beer (2003), 25,404.8m. litres; 184m. watches (2001); 119.6m. mobile telephones; 81.8m. clocks (1997); 56.50m. radios (1996); 51.55m. TV sets; 59.62m. cameras (2001); 31.55m. air conditioners; 29m. bicycles (2000); 15.99m. refrigerators; 14.64m. micro-computers; 13.42m. washing machines (2001); 10.41m. motorcycles and scooters (2001); 3.25m. motor vehicles; 2,207 ships. China is the world's leading steel producer; output has tripled since 2000.

The gross value of industrial output in 1999 was 12,611,100m. yuan.

Labour

The employed population at the 1990 census was 647.2m. (291.1m. female). By the end of 2002 it had risen to 737.4m. (7.15m. more than in 2001), of whom 489.6m. worked in rural areas (1.25m. fewer than in 2001) and 247.8m. in urban areas (8.4m. more than in 2001). By 2015 China's working age population will begin to decline as a consequence of the country's one-child policy. In June 2003 China's registered jobless was 4.2%, with 7.95m. registered unemployed in the country's cities. Between 1995 and 2002, 15m. jobs were lost owing to the closure of state-owned factories. The number of state-controlled companies has halved since 1995. In 2000 there were 333.55m. people working in agriculture, hunting, forestry and fisheries; 80.43m. in manufacturing; 46.86m. in wholesale and retail trade, restaurants and hotels; 35.52m. in construction; and 20.29m. in transport, storage and communication.

By 2001 China had more than 2m. private companies employing 22m. people. It was not until the late 1970s that the private sector even came into existence in China.

The average non-agricultural annual wage in 2001 was 10,870 yuan: 6,867 yuan, urban collectives; 11,178 yuan, state-owned enterprises; 12,140 yuan, other enterprises. There is a 6-day 48-hour working week. Minimum working age was fixed at 16 in 1991.

There were 260,000 labour disputes in 2004, up from 8,000 in 1989.

Trade Unions

The All-China Federation of Trade Unions, founded in 1925, is headed by Wang Zhaoguo. In 2003 there were 103m. members. It consists of 31 federations of trade unions. Its National Congress convenes every five years.

INTERNATIONAL TRADE

Foreign debt was US\$168,255m. in 2002.

There are five Special Economic Zones at Shenzhen, Xiamen, Zhuhai, Shantou and Hainan in which concessions are made to foreign businessmen. The Pudong New Area in Shanghai is also designated a special development area. Since 1979 joint ventures with foreign firms have been permitted. A law of April 1991 reduced taxation on joint ventures to 33%. There is no maximum limit on the foreign share of the holdings; the minimum limit is 25%.

In May 2000 the USA granted normal trade relations to China, a progression after a number of years when China was accorded 'most favoured nation' status. China subsequently joined the World Trade Organization on 11 Dec. 2001.

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Imports and Exports

Trade in US\$1m.:

	1999	2000	2001	2002	2003	2004
Imports f.o.b.	158,734	214,657	232,058	281,484	393,618	534,410
Exports f.o.b.	194,716	249,131	266,075	325,651	438,270	593,393

China is the third largest trading nation in the world after the USA and Germany, in 2004 accounting for 5.9% of global imports by value and 6.5% of global exports.

Main imports in 1999 (in US\$1bn.): electrical machinery and equipment, 35.2; power generation equipment, 27.8; plastics and articles thereof, 11.6; mineral fuels and oil, 8.9; iron and steel, 8.8; inorganic and organic chemicals, 6.5. Major exports: electrical machinery and equipment, 32.9; textiles and clothing, 27.3; power generation equipment, 19.1; footwear and parts thereof, 8.7; toys and games, 7.7; iron and steel, 6.4. China is now the world's largest importer of steel, having overtaken the USA in 2002. Chinese exports have doubled in just over five years, largely thanks to foreign investment.

Main import suppliers, 2000; Hong Kong, 21.8%; Japan, 18.6%; South Korea, 10.3%; USA, 9.6%. Main export markets in 2000: USA, 33.2%; Hong Kong, 26.7%; Japan, 17.9%; Germany, 5.0%. Customs duties with Taiwan were abolished in 1980. Trade with the European Union is fast expanding, having doubled since 1999.

COMMUNICATIONS

Roads

The total road length in 2002 was 1,765,000 km, including 25,000 km of motorways (there had not been any motorways as recently as the mid-1980s), 10,563m. tonnes of freight and 14,027m. persons were transported by road in 2001. The number of civil motor vehicles reached 18.02m., including 9.93m. buses and cars and 7.65m. trucks in 2001. There were 773,137 traffic accidents in 2002, with 109,381 fatalities.

Rail

In 2001 there were 70,100 km of railway including 22,600 km multiple-tracked and 17,000 km electrified. Gauge is standard except for some 600 mm track in Yunnan. Passenger-km travelled in 2001 came to 476.7bn. and freight tonne-km to 1,457.5bn. There are metro systems in Beijing, Guangzhou, Shanghai and Tianjin.

Civil Aviation

There are major international airports at Beijing, Guangzhou (Baiyun), Hong Kong (Chek Lap Kok) and Shanghai (Hongqiao and Pu Dong). At the end of 2001 there were 139 airports for regular flights. The national and major airlines are state-owned, except Shanghai Airlines (75% municipality-owned, 25% private) and Shenzhen Airlines (private). The leading Chinese airlines operating scheduled services in 1999 were China Southern Airlines (13,266,700 passengers), China Eastern Airlines (8,253,100), Air China (6,521,200), China Southwest Airlines (4,507,600), China Northern Airlines (4,034,000), China Yunnan Airlines (3,018,500), China Northwest Airlines (2,882,500) and Xinjiang Airlines (1,361,400). Other Chinese airlines include Changan Airlines, China National Aviation, Fujian Airlines, Hainan Airlines, Shandong Airlines, Shanghai Airlines, Shanxi Airlines, Shenzhen Airlines, Sichuan Airlines and Xiamen Airlines.

In 2001 the busiest airport was Hong Kong (Chek Lap Kok), with 32,026,944 passengers (31,846,744 on international flights), followed by Beijing, with 24,176,495 passengers (17,000,891 on domestic flights), Guangzhou (Baiyun), with 13,829,250 passengers (12,409,719 on domestic flights) and Shanghai (Hongqiao), with 13,761,410 passengers (8,886,672 on domestic flights). By the end of 2001 China had a total of 1,143 scheduled flight routes, of which 1,009 were domestic air routes and 134 were international air routes.

Shipping

In 2000 the merchant fleet consisted of 3,322 vessels (561 oil tankers), totalling 16.50m. GRT (oil tankers, 2.25m. GRT).

In 2003, 2,011m. tonnes of freight were handled in major coastal ports, including: Shanghai, 316.2m tonnes; Ningbo, 185.4m.; Guangzhou (Canton), 171.9m.; Tianjin, 161.8m.; Qingdao, 140.9m.; Qinhuangdao, 125.6m.; Dalian, 126.0m. Cargo traffic at Tianjin grew at an average annual rate of 17.3% between 1998 and 2002, the highest rate of growth of any port in the world over the same period. Shanghai handled 6.33m. 20-ft equivalent units (TEUs) in 2001, making it the world's fifth busiest container port in terms of number of containers handled. Construction began in 2002 on the 14.31bn. yuan Yangshan deep-water port that should make Shanghai the world's third busiest port. On completion in 2020 it is estimated that it will have a capacity of 13m. TEUs.

In Jan. 2001 the first legal direct shipping links between the Chinese mainland and Taiwanese islands in more than 50 years were inaugurated.

Inland waterways totalled 121,500 km in 2001. 1,326.7m. tonnes of freight and 186.45m. passengers were carried. In June 2003 the Three Gorges Reservoir on the Chang Jiang River, the largest water control project in the world, reached sufficient depth to support the resumption of passenger and cargo shipping.

Telecommunications

In 2005 there were 743,861,000 telephone subscribers (565.3 per 1,000 persons), including 393,428,000 mobile phone subscribers (299.0 per 1,000 persons), making China the biggest market for both fixed-line users and mobile phones in the world. The two main mobile operators are China Mobile and China Unicom. The main landline operators are China Telecom and China Netcom. There were 111.0m. Internet users in 2005. At the beginning of 1998 there had only been around 500,000 users. In 2004, 52.99m. PCs were in use (40.8 per 1,000 inhabitants). There were 2.8m. fax machines in 2002.

Postal Services

There were 63,555 post offices in 2003. The use of *Pinyin* transcription of place names has been requested for mail to addresses in China (e.g., 'Beijing' not 'Peking').

SOCIAL INSTITUTIONS

Justice

Six new codes of law (including criminal and electoral) came into force in 1980, to regularize the legal unorthodoxy of previous years. There is no provision for *habeas corpus*. The death penalty has been extended from treason and murder to include rape, embezzlement, smuggling, fraud, theft, drug-dealing, bribery and robbery with violence. There were 87 confirmed executions in 2006 (although there are believed to have been many more), with Amnesty International reporting at least 1,010 executions in 2006. China carries out more executions every year than any other country. 'People's courts' are divided into some 30 higher, 200 intermediate and 2,000 basic-level courts, and headed by the Supreme People's Court. The latter, the highest state judicial organ, tries cases, hears appeals and supervises the people's courts. It is responsible to the National People's Congress and its Standing Committee. People's courts are composed of a president, vice-presidents, judges and 'people's assessors' who are the equivalent of jurors. 'People's conciliation committees'

are charged with settling minor disputes. There are also special military courts. Procuratorial powers and functions are exercised by the Supreme People's Procuracy and local procuracies.

The population in penal institutions in 2002 was 1,512,000 (117 per 100,000 of national population).

Education

An educational reform of 1985 planned to phase in compulsory nine-year education consisting of six years of primary schooling and three years of secondary schooling, to replace a previous five-year system.

In mainland China the 2000 population census revealed the following levels of educational attainment: 45-71m. people had finished university education; 141-09m. had received senior secondary education; 429-89m. had received junior secondary education; and 451-91m. had had primary education. 85-07m. people over 15 years of age or 6-72% of the population were illiterate, although this compared favourably with a 15-88% rate of illiteracy recorded in the 1990 census. In 2000 there were 175,836 kindergartens with 22-44m. children and 856,000 teachers; 553,662 primary schools with 130-13m. pupils and 5-86m. teachers; 89,763 secondary schools (of which: 14,564 senior secondary; 62,704 junior secondary; 3,646 specialized; and 8,849 vocational) with 83-61m. pupils and 4-48m. teachers. There were also 378,000 children at 1,539 special education schools. Institutes of higher education, including universities, numbered 1,225 in 2001, with 7-19m. students (a substantial increase from 5-56m. in 2000) and 532,000 teachers. In 2003, 17% of school-leavers went to university, compared to fewer than 3% in the 1980s. A national system of student loans was established in 1999. Every year 25,000 Chinese go abroad to study, making it the largest exporter of students in the world.

There are more than 1,300 non-governmental private higher education institutions (including 12 private universities) with 1-5m. students, or 39% of the total college and university students nationwide.

There is an Academy of Sciences with provincial branches. An Academy of Social Sciences was established in 1977.

In 1999 total expenditure on education came to 334,904m. yuan; government appropriation was 228,717m. yuan.

Health

Medical treatment is free only for certain groups of employees, but where costs are incurred they are partly borne by the patient's employing organization.

At the end of 2001 there were 330,000 health institutions throughout China, with a total of 3-19m. beds. The 4-49m. health workers included 2-09m. doctors and 1-28m. senior and junior nurses. There were also 6,025 anti-epidemic and disease prevention stations with 220,000 health workers, and 2,539 maternal and child health care institutions with 80,000 health workers. Rural townships had 50,000 commune hospitals with 740,000 beds and 1-03m. health workers. 89-7% of villages across China had medical stations, employing 1-28m. rural doctors and health workers.

Approximately 1m. Chinese were HIV-infected in 2002. Some suggestions indicate that there may be as many as 10m. HIV-positive people by 2010.

In the first half of 2003 China was struck by an epidemic of a pneumonia-type virus identified as SARS (severe acute respiratory syndrome). The virus was first detected in southern China and was subsequently reported in over 30 other countries. According to the Ministry of Health, by the time the outbreak had been contained a total of 5,327 cases had been reported on the Chinese mainland; 4,959 patients were cured and discharged from hospital, and 349 died.

In 1996 some 62% of males smoked, but fewer than 4% of females. The rate among males has been gradually rising over the past 15 years whilst that among females has gradually gone down.

In 2001 approximately 142m. people, then representing 11% of the population, were undernourished. In 1979, 22% of the population had been undernourished.

Welfare

In 2000 there were 42,103 social welfare institutions with 843,000 inmates. Numbers (in 1,000) of beneficiaries of relief funds: persons in poor rural households, 16,676; in poor urban households, 1,556; persons in rural households entitled to 'the five guarantees' (food, clothing, medical care, housing, education for children or funeral expenses), 2,706; retired, laid-off or disabled workers, 497. The major relief funds (in 1,000 yuan) in 2000 were: families of deceased or disabled servicemen, 10,766,050; poor households, 1,648,260; orphaned, disabled, old and young persons, 1,957,370; urban and rural welfare homes (1999), 2,866,620.

RELIGION

Non-religious persons account for 52% of the population. The government accords legality to five religions only: Buddhism, Islam, Protestantism, Roman Catholicism and Taoism. Confucianism, Buddhism and Taoism have long been practised. Confucianism has no ecclesiastical organization and appears rather as a philosophy of ethics and government. Taoism—of Chinese origin—copied Buddhist ceremonial soon after the arrival of Buddhism two millennia ago. Buddhism in return adopted many Taoist beliefs and practices. A more tolerant attitude towards religion had emerged by 1979, and the government's Bureau of Religious Affairs was reactivated.

Ceremonies of reverence to ancestors have been observed by the whole population regardless of philosophical or religious beliefs.

A new quasi-religious movement, Falun Gong, was founded in 1992, but has since been banned by the authorities. The movement claims it has some 100m. adherents, although the Chinese government has maintained the real number is closer to 2m.

Muslims are found in every province of China, being most numerous in the Ningxia-Hui Autonomous Region, Yunnan, Shaanxi, Gansu, Hebei, Henan, Shandong, Sichuan, Xinjiang and Shanxi. They totalled 18,360,000 in 2001.

Roman Catholicism has had a footing in China for more than three centuries. In 2002 there were an estimated 4m. Catholic believers, 4,000 clergy and 4,600 churches and meeting places. Catholics are members of the Patriotic Catholic Association, which declared its independence from Rome in 1958. Protestants are members of the All-China Conference of Protestant Churches. In 2002 they numbered 10m. There were an estimated 76,540,000 Christians in total in 2001.

In 2001 there were also estimated to be 256,260,000 Chinese folk-religionists, 152,990,000 atheists, 108,110,000 Buddhists and 1,280,000 advocates of traditional beliefs.

Legislation of 1994 prohibits foreign nationals from setting up religious organizations.

CULTURE

Beijing will host the Olympic Games in 2008, from 8 to 24 Aug. Shanghai will be hosting Expo 2010.

World Heritage Sites

There are 33 sites in the People's Republic of China that appear on the UNESCO World Heritage List. They are (with year entered on list): the Great Wall of China (1987), Zhoukoudian, the Peking Man site (1987), Beijing imperial palaces (1987), mausoleum of first Qing dynasty emperor, Beijing (1987), Taishan mountain (1987), Mogao Caves (1987), Huangshan mountain (1990), Huanglong Scenic Reserve (1992), Jiuzhaigou National Reserve (1992), Wulingyuan Scenic Reserve (1992), Chengde summer palace and temples (1994), Potala palace, Lhasa (1994), Wudang mountain (1994), Qufu temple, cemetery and mansion of Confucius (1994), the Leshan Buddha (1996), Mount Emei Scenic Reserve (1996), Lijiang old town (1997), Ping Yao old town (1997), Suzhou classical gardens (1997), Summer Palace, Beijing

(1998), Temple of Heaven, Beijing (1998), Mount Wuyi (1999), Dazu rock carvings (1999), Mount Qincheng and Dujiangyan irrigation system (2000), Xidi and Hongcun ancient villages, Anhui (2000), Longmen grottoes (2000), Ming and Qing dynasty tombs (2000), the Yungang Grottoes (2001), the Three Parallel Rivers of Yunnan Protected Areas (2003), the Capital Cities and Tombs of the Ancient Koguryo Kingdom (2004), the historic centre of Macao (2005), the Sichuan Giant Panda sanctuaries (2006) and Yin Xu (2006).

Broadcasting

In 2000 there were 370m. television receivers in China (the greatest number in any country in the world). In 1980 there had been just 9m., representing an increase of 361m. between 1980 and 2000, or more TV sets than were in use in the USA (the country with the second highest number of sets) in 2000. At the end of 2001 there were 358 TV stations, offering programmes to 94.1% of the total population. China Central Television, the largest national station, features 11 channels with a daily air time of more than 200 hours. Cable TV subscribers numbered 88.03m. by the end of 2001 (compared to 50m. in 1997). There were 311 radio broadcasting stations and 770 medium- and short-wave transmitting and relaying stations throughout China at the end of 2001, reaching 92.9% of the population. The Central People's Broadcasting Station, the official radio broadcasting station, has seven channels (including services to Taiwan) and broadcasts for over 100 hours a day. In 2000 there were 428m. radio receivers (only the USA has more).

Cinema

There were an estimated 2,000 regularly-used cinema screens in 2002. A total of 88 feature films and 66 scientific, documentary and cartoon films were produced in 2001.

Press

China has two news agencies: Xinhua (New China) News Agency (the nation's official agency) and China News Service. In 2002 there were 2,137 newspapers and about 8,700 magazines; 21,600m. copies of newspapers and 2,900m. copies of magazines were published in 2001. In 1980 there were fewer than 400 newspapers. The Communist Party newspaper is Renmin Ribao (People's Daily), which had a daily circulation of 2.1m. in 1999. The most widely read newspaper is Sichuan Ribao (Sichuan Daily), with a daily circulation of 8.0m. in 1999. In July 2003 the State Administration of Press and Publication abolished compulsory subscription to state newspapers and magazines and funding for subscription-dependent publications, which amount to 40% of the press. By Nov. 2003, 673 newspapers had ceased publication.

There are over 560 publishing houses, producing 6,300m. volumes of books in 2001.

Tourism

32,970,000 tourists visited in 2003. The World Tourism Organization predicts that China will overtake France as the world's most visited destination by 2020 and become the world's fourth most important source of tourists to other countries. It is currently the fourth most visited destination after France, Spain and the USA. More than 31m. Chinese travelled outside mainland China in 2005, up from under 5m. in 1995. Income from tourists in 2002 was US\$20,385m.

Festivals

The lunar New Year, also known as the 'Spring Festival', is a time of great excitement for the Chinese people. The festivities get under way 22 days prior to the New Year date and continue for 15 days afterwards. Dates of the lunar New Year: Year of the Pig, 18 Feb. 2007; Year of the Rat, 7 Feb. 2008. Lantern Festival, or Yuanxiao Jie, is an important, traditional Chinese festival, which is on the 15th of the first month of the Chinese New Year. Guanyin's Birthday is on the 19th day of the second month of

the Chinese lunar calendar. Guanyin is the Chinese goddess of mercy. Tomb Sweeping Day, as the name implies, is a day for visiting and cleaning the ancestral tomb and usually falls on 5 April. Dragon Boat Festival is called Duan Wu Jie in Chinese. The festival is celebrated on the 5th of the 5th month of the Chinese lunar calendar. The Moon Festival is on the 15th of the 8th lunar month. It is sometimes called Mid-Autumn Festival. The Moon Festival is an occasion for family reunion.

Libraries

At the end of 2001 there were 2,689 public libraries. The National Library of China, with 22m. items, is the largest library in Asia. Shanghai library is China's biggest provincial-level library.

Museums and Galleries

There were 1,394 museums in 2001, of which 118 were in Beijing.

DIPLOMATIC REPRESENTATIVES

Of China in the United Kingdom (49–51 Portland Pl., London, W1B 1JL)

Ambassador: Zha Peixin.

Of the United Kingdom in China (11 Guang Hua Lu, Jian Guo Men Wai, Beijing 100600)

Ambassador: William Ehrman.

Of China in the USA (2300 Connecticut Ave., NW, Washington, D.C. 20008)

Ambassador: Zhou Wenzhong.

Of the USA in China (Xiu Shui Bei Jie 3, 100600 Beijing)

Ambassador: Clark T. Randt, Jr.

Of China to the United Nations

Ambassador: Wang Guangya.

Of China to the European Union

Ambassador: Guan Chengyuan.

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National Statistical Office: National Bureau of Statistics, 57 Yuetan Nanjie, Beijing 100826.
Website: <http://www.stats.gov.cn/>

Hong Kong

Xianggang

Population projection, 2010: 7.42m.

GDP per capita, 2004: (PPP\$) 30,822

HDI/world rank: 0.927/22

KEY HISTORICAL EVENTS

Hong Kong island and the southern tip of the Kowloon peninsula were ceded in perpetuity to the British Crown in 1841 and 1860

respectively. The area lying immediately to the north of Kowloon known as the New Territories was leased to Britain for 99 years in 1898. Talks began in Sept. 1982 between Britain and China over the future of Hong Kong after the lease expiry in 1997. On 19 Dec. 1984 the two countries signed a Joint Declaration by which Hong Kong became, with effect from 1 July 1997, a Special Administrative Region of the People's Republic of China, enjoying a high degree of autonomy and vested with executive, legislative and independent judicial power, including that of final adjudication. The existing social and economic systems were to remain unchanged for another 50 years. This 'one country, two systems' principle, embodied in the Basic Law, became the constitution for the Hong Kong Special Administrative Region of the People's Republic of China.

TERRITORY AND POPULATION

Hong Kong ('Xianggang' in Mandarin *Pinyin*) island is situated off the southern coast of the Chinese mainland 32 km east of the mouth of the Pearl River. The area of the island is 79.99 sq. km. It is separated from the mainland by a fine natural harbour. On the opposite side is the peninsula of Kowloon (46.27 sq. km). Total area of the Territory is 1,091 sq. km, a large part of it being steep and unproductive hillside. Country parks and special areas cover over 40% of the land area. Since 1945 the government has reclaimed over 5,400 ha. from the sea, principally from the seafronts of Hong Kong and Kowloon, facing the harbour. The 'New Territories' are on the mainland, north of Kowloon.

Based on the results of the 2001 population census Hong Kong's resident population in March 2001 was 6,708,389 and the population density 6,237 per sq. km. 59.7% of the population was born in Hong Kong, 33.7% in other parts of China and 6.6% in the rest of the world. The estimated population in 2005 was 7.04m.

In 2003, 100% of the population lived in urban areas. Some 10,600 persons emigrated in 2001. The British Nationality Scheme enables persons to acquire citizenship without leaving Hong Kong. There were 53,655 legal entrants (one-way permit holders) from the mainland of China in 2001.

The UN gives a projected population for 2010 of 7.42m.

The official languages are Chinese and English.

SOCIAL STATISTICS

Annual population growth rate, 2001, 0.9%. Vital statistics, 2001: known births, 48,200; known deaths, 33,400; registered marriages, 32,800. Rates (per 1,000): birth, 7.2; death, 5.0; marriage, 4.8; infant mortality, 2001, 2.6 per 1,000 live births (one of the lowest rates in the world). Expectation of life at birth, 2003: males, 78.7 years; females, 84.6. The median age for marrying in 2001 was 31.3 years for males and 28.1 for females. Total fertility rate, 2001, 0.9 child per woman.

CLIMATE

The climate is sub-tropical, tending towards temperate for nearly half the year, the winter being cool and dry and the summer hot and humid, May to Sept. being the wettest months. Normal temperatures are Jan. 60°F (15.8°C), July 84°F (28.8°C). Annual rainfall 87" (2,214.3 mm).

THE BRITISH ADMINISTRATION

Hong Kong used to be administered by the Hong Kong government. The Governor was the head of government and presided over the *Executive Council*, which advised the Governor on all important matters. The last British Governor was Chris Patten. In Oct. 1996 the Executive Council consisted of three *ex officio* members and ten appointed members, of whom one was an official member. The chief functions of the *Legislative Council* were to enact laws, control public expenditure and put questions to the administration on matters of public interest. The Legislative Council elected in Sept. 1995 was, for the first

time, constituted solely by election. It comprised 60 members, of whom 20 were elected from geographical constituencies, 30 from functional constituencies encompassing all eligible persons in a workforce of 2.9m., and ten from an election committee formed by members of 18 district boards. A president was elected from and by the members.

At the elections on 17 Sept. 1995 turnout for the geographical seats was 35.79%, and for the functional seats (21 of which were contested), 40.42%. The Democratic Party and its allies gained 29 seats, the Liberal Party 10 and the pro-Beijing Democratic Alliance 6. The remaining seats went to independents.

CONSTITUTION AND GOVERNMENT

In Dec. 1995 the Standing Committee of China's National People's Congress set up a Preparatory Committee of 150 members (including 94 from Hong Kong) to oversee the retrocession of Hong Kong to China on 1 July 1997. In Nov. 1996 the Preparatory Committee nominated a 400-member Selection Committee to select the Chief Executive of Hong Kong and a provisional legislature to replace the Legislative Council. The Selection Committee was composed of Hong Kong residents, with 60 seats reserved for delegates to the National People's Congress and appointees of the People's Political Consultative Conference. On 11 Dec. 1996 Tung Chee Hwa was elected Chief Executive by 80% of the Selection Committee's votes.

On 21 Dec. 1996 the Selection Committee selected a provisional legislature which began its activities in Jan. 1997 while the Legislative Council was still functioning. In Jan. 1997 the provisional legislature started its work by enacting legislation which would be applicable to the Hong Kong Special Administrative Region and compatible with the Basic Law.

Constitutionally Hong Kong is a Special Administrative Region of the People's Republic of China. The Basic Law enables Hong Kong to retain a high degree of autonomy. It provides that the legislative, judicial and administrative systems which were previously in operation are to remain in place. The Special Administrative Region Government is also empowered to decide on Hong Kong's monetary and economic policies independent of China.

In July 1997 the first-past-the-post system of returning members from geographical constituencies to the Legislative Council was replaced by proportional representation. There were 20 directly elected seats out of 60 for the first elections to the Legislative Council following Hong Kong's return to Chinese sovereignty, increasing in accordance with the Basic Law to 24 for the 2000 election with 36 indirectly elected. In the Sept. 2004 Legislative Council election 30 of the 60 seats were directly elected.

In July 2002 a new accountability or 'ministerial' system was introduced, under which the Chief Executive nominates for appointment 14 policy secretaries, who report directly to the Chief Executive. The Chief Executive is aided by the Executive Council, consisting of the three senior Secretaries of Department (the Chief Secretary, the Financial Secretary and the Secretary for Justice) and eleven other secretaries plus five non-officials.

RECENT ELECTIONS

In the Legislative Council election held on 12 Sept. 2004 turnout was 55.6%, up from 43.6% at the 2000 vote. 30 of the 60 seats were directly elected, the other 30 being returned by committees and professional associations. Pro-Beijing parties won 34 of the 60 seats (34 in 2000) including 12 of the 30 that were directly elected; pro-democracy parties won 25 (22 in 2000), including 18 of the 30 that were directly elected. An independent won the remaining seat (independents won four seats in 2000).

CURRENT ADMINISTRATION

In March 2007 the government of the Hong Kong Special Administrative Region comprised:

Chief Executive: Donald Tsang, OBE; b. 1944 (since 24 June 2005, having previously been acting Chief Executive from 12 March 2005–1 June 2005; re-elected on 25 March 2007).

Chief Secretary for Administration: Rafael Hui. *Financial Secretary:* Henry Tang. *Secretary for Justice:* Wong Yan Lung. *Housing, Planning and Lands:* Michael Suen. *Education and Manpower:* Prof. Arthur Li. *Commerce, Industry and Technology:* Joseph Wong. *Home Affairs:* Dr Patrick Ho. *Economic Development and Labour:* Stephen Ip. *Environment, Transport and Works:* Dr Sarah Liao. *Financial Services and the Treasury:* Frederick Ma. *Constitutional Affairs:* Stephen Lam. *Security:* Ambrose Lee. *Health, Welfare and Food:* Dr York Chow. *Civil Service:* Denise Yue.

Government Website: <http://www.info.gov.hk>

ECONOMY

Industry accounted for 12.4% of GDP in 2002 and services 87.5%.

According to the anti-corruption organization *Transparency International*, Hong Kong ranked 15th in the world in a 2006 survey of the countries and regions with the least corruption in business and government. It received 8.3 out of 10 in the annual index.

Hong Kong adopted a flat tax rate in 1948. Income tax is a flat 16% and only 25% of the population pay any tax at all. 6% of the population pays 80% of the total income tax bill. Hong Kong represents 20% of China's total worth.

Overview

Hong Kong has a per capita GDP that compares favourably with other OECD countries. Its economic rise was founded on its position as an international trade emporium. After developing as a successful low-cost, labour-intensive manufacturing centre, the structure of the economy has now shifted towards services. The island is dependant on trade for food and other resources. In 1998 and the first quarter of 1999 Hong Kong sank into recession as a result of the Asian financial crisis. Later in 1999 the economy bounced back and in 2000 grew by 10.2%, the highest rate since 1987. In the second quarter of 2001 the economy sank back into recession for three consecutive quarters as a result of the slowdown in the US and global economy. After briefly rebounding, the economy shrank again for one quarter in 2003 as a result of the SARS outbreak. However, the economy again proved resilient and in 2004 and 2005 grew strongly on the back of a rise in Chinese tourism, strong global demand for its exports and growing domestic consumer confidence.

Hong Kong's main engine of growth is its re-export business to and from China. Despite the overwhelming importance of China to Hong Kong's economy, the USA also plays an important role as the second most important export destination. Hong Kong also has significant economic relations with the rest of East Asia and Western Europe.

Currency

The unit of currency is the *Hong Kong dollar* (HKD) of 100 cents. Banknotes are issued by the Hongkong and Shanghai Banking Corporation and the Standard Chartered Bank, and, from May 1994, the Bank of China. Total money supply was HK\$328,724m. in June 2005. In July 2005 gold reserves were 67,000 troy oz and foreign exchange reserves were US\$121,859m., up from US\$55,398m. in 1995. Hong Kong experienced deflation every year between 1999 and 2004 but there was inflation of 0.9% in 2005.

Budget

The total government revenue and expenditure for financial years ending 31 March were as follows (in HK\$1m.):

	1998	1999	2000	2001	2002
Revenue ¹	281,226	216,115	232,995	225,060	175,559
Expenditure ²	194,241	218,811	214,533	224,791	238,585

¹Including the change in the net worth of investments up to 31 Oct. 1998.

²Excluding Capital Investment Fund.

Public expenditure in 2002 (based on revised estimates 2001–02) was divided as follows (HK\$1bn.): education, 52.6; support, 35.7; health, 34.0; housing, 33.2; social welfare, 30.7; security, 28.1; infrastructure, 24.7; economic, 14.1; environment and food, 11.3; community and external affairs, 8.5.

The final reserve balance as at 31 March 2002 was HK\$372.5bn.

Performance

Total GDP was US\$177.7bn. in 2005. Real GDP growth rates (based on IMF statistics):

1998	1999	2000	2001	2002	2003	2004	2005
-5.5%	4.0%	10.0%	0.6%	1.8%	3.2%	8.6%	7.3%

With the economy contracting by 5.5%, 1998 saw Hong Kong's most severe recession since the 1970s.

Banking and Finance

The Hong Kong Monetary Authority acts as a central bank. The *Chief Executive* is Joseph Yam. As at Dec. 2003 there were 133 banks licensed under the Banking Ordinance, of which 26 were locally incorporated, 46 restricted licence banks, 45 deposit-taking companies and 94 representative offices of foreign banks. Licensed bank deposits were HK\$2,601,971m. in June 1997; restricted licence bank deposits were HK\$62,033m. There are three banks of issue: Bank of China (Hong Kong); The Hong Kong and Shanghai Banking Corporation; and Standard Chartered Bank.

In March 2000 the stock exchange, the futures exchange and the clearing settlement merged into Hong Kong Exchanges and Clearing (HKEx).

Weights and Measures

The metric system is standard but British Imperial and traditional Chinese measurements are still in use.

ENERGY AND NATURAL RESOURCES

Environment

Hong Kong's carbon dioxide emissions from the consumption and flaring of fossil fuels in 2004 were the equivalent of 11.5 tonnes per capita.

Electricity

Installed capacity was 11.8m. kW in 2002. Production in 2002 was 34.31bn. kWh. Consumption in 2002 was 42.33bn. kWh.

Water

There are 17 impounding reservoirs with a total capacity of 586m. cu. metres. Raw water is also purchased from the Guangdong Province of China (729m. cu. metres in 2001). Consumption in 2001 was 940m. cu. metres.

Agriculture

The local agricultural industry is directed towards the production of high quality fresh food through intensive land use and modern farming techniques. Out of the territory's total land area of 1,097 sq. km, only 27 sq. km is currently farmed. In 1999 local production accounted for 11.7% of fresh vegetables, 18.2% of live poultry and 22.2% of live pigs consumed. Pig production increased by about 17% compared with the previous year. Crop production continued to fall as vegetable prices fell and land was redeveloped for other uses. The common crops cultivated are leafy vegetables, high value cut flowers and ornamental plants. In 1999, 48,000 tonnes of vegetables were produced. Poultry production was 12,650 tonnes. There were 415,400 pigs in 1999.

Forestry

Timber production in 1995 was 200,000 cu. metres.

Fisheries

In 1999 the capture and mariculture fisheries supplied about 36% of seafood consumed in Hong Kong and pond fish farms produced about 10% of the freshwater fish consumed. The capture fishing industry employs some 5,170 fishing vessels and some 12,900 local fishermen. In 2003 the industry produced 157,444 tonnes of fisheries produce. Some 75,000 tonnes were supplied for local consumption and the remainder landed or exported outside Hong Kong. On the other hand, there are 26 fish culture zones occupying a total sea area of 209 ha. with some 1,450 licensed operators. The estimated production in 1999 was 1,250 tonnes, or 7% of local consumption of live marine fish. The inland fish ponds, covering a total of 1,094 ha., produced 4,500 of freshwater fish in 1999. The first phase of the artificial reefs programme was successfully completed in 1999 with more than 110 species of fish recorded on the reefs.

INDUSTRY

The leading companies by market capitalization in Hong Kong in March 2006 were: China Mobile (Hong Kong), a mobile telecommunications company (US\$104.2bn.); Hutchison Whampoa, a diversified industrial conglomerate (US\$39.1bn.); and CNOOC, an oil and natural gas company (US\$31.7bn.).

An economic policy based on free enterprise and free trade, a skilled workforce, an efficient commercial infrastructure, the modern and efficient sea-port (including container shipping terminals) and airport facilities, a geographical position relative to markets in North America and traditional trading links with the UK all contribute to Hong Kong's success as a modern industrial territory. Links with China have been growing increasingly strong in recent years and will remain so.

In Sept. 2001 there were 19,801 manufacturing establishments employing 209,329 persons. Other establishment statistics by product type (and persons engaged) were: printing, publishing and allied industries, 4,778 (42,963); textiles and clothing, 3,696 (58,821); plastics, 973 (5,938); electronics, 748 (20,939); watches and clocks, 347 (2,945); shipbuilding, 325 (3,173); electrical appliances, 49 (390).

Labour

In 2001 the size of the labour force (synonymous with the economically active population) was 3,427,100 (1,461,900 females). The persons engaged in Sept. 2001 included 1,027,000 people in wholesale, retail and import/export trades, restaurants and hotels, 437,000 in finance, insurance, real estate and business services, 209,000 in manufacturing, 177,000 in the civil service and 77,000 in construction sites (manual workers only).

The seasonally-adjusted unemployment rate for July–Sept. 2002 was 7.4%, compared to the equivalent rate for July–Sept. 1997 of 2.1%.

EXTERNAL ECONOMIC RELATIONS

Imports and Exports

Industry is mainly export-oriented. In 2003 the total value of imports (c.i.f.) was HK\$1,805.8bn. and total exports (f.o.b.) HK\$1,742.4bn. The main suppliers of imports in 2003 were the mainland of China (43.5%), Japan (11.9%), Taiwan (6.9%), USA (5.5%) and Singapore (5.0%). In 2003, 42.6% of total exports went to the mainland of China, 18.6% to the USA, 5.2% to Japan, 3.3% to the United Kingdom and 3.2% to Germany.

The chief import items in 2001 (in HK\$1m.) were consumer goods (537,967), raw materials and semi-manufactures (511,367), capital goods (428,147) and foodstuffs (60,353). Domestic exports included: clothing and accessories, 72,240; electrical machinery and parts, 20,322; textiles and fabrics, 8,193; parts and accessories suitable for use solely with office machines and automatic data processing machines, 4,705.

Visible trade normally carries an adverse balance which is offset by a favourable balance of invisible trade, in particular transactions in connection with air transportation, shipping, tourism and banking services.

Hong Kong has a free exchange market. Foreign merchants may remit profits or repatriate capital. Import and export controls are kept to the minimum, consistent with strategic requirements.

COMMUNICATIONS

Roads

In 2005 there were 1,955 km of roads, around 50% of which were in the New Territories. There are 12 road tunnels, including three under Victoria Harbour. In 2005 there were 351,000 private cars, 111,000 goods vehicles, 19,000 buses and coaches, and 34,000 motorcycles and mopeds. There were 15,062 road accidents in 2005, 135 fatal. A total of 18.3m. tonnes of cargo were transported by road in 2005.

Rail

The railway network covers around 143 km. The electrified Kowloon-Canton Railway runs for 34 km from the terminus at Hung Hom in Kowloon to the border point at Lo Wu. It carried 255m. passengers in 1998. In 1996, 939,000 tonnes of cargo were transported by rail. A light rail system (32 km and 57 stops) is operated by the Kowloon-Canton Railway Corporation in Tuen Mun, Yuen Long and Tin Shui Wai; it carried 105m. passengers in 1998.

The electric tramway on the northern shore of Hong Kong Island commenced operating in 1904 and has a total track length of 16 km. The Peak Tram, a funicular railway connecting the Peak district with the lower levels in Victoria, has a track length of 1,365 metres and a capacity of 120 passengers per trip.

A metro, the Mass Transit Railway system, comprises 74 km with 43 stations and carried 2.3m. passengers per weekday in 1998.

The Airport Express Line (35 km) opened in 1998 and carried a total of 3.9m. passengers in that year.

In 1996 a total of 3.9m. passenger journeys were made on public transport (including local railways, buses, etc.).

Civil Aviation

The new Hong Kong International Airport (generally known as Chek Lap Kok), built on reclaimed land off Lantau Island to the west of Hong Kong, was opened on 6 July 1998 to replace the old Hong Kong International Airport at Kai Tak, which was situated on the north shore of Kowloon Bay. More than 85 airlines now operate scheduled services to and from Hong Kong. In 2006 Cathay Pacific Airways, one of the six Hong Kong-based airlines, operated approximately 1,250 passenger and cargo services weekly to 96 destinations in Europe, the Far and Middle East, South Africa, Australasia and North America. Cathay Pacific carried 15,438,243 passengers and 1.12m. tonnes of cargo in 2005. Dragonair, a Cathay Pacific subsidiary, provided scheduled services to 21 cities in Mainland China and ten other destinations in Asia in 2006, plus about 70 cargo services per week to Anchorage, New York, Osaka, Shanghai, Taipei and Xiamen. In 2006 Air Hong Kong, an all-cargo operator, provided scheduled services to and from Bangkok, Osaka, Penang, Seoul, Shanghai, Singapore, Taipei and Tokyo. Hong Kong International Airport handled more international freight in 2001 than any other airport. In 2006, 280,490 aircraft arrived and departed and 44.5m. passengers and 3.58m. tonnes of freight were carried on aircraft.

Hong Kong-Taipei and vice-versa is the most flown airline route in the world, with 5.43m. passengers flying between the two cities in 2001.

Shipping

The port of Hong Kong handled 22.0m. 20-ft equivalent units in 2004, making it the world's busiest container port. The Kwai

Chung Container Port has 24 berths with 7,694 metres of quay backed by 275 ha. of cargo handling area. Merchant shipping in 2004 totalled 25,562,000 GRT, including oil tankers 5,416,000 GRT. In 2004, 35,900 ocean-going vessels, 117,540 river cargo vessels and 71,980 river passenger vessels called at Hong Kong. In 2004, 221m. tonnes of freight were handled. In 2004 vessels totalling 399,031,000 NRT entered ports and vessels totalling 399,025,000 NRT cleared.

Telecommunications

In 2005 there were 12,430,100 telephone subscribers (1,765.4 per 1,000 population). There were also 409,000 fax machines in 2002.

The local fixed telecommunications network services (FTNS) market in Hong Kong was liberalized in 1995. Apart from the incumbent FTNS operator at that time, three new local FTNS operators were licensed. In July 1999 the Government invited the industry to apply for licences to operate local wireless fixed networks. On 18 Jan. 2000 the Government announced that five licences for the local fixed wireless FTNS services would be provided. This would further increase the choice of consumers in the local fixed market.

In Dec. 2000 there were six mobile phone operators providing 11 networks in Hong Kong. There were only 687,600 mobile phone subscribers in 1995, since when the sector has expanded substantially. In 2005 there were 8,693,400 mobile phone subscribers (1,234.7 per 1,000 population). The Internet market has also seen considerable growth. In 2005 there were 3.53m. Internet users, up from 1.85m. in June 2000.

The external telecommunications services market has been fully liberalized since 1 Jan. 1999, and the external telecommunications facilities market was also liberalized starting from 1 Jan. 2000.

In 2005 there were 4.17m. PCs in use (592.6 per 1,000 persons).

Postal Services

In Dec. 2002 there were 131 post offices. In 2001 Hongkong Post handled 1,360m. letters and 923,000 parcels.

SOCIAL INSTITUTIONS

Justice

The Hong Kong Act of 1985 provided for Hong Kong ordinances to replace English laws in specified fields.

The courts of justice comprise the Court of Final Appeal (inaugurated 1 July 1997) which hears appeals on civil and criminal matters from the High Court; the High Court (consisting of the Court of Appeal and the Court of First Instance); the Lands Tribunal which determines on statutory claims for compensation over land and certain landlord and tenant matters; the District Court (which includes the Family Court); the Magistracies (including the Juvenile Court); the Coroner's Court; the Labour Tribunal, which provides a quick and inexpensive method of settling disputes between employers and employees; the Small Claims Tribunal deals with monetary claims involving amounts not exceeding HK\$50,000; and the Obscene Articles Tribunal.

While the High Court has unlimited jurisdiction in both civil and criminal matters, the District Court has limited jurisdiction. The maximum term of imprisonment it may impose is seven years. Magistracies exercise criminal jurisdiction over a wide range of offences, and the powers of punishment are generally restricted to a maximum of two years' imprisonment or a fine of HK\$100,000.

After being in abeyance for 25 years, the death penalty was abolished in 1992.

77,437 crimes were reported in 2005, of which 13,890 were violent crimes. 40,804 people were arrested in 2005, of whom 9,339 were for violent crimes. The prison population was 11,580 in Oct. 2006 (168 per 100,000 of national population).

Education

Adult literacy was 93.5% in 2001 (96.9% among males and 89.6% among females). Universal basic education is available to all children aged from six to 15 years. In around three-quarters of the ordinary secondary day schools teaching has been in Cantonese since 1998–99, with about a quarter of ordinary secondary day schools still using English. In 2005 there were 149,141 pupils in 1,062 kindergartens, 425,864 full-time students in 720 ordinary primary day schools (26,958 in private schools) and 478,440 in 37 government, 375 aided and 89 private ordinary secondary day schools.

The Hong Kong Technical Institutes and the Hong Kong Technical Colleges were renamed the Hong Kong Institutes of Vocational Education in 1999. In the academic year 2005–06 there were 55,531 students enrolled in Hong Kong Institutes of Vocational Education.

The University of Hong Kong (founded 1911) had 11,377 full-time and 1,114 part-time students in 2005–06; the Chinese University of Hong Kong (founded 1963), 11,605 full-time and 931 part-time students; the Hong Kong University of Science and Technology (founded 1991), 6,598 full-time and 211 part-time students; the Hong Kong Polytechnic University (founded 1972 as the Hong Kong Polytechnic), 12,282 full-time and 3,241 part-time students; the City University of Hong Kong (founded 1984 as the City Polytechnic of Hong Kong), 11,334 full-time and 1,418 part-time students; the Hong Kong Baptist University (founded 1956 as the Hong Kong Baptist College), 4,894 full-time and 637 part-time students; the Lingnan University (founded 1967 as the Lingnan College), 2,288 full-time and ten part-time students; and the Hong Kong Institute of Education (founded 1994), 2,666 full-time and 4,153 part-time students.

Estimated total government expenditure on education in 2005–06 was HK\$55.6bn. (24.0% of total government spending; 3.9% of GDP). In 2004–05: 22.9% of total government spending; 4.1% of GDP.

According to the OECD's 2003 PISA (Programme for International Student Assessment) study, 15-year-olds in Hong Kong rank first in mathematics and third in science. The three-yearly study compares educational achievement of pupils in the major industrialized countries.

Health

The Department of Health (DH) is the Government's health adviser and regulatory authority. The Hospital Authority (HA) is an independent body responsible for the management of all public hospitals. In 2002 there were 9,021 doctors on the local list, equivalent to 1.5 doctors per 1,000 population. In 2001 there were 1,900 dentists, 42,000 nurses and 136 midwives. In 2002 the total number of hospital beds was 35,100, including 29,432 beds in 41 public hospitals under the HA and 2,928 beds in 12 private hospitals. The bed-population ratio was 5.2 beds per thousand population.

The Chinese Medicine Ordinance was passed by the Legislative Council in July 1999 to establish a statutory framework to control the practice, use, manufacture and trading of Chinese medicine.

Recurrent spending on health amounts to US\$4.15bn. (HK\$324bn.), an increase of 4% in real terms over the latest estimated spending for 2001–02.

Welfare

Social welfare programmes include social security, family services, child care, services for the elderly, medical social services, youth and community work, probation, and corrections and rehabilitation. 181 non-governmental organizations are subsidized by public funds.

The government gives non-contributory cash assistance to needy families, unemployed able-bodied adults, the severely disabled and the elderly. Caseload as at 31 Dec. 2004 totalled

295,694. Victims of natural disasters, crimes of violence and traffic accidents are financially assisted. Estimated total government expenditure on social welfare for 2004–05 was HK\$33.7bn.

RELIGION

In 2001 there were 4,970,000 Buddhists and Taoists, 290,000 Protestants and 280,000 Roman Catholics. The remainder of the population are followers of other religions. Joseph Zen Ze-kiun became Hong Kong's first cardinal in 2006.

CULTURE

Broadcasting

Broadcasting is regulated by the Broadcasting Authority, a statutory body comprising three government officers and nine non-official members.

There is a public broadcasting station, Radio Television Hong Kong (colour by PAL), which broadcasts seven channels (three Chinese, one English, one bilingual and one Putunhua service, and one for the relay of the BBC World Service), six of which provide a 24-hour service. Hong Kong Commercial Broadcasting Co. Ltd and Metro Broadcast Co. Ltd transmit commercial sound programmes on six channels. Television Broadcasts Ltd and Asia Television Ltd transmit domestic free television programme services in English and Chinese on four channels. Hong Kong Cable Television Ltd offers over 30 TV channels on a subscription basis. The PCCW VOD Ltd launched the world's first commercial scale video-on-demand programme service in March 1998. Four new domestic pay television service licences have been granted respectively to Hong Kong Network TV Ltd, Galaxy Satellite Broadcasting Ltd, Yes Television (Hong Kong) Ltd and Pacific Digital Media (HK) Corp. Ltd. These new services are expected to bring in over 100 television channels. There are four non-domestic television programme services in Hong Kong. Hutchvision Hong Kong broadcasts by satellite to the entire Asian region on 30 TV channels. Galaxy Satellite Broadcasting Ltd offers by satellite two channels covering Asia, Australia, Middle East, South Africa and part of Europe. The third and fourth non-domestic television programme service licensees are APT Satellite Glory Ltd and Starbucks (HK) Ltd.

In 2001 TV receivers numbered 3.39m. and in 2000 there were 4.56m. radio receivers.

Press

In 1999 there were 45 newspapers including 22 Chinese-language dailies, three English dailies, six other Chinese and eight other English papers, one bilingual paper and five other language papers. The newspapers with the highest circulation figures are all Chinese-language papers—*Apple Daily*, *Oriental Daily* and *The Sun*. In 1999 there were 722 periodicals of which 452 were Chinese, 152 English, 106 bilingual and 12 in other languages. Circulation of dailies (excluding free papers) in 2000 was 1.5m. At 800 newspapers per 1,000 inhabitants, Hong Kong has one of the highest rates of circulation in the world. A number of news agency bulletins are registered as newspapers.

Tourism

There were a record 21,811,000 visitor arrivals in 2004. Tourism receipts totalled HK\$91,850.0m. in 2004.

FURTHER READING

Statistical Information: The Census and Statistics Department is responsible for the preparation and collation of government statistics.

These statistics are published mainly in the *Hong Kong Monthly Digest of Statistics*. The Department also publishes monthly trade statistics, economic indicators and an annual review of overseas trade, etc.

Website: <http://www.info.gov.hk/censtatd/>

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Macao

Population projection, 2010: 476,000

GDP per capita: not available

GNP per capita: \$14,200

KEY HISTORICAL EVENTS

Macao was visited by Portuguese traders from 1513 and became a Portuguese colony in 1557. Initially sovereignty remained vested in China, with the Portuguese paying an annual rent. In 1848–49 the Portuguese declared Macao a free port and established jurisdiction over the territory. On 6 Jan. 1987 Portugal agreed to return Macao to China on 20 Dec. 1999 under a plan in which it would become a special administrative zone of China, with considerable autonomy.

TERRITORY AND POPULATION

The Macao Special Administrative Region, which lies at the mouth of the Pearl River, comprises a peninsula (8.7 sq. km) connected by a narrow isthmus to the People's Republic of China, on which is built the city of Santa Nome de Deus de Macao, and the islands of Taipa (6.3 sq. km), linked to Macao by a 2-km bridge, and Colôane (7.6 sq. km) linked to Taipa by a 2-km causeway. The total area of Macao is 27.3 sq. km. Land is being reclaimed from the sea. The population (2001 census) was 435,235 (266,370 females). Population on 31 Dec. 2003, 448,495 (232,879 females); density, 16,428 people per sq. km. The population increased by 1.5% in 2003. An estimated 99.5% of the population lived in urban areas in 2004. The official languages are Chinese and Portuguese, with the majority speaking the Cantonese dialect.

The UN gives a projected population for 2010 of 476,000.

In Dec. 2003, 32,167 foreigners were legally registered for residency in Macao. There were 2,451 legal immigrants from mainland China.

SOCIAL STATISTICS

2003: births, 3,212 (7.2 per 1,000 population); deaths, 1,474 (3.3); marriages, 1,309 (2.9); divorces, 440 (1.0). Infant mortality, 2001, 4.3 per 1,000 live births. Life expectancy at birth (1998–2001), 78.9 years.

CLIMATE

Sub-tropical tending towards temperate, with an average temperature of 23.0°C. The number of rainy days is around a

third of the year. Average annual rainfall varies from 47–87" (1,200–2,200 mm). It is very humid from May to Sept.

CONSTITUTION AND GOVERNMENT

Macao's constitution is the 'Basic Law', promulgated by China's National People's Congress on 31 March 1993 and in effect since 20 Dec. 1999. It is a Special Administrative Region (SAR) of the People's Republic of China, and is directly under the Central People's Government while enjoying a high degree of autonomy.

RECENT ELECTIONS

At the elections held on 25 Sept. 2005 the New Democratic Macau Association won two of 12 elected seats with 18.8% of votes cast, the Macau United Citizens Association two with 16.6%, the Union for Development two with 13.3% and the Union Promoting Progress two with 9.6%. Four other parties won a single seat each. Turnout was 58.4%.

Edmund Ho was re-elected chief executive for a second term on 29 Aug. 2004, receiving 296 out of 300 votes in the Election Committee.

CURRENT ADMINISTRATION

Chief Executive: Hau-wah (Edmund) Ho; b. 1955 (appointed 20 Dec. 1999 and re-elected 29 Aug. 2004).

Government Website: <http://www.macao.gov.mo>

ECONOMY

Gaming is of major importance to the economy of Macao, accounting for around one third of total GDP (2002) and providing billions of dollars in taxes. In 2003, 7.5% of the workforce was directly employed by the casinos.

Currency

The unit of currency is the *pataca* (MOP) of 100 *avos* which is tied to the Hong Kong dollar at parity. Inflation was –2.6% in 2002 and –1.6% in 2003. Foreign exchange reserves were US\$4,343m. in 2003. Total money supply was 8,790m. patacas in 2003.

Budget

Final budget figures for 2003 were: revenue, 15,578.0m. patacas; expenditure, 15,578.0m. patacas. Actual figures were: revenue, 18,370.6m. patacas; expenditure, 15,713.0m. patacas.

Performance

Real GDP growth was an estimated 10.0% in 2002 and 15.6% in 2003. Total GDP in 2003 was US\$7.9bn.

Banking and Finance

There are two note-issuing banks in Macao—the Macao branch of the Bank of China and the Macao branch of the Banco Nacional Ultramarino. The Monetary Authority of Macao functions as a central bank (*Director*, Teng Lin Seng). Commercial business is handled (2003) by 23 banks, ten of which are local and 13 foreign. Total deposits, 2003 (including non-resident deposits), 124,977.4m. patacas. There are no foreign-exchange controls within Macao.

ENERGY AND NATURAL RESOURCES

Environment

Macao's carbon dioxide emissions from the consumption and flaring of fossil fuels in 2004 were the equivalent of 5.2 tonnes per capita.

Electricity

Installed capacity was 0.49m. kW in 2003; production, 1.72bn. kWh; net import, 179.8m. kWh.

Oil and Gas

311,324,000 litres of fuel oil were imported in 2003.

Fisheries

The catch in 2003 was approximately 1,500 tonnes.

INDUSTRY

Although the economy is based on gaming and tourism there is a light industrial base of textiles and garments. In 2002 the number of manufacturing establishments was 1,162 (textiles and clothing, 500; metal products, 138; foods, 119; publishing and printing, 117).

Labour

In 2003 a total of 202,588 people were in employment, including 37,077 (18.3%) in manufacturing; 32,824 (16.2%), wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods; 23,469 (11.6%), community, social and other personal services; 22,114 (10.9%), hotels, restaurants and similar activities; 17,812 (8.8%), public administration, defence and compulsory social security; 16,283 (8.0%), construction. Employment in 2003 was 60.9% of the labour force (62.3% in 2002); unemployment rate stood at 6.0% (6.3% in 2002).

INTERNATIONAL TRADE**Imports and Exports**

In 2003 imports were valued at 22,097m. patacas, of which the main products were consumer goods, raw materials and semi-manufactured goods, capital goods, fuels and lubricants. Main markets for imports (in 1m. patacas): mainland China, 9,489.9; Hong Kong, 2,794.4; European Union, 2,643.3.

2003 exports were valued at 20,700m. patacas, of which the main products were textiles and garments, machinery and apparatus, footwear, cement and toys. Main markets for exports (in 1m. patacas): 10,320.2, USA; 4,724.6, European Union.

COMMUNICATIONS**Roads**

In 2003 there were 345.2 km of roads. In 2003 there were 58,667 passenger cars in use (131 cars per 1,000 inhabitants), 1,317 buses and coaches (excluding school buses), 3,863 trucks and vans, and 66,399 motorcycles and mopeds. In 2003 there were 17 fatalities in 11,764 traffic accidents.

Civil Aviation

An international airport opened in Dec. 1995. In 2003 Macau International Airport handled 2,904,118 passengers and 141,223 tonnes of freight (including transit cargo). In 2003 Air Macau flew to Bangkok, Beijing, Chengdu, Guilin, Haikou, Kaohsiung, Kota Kinabalu, Kuala Lumpur, Kunming, Manila, Nanjing, Ningbo, Shanghai, Singapore, Taipei and Xiamen. It flew a total of 11.5m. km in 1998 and carried 1,270,600 passengers in 1999.

Shipping

Regular services connect Macao with Hong Kong, 65 km to the northeast. In 2002 merchant shipping totalled 4,000 GRT. In 2003 cargo vessel departures by flag totalled 2,451,106 NRT.

Telecommunications

In 2005 there were 707,100 telephone subscribers (1,537.3 per 1,000 inhabitants), including 532,800 mobile phone subscribers. There were 35,000 PCs in use (290.1 for every 1,000 persons) in 2004 and 170,000 Internet users in 2005. In 2002 there were 5,500 fax machines.

Postal Services

21,076,438 letters and parcels were posted in 2003.

SOCIAL INSTITUTIONS**Justice**

There is a judicial district court, a criminal court and an administrative court with 24 magistrates in all.

In 2003 there were 9,920 crimes, of which 5,445 were against property. There were 928 persons in prison in 2003.

Education

There are three types of schools: public, church-run and private. In 2002–03 there were 142 schools and colleges with 110,266 students and 5,324 teachers. Numbers of schools and colleges by category (number of students at the end of the 2002–03 academic year): pre-primary, 62 (12,737); primary, 83 (41,535); secondary, 56 (41,551); technical/professional secondary, 4 (2,448); higher, 12 (11,995). In 2002–03 there were 132 adult education institutions with a total of 86,578 students enrolled.

In 2003 total expenditure on education came to 2.9% of GNP and 15.2% of total government spending.

Health

In 2003 there were 986 doctors, 91 dentists and 1,010 nurses. In 2003 there were 444 inhabitants per doctor and 447 per hospital bed.

RELIGION

Non-religious persons account for 62% of the population. About 17% are Buddhists and 7% Roman Catholics.

CULTURE**Broadcasting**

One government and one private commercial radio station are in operation on medium wave broadcasting in Portuguese and Chinese. Number of receivers (2000), 215,300. Macao receives television broadcasts from Hong Kong and in 1984 a public bilingual TV station began operating. There were, in 2001, 126,600 receivers (colour by PAL).

Press

In 2003 there were 11 daily newspapers (three in Portuguese and eight in Chinese) and six weekly newspapers (one in Portuguese and five in Chinese), plus four Chinese periodicals.

Tourism

Tourism is one of the mainstays of the economy. In 2003 there were 11.9m. visitors. 5.7m. were from mainland China, 4.6m. from Hong Kong and 1.0m. from Taiwan. Receipts in 2003 totalled US\$4,836m.

FURTHER READING

- Direcção de Serviços de Estatística e Censos. *Anuário Estatístico/Yearbook of Statistics Macao in Figures*. Macao, Annual.
Porter, J., *Macao, the Imaginary City: Culture and Society, 1557 to the Present*. Oxford, 1996
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Statistics and Census Service Website: <http://www.dsec.gov.mo>

Taiwan¹

'Republic of China'

Capital: Taipei

Population, 2001: 22.4m.

GDP per capita: not available

KEY HISTORICAL EVENTS

Taiwan, christened Ilha Formosa (beautiful island) by the Portuguese, was ceded to Japan by China by the Treaty of Shimonoseki in 1895. After the Second World War the island

¹See note on transcription of names in CHINA: Territory and Population.

was surrendered to Gen. Chiang Kai-shek who made it the headquarters for his crumbling Nationalist Government. Until 1970 the USA supported Taiwan's claims to represent all of China. Only in 1971 did the government of the People's Republic of China manage to replace that of Chiang Kai-shek at the UN. In Jan. 1979 the UN established formal diplomatic relations with the People's Republic of China, breaking off all formal ties with Taiwan. Taiwan itself has continued to reject all attempts at reunification, and although there have been frequent threats from mainland China to precipitate direct action (including military manoeuvres off the Taiwanese coast) the prospect of confrontation with the USA supports the status quo.

In July 1999 President Lee Teng-hui repudiated Taiwan's 50-year-old One China policy—the pretence of a common goal of unification—arguing that Taiwan and China should maintain equal 'state to state' relations. This was a rejection of Beijing's view that Taiwan is no more than a renegade Chinese province which must be reunited with the mainland, by force if necessary. In the presidential election of 18 March 2000 Chen Shui-bian, leader of the Democratic Progressive Party, was elected, together with Annette Lu Hsiu-lien as his Vice President. Both support independence although Chen Shui-bian has made friendly gestures towards China and has distanced himself from colleagues who want an immediate declaration of independence. Following his wife's indictment on embezzlement charges in Nov. 2006, President Chen survived three parliamentary attempts to impeach him.

TERRITORY AND POPULATION

Taiwan lies between the East and South China Seas about 160 km from the coast of Fujian. The territories currently under the control of the Republic of China include Taiwan, Penghu (the Pescadores), Kinmen (Quemoy), and the Matsu Islands, as well as the archipelagos in the South China Sea. Off the Pacific coast of Taiwan are Green Island and Orchid Island. To the northeast of Taiwan are the Tiaoyutai Islets. The total area of Taiwan Island, the Penghu Archipelago and the Kinmen area (including the fortified offshore islands of Quemoy and Matsu) is 36,188 sq. km (13,973 sq. miles). Population (2001), 22,405,568. The ethnic composition is 84% native Taiwanese (including 15% of Hakka), 14% of Mainland Chinese, and 2% aborigine of Malayo-Polynesian origin. There are also 420,892 aboriginals of Malay origin. Population density: 619 per sq. km.

Taiwan's administrative units comprise (with 2001 populations): two special municipalities: Taipei, the capital (2.69m.) and Kaohsiung (1.48m.); five cities outside the county structure: Chiayi (265,109), Hsinchu (361,958), Keelung (390,966), Taichung (983,694), Tainan (740,846); 16 counties (*hsien*): Changhwa (1,313,994), Chiayi (563,365), Hsinchu (446,300), Hualien (353,139), Ilan (465,799), Kaohsiung (1,236,958), Miaoli (560,640), Nantou (541,818), Penghu (92,268), Pingtung (909,364), Taichung (1,502,274), Tainan (1,109,397), Taipei (3,610,252), Taitung (244,612), Taoyuan (1,792,962), Yunlin (743,562).

SOCIAL STATISTICS

In 2001 the birth rate was 11.65 per 1,000 population; death rate, 5.71 per 1,000; rate of growth, 0.56% per annum. Life expectancy: males, 72.87 years; females, 78.79 years. Infant mortality, 6.62 per 1,000 live births.

CLIMATE

The climate is subtropical in the north and tropical in the south. The typhoon season extends from July to Sept. The average monthly temperatures of Jan. and July in Taipei are 59.5°F (15.3°C) and 83.3°F (28.5°C) respectively, and average annual rainfall is 84.99" (2,158.8 mm). Kaohsiung's average monthly temperatures of Jan. and July are 65.66°F (18.9°C) and 83.3°F (28.5°C) respectively, and average annual rainfall is 69.65" (1,769.2 mm).

CONSTITUTION AND GOVERNMENT

The ROC Constitution is based on the Principles of Nationalism, Democracy and Social Wellbeing formulated by Dr Sun Yat-sen, the founding father of the Republic of China. The ROC government is divided into three main levels: central, provincial/municipal and county/city each of which has well-defined powers.

The central government consists of the Office of the President, the National Assembly, which is specially elected only for constitutional amendment, and five governing branches called '*yuan*', namely the Executive Yuan, the Legislative Yuan, the Judicial Yuan, the Examination Yuan and the Control Yuan. The additional Article 4 of the Constitution stipulates that, beginning with the fourth Legislative Yuan (1999), the Legislative Yuan shall have 225 members.

From 5 May to 23 July 1997 the *Additional Articles of the Constitution of the Republic of China* underwent yet another amendment. As a result a resolution on the impeachment of the President or Vice President is no longer to be instituted by the Control Yuan but rather by the Legislative Yuan. The Legislative Yuan has the power to pass a no-confidence vote against the premier of the Executive Yuan, while the president of the Republic has the power to dissolve the Legislative Yuan. The premier of the Executive Yuan is now directly appointed by the president of the Republic. Hence the consent of the Legislative Yuan is no longer needed.

In Dec. 2003 a law came into effect allowing for referendums to be held.

National Anthem

'San Min Chu I'; words by Dr Sun Yat-sen, tune by Cheng Mao-yun.

RECENT ELECTIONS

Presidential elections took place on 20 March 2004. Incumbent Chen Shui-bian (Democratic Progressive Party) won 50.1% of the vote against 49.9% for Lien Chan (Nationalist Party/Kuomintang). Turnout was 80.3%. Chen Shui-bian was sworn in for a second term on 20 May 2004 but Lien Chan made an appeal to the High Court to overturn the result. The High Court judged against Lien Chan, who in Feb. 2005 declared an intention to challenge the ruling.

Elections to the Legislative Yuan were held on 11 Dec. 2004. The Democratic Progressive Party won 89 seats with 35.7% of votes cast; the Nationalist Party, 79 seats (32.8%); the People First Party, 34 seats (13.9%); the Taiwan Solidarity Union, 12 seats (7.8%); the Non-Partisan Solidarity Union, 6 seats (3.9%); the New Party, 1 seat (0.1%); ind., 4 seats (3.9%).

Elections for an *ad hoc* National Assembly charged with amending the constitution were held on 14 May 2005. The Democratic Progressive Party took 127 of 300 seats (with 42.5% of the vote), the Nationalist Party 117 (38.9%), the Taiwan Solidarity Union 21 (7.1%), the People First Party 18 (6.1%) and the Jhang Ya Jhong Union 5 (1.7%). Turnout was 23.4%.

CURRENT ADMINISTRATION

President: Chen Shui-bian; b. 1951 (Democratic Progressive Party; sworn in 20 May 2000 and re-elected in March 2004).

Vice President: Annette Lu Hsiu-lien.

Prime Minister and President of the Executive Yuan: Su Tseng-chang; b. 1947 (Democratic Progressive Party; sworn in 25 Jan. 2006). There are eight ministries under the Executive Yuan: Interior; Foreign Affairs; National Defence; Finance; Education; Justice; Economic Affairs; Transport and Communications.

Vice President of the Executive Yuan and Minister for the Consumer Protection Commission: Tsai Ing-wen. *President, Control Yuan*: Vacant. *President, Examination Yuan*: Yao Chia-wen. *President, Judicial Yuan*: Yueh-sheng Weng. *President,*

Legislative Yuan: Wang Jin-ping. *Secretary General, Executive Yuan:* Liu Yuh-san. *Minister of Interior:* Lee Yi-yang. *Foreign Affairs:* James Huang. *National Defence:* Lee Jye. *Finance:* Ho Chih-chin. *Education:* Tu Cheng-shen. *Justice:* Shih Mao-lin. *Economic Affairs:* Chen Ruey-long. *Transport and Communications:* Tsai Duei. *Minister, Department of Health:* Hou Sheng-mou. *Ministers without Portfolio:* Frank Feng-shan Wu; Ho Mei-yueh (also *Chair of the Economic Planning and Development Council*); Lin Si-yao; Lin Ferng-ching; Wu Tse-cheng (also *Chair of the Public Construction Commission*); Lin Wan-i.

In addition to the Mongolian and Tibetan Affairs Commission and the Overseas Compatriot Affairs Commission, a number of commissions and subordinate organizations have been formed with the resolution of the Executive Yuan Council and the Legislature to meet new demands and handle new affairs. Examples include the Environmental Protection Administration, which was set up in 1987 as public awareness of pollution control rose; the Mainland Affairs Council, which was established in 1990 to handle the thawing of relations between Taiwan and the Chinese mainland; and the Fair Trade Commission, which was established in 1992 to promote a fair trade system. Since 1995 even more commissions have been set up to provide a wider scope of services: the Public Construction Commission was set up in 1995, the Indigenous Peoples' Council in 1996, the National Council on Physical Fitness and Sports in 1997 and the Financial Supervisory Commission in 2004.

These commissions and councils are headed by:

Agricultural Council: Su Jia-chyuan. *Atomic Energy Council:* Ouyang Min-shen. *Central Election Commission:* Masa Chang. *Central Personnel Administration:* Chou Hung-hsien. *Coast Guard Administration:* Wang Ginn-wang. *Council for Hakka Affairs:* Lee Yung-te. *Cultural Affairs:* Chiu Kin-liang. *Economic Planning and Development Council:* Ho Mei-yueh. *Environmental Protection Administration:* Chang Kow-lung. *Fair Trade Commission:* Tang Jinn-chuan. *Financial Supervisory Commission:* Hu Sheng-cheng. *Indigenous Peoples' Council:* Pelin Walis. *Labour Affairs Council:* Lee Ying-yuan. *Mainland Affairs Council:* Wu Jau-shieh. *Mongolian and Tibetan Affairs Commission:* Hsu Chih-hsiung. *National Council on Physical Fitness and Sports:* Yang Jong-her. *National Palace Museum:* Lin Mun-lee. *National Science Council:* Chen Chien-jen. *National Youth Commission:* Cheng Li-chiun. *Overseas Compatriot Affairs Commission:* Chang Fumei. *Research, Development and Evaluation Commission:* Shih Ning-jye. *Veterans' Affairs Commission:* Hu Chen-pu.

Government Website: <http://www.gio.gov.tw>

DEFENCE

Conscription is for two years. Defence expenditure in 2003 totalled US\$6,632m. (US\$293 per capita), representing 2.4% of GDP.

Army

The Army was estimated to number about 190,000 in 2000, including military police. Army reserves numbered 2.7m. In addition the Ministry of Justice, Ministry of Interior and the Ministry of Defence each command paramilitary forces totalling 25,000 personnel in all. The Army consists of Army Corps, Defence Commands, Airborne Cavalry Brigades, Armoured Brigades, Motorized Rifle Brigades, Infantry Brigades, Special Warfare Brigades and Missile Command.

Navy

Active personnel in the Navy in 2000 totalled 50,000. There are 425,000 naval reservists. The operational and land-based forces consist of four submarines, 16 destroyers and 21 frigates. There is a naval air wing operating 31 combat aircraft and 21 armed helicopters.

Air Force

Units in the operational system are equipped with aircraft that include locally developed IDF, F-16, Mirage 2000-5 and F-5E fighter-interceptors. There were 50,000 Air Force personnel in 2000 and 334,000 reservists.

INTERNATIONAL RELATIONS

By a treaty of 2 Dec. 1954 the USA pledged to defend Taiwan, but this treaty lapsed one year after the USA established diplomatic relations with the People's Republic of China on 1 Jan. 1979. In April 1979 the Taiwan Relations Act was passed by the US Congress to maintain commercial, cultural and other relations between USA and Taiwan through the American Institute in Taiwan and its Taiwan counterpart, the Co-ordination Council for North American Affairs in the USA, which were accorded quasi-diplomatic status in 1980. The People's Republic took over the China seat in the UN from Taiwan on 25 Oct. 1971. In May 1991 Taiwan ended its formal state of war with the People's Republic. Taiwan became a member of the World Trade Organization on 1 Jan. 2002.

In Nov. 2000 Taiwan had formal diplomatic ties with 29 countries and maintained substantive relations with over 100 countries and territories around the globe.

ECONOMY

Overview

Taiwan has made a successful transition from an agricultural economy to one based on sophisticated high-tech electronics. The agricultural, industrial and service sectors account for approximately 2%, 20% and 68% of GDP respectively. Taiwan has experienced average economic growth of 8% during the last three decades; economic growth has been driven primarily by high value added manufacturing and exports, mainly in electronics and computers. Government intervention in investment and foreign trade has decreased since the early 1990s. In 1989 the government began a programme to privatize government-owned enterprises, including banks, telecommunication firms and industrial firms. The Asian financial crisis had a relatively little effect on Taiwan. The economy has, however, suffered recent setbacks, partly owing to policy co-ordination problems and bad debts in the banking system. The economy went into a recession in 2001, when the economy experienced the first year of negative growth ever recorded and unemployment reached record levels. Strong export performance has stimulated a recovery.

Currency

The unit of currency is the *New Taiwan dollar* (TWD) of 100 cents. Gold reserves were 13.55m. oz in Oct. 2000. There was deflation in both 1999 and 2000, of 1.4% and 1.6% respectively. Foreign exchange reserves were US\$241.7bn. in Dec. 2004.

Budget

As a result of the constitutional amendment to abolish the provincial government from the fiscal year 2000 the central government budget has been enlarged to include the former provincial government. The central government's general budget for the fiscal year 2002 (beginning on 1 Jan.) was NT\$1,518,724m. Expenditure planned: 18.1% on education, science and culture; 17.6% on economic development; 17.5% on social security; 15% on defence.

Performance

Taiwan sustained rapid economic growth at an annual rate of 9.2% from 1960 up to 1990. The rate slipped to 6.4% in the 1990s and 5.9% in 2000; Taiwan suffered from the Asian financial crisis, though less than its neighbours. Consumer prices showed increasing stability, rising at an average annual rate of 6.3% from 1960 to 1989, 2.9% in the 1990s and 1.3% in 2000. In 2001 global economic sluggishness and the events of 11 Sept. in the

USA severely affected Taiwan's economy, which contracted by 2.2%. Per capita GNP stood at US\$12,876, while consumer prices remained almost unchanged. Subsequent economic recovery led to growth of 3.9% in 2002, 3.3% in 2003 and 5.7% in 2004.

Banking and Finance

The Central Bank of China (reactivated in 1961) regulates the money supply, manages foreign exchange and issues currency. The *Governor* is Perng Fai-nan. The Bank of Taiwan is the largest commercial bank and the fiscal agent of the government. There are seven domestic banks, 38 commercial banks and 36 foreign banks. The Bank of Taiwan is scheduled for privatization in 2008 and it is proposed that the government will sell its commercial bank holdings by 2010.

There are two stock exchanges in Taipei.

ENERGY AND NATURAL RESOURCES

Environment

Taiwan's carbon dioxide emissions from the consumption and flaring of fossil fuels in 2004 were the equivalent of 13.5 tonnes per capita. An *Environmental Sustainability Index* compiled for the World Economic Forum meeting in Jan. 2005 ranked Taiwan 145th in the world out of 146 countries analysed, with 32.7%. Only North Korea was ranked lower. The index measured the ability of countries to maintain favourable environmental conditions and examined various factors including pollution levels and the use or abuse of natural resources.

Electricity

Output of electricity in 2001 was 188.5m. MWh; total installed capacity was 35,568 MW, of which 77.1% is held by the Taiwan Power Company. There were six units in three nuclear power stations in 2003. Consumption per capita stood at 4,257 litres of oil equivalent in 2001.

Oil and Gas

Crude oil production in 2001 was 40.6m. litres; natural gas, 849m. cu. metres.

Minerals

Coal production ceased by 2001 because of competitive imports and increasing local production costs.

Agriculture

In 2001 the cultivated area was 848,743 ha., of which 438,974 ha. were paddy fields. Rice production totalled 1,396,274 tonnes. Livestock production was valued at more than NT\$101,205m., accounting for 28.67% of Taiwan's total agricultural production value.

Forestry

Forest area, 2001: 2,101,719 ha. Forest reserves: trees, 357,492,423 cu. metres; bamboo, 1,109m. poles. Timber production, 26,401 cu. metres.

Fisheries

In 2001 Taiwan's fishing fleet totalled 27,018 vessels (12,942 were powered craft); the catch was approximately 1.32m. tonnes. NT\$89,813m. worth of fish was produced. Of this, 52% came from far-sea fishing, 26% from inland aquaculture, 14% from offshore fishing and 5% from coastal fishing. More than 40% of the catch was exported, with the biggest items being big eye tuna and albacore (long-finned tuna).

INDUSTRY

The largest companies in Taiwan by market capitalization in March 2006 were Taiwan Semicon. Mfg (US\$48.9bn.), Hon Hai Precision Industry (US\$25.4bn.) and Chunghwa Telecom (US\$18.2bn.).

Output (in tonnes) in 2005: cement, 19.9m.; crude steel, 18.6m.; sugar (2002), 0.2m.; cotton fabrics (1999), 1,061m. sq. metres;

portable computers (1999), 9.95m. units; desktop computers (1999), 3.01m. units. Taiwan is the third largest information technology producer after the USA and Japan. The IT sector has replaced traditional industries as the engine for growth.

Labour

In Sept. 2002 the total labour force was 9.97m., of whom 9.44m. were employed. Of the employed population, 55.09% worked in the service sector (including 22.70% in trade and 16.11% in accommodation and eating and drinking establishments); 37.28% in industry (including 27.05% in manufacturing and 7.64% in construction); and 7.63% in agriculture, forestry and fisheries. The unemployment rate was 5.32%.

INTERNATIONAL TRADE

Restrictions on the repatriation of investment earnings by foreign nationals were removed in 1994.

Imports and Exports

Total trade, in US\$1m.:

	1996	1997	1998	1999	2000	2001
Imports	102,370	114,425	104,665	110,690	140,011	107,237
Exports	115,942	122,081	110,582	121,591	148,321	122,866

In 2001 the main import suppliers were Japan (24.1%), USA (17.0%), South Korea (6.3%) and Germany (4.0%). The main export markets were the USA (22.5%), Hong Kong (21.9%), Japan (10.4%) and Germany (3.6%).

Principal imports, in US\$1bn.: machinery and electrical equipment, 47.55; minerals, 12.76; chemicals, 10.23; basic metals and articles, 7.78; precision instruments, clocks and watches, and musical instruments, 6.21; vehicles and transport equipment, 4.24; textile products, 2.36.

Principal exports, in US\$1bn.: machinery and electrical equipment, 66.85; textiles, 12.63; basic metals and articles, 11.33; plastic and rubber products, 7.99; vehicles and transport equipment, 4.44; toys, games and sports equipment, 1.79; footwear, headwear and umbrellas, 0.79. By 2001 high-tech products were responsible for more than 54% of exports.

COMMUNICATIONS

Roads

In 2002 there were 37,299 km of roads. 17.9m. motor vehicles were registered including 5.0m. passenger cars, 25,000 buses, 700,000 trucks and 12.0m. motorcycles. 1,091m. passengers and 301m. tonnes of freight were transported (including urban buses) in 2001. There were 64,264 road accidents, resulting in 3,344 fatalities.

Rail

In 2001 freight traffic amounted to 16.9m. tonnes and passenger traffic to 165m. Total route length was 2,363 km. A metro system opened in Taipei in 1996.

Civil Aviation

There are currently two international airports: Chiang Kai-shek International at Taoyuan near Taipei, and Kaohsiung International in the south. In addition there are 14 domestic airports: Taipei, Hualien, Taitung, Taichung, Tainan, Chiayi, Pingtung, Makung, Chimei, Orchid Island, Green Island, Wangan, Kinmen and Matsu (Peikan). A second passenger terminal at Chiang Kai-shek International Airport opened in July 2000 as part of a US\$800m. expansion project, which included aircraft bays, airport connection roads, a rapid transit link with Taipei, car parks and the expansion of air freight facilities, begun in 1989. The planned facilities are designed to allow the airport to handle an additional 14m. passengers annually by the year 2010.

In June 2002, 38 airlines including code-share airlines provided flights to destinations in Taiwan, of which 32 foreign and six

Taiwanese carriers—China Airlines (CAL), EVA Airways, Far Eastern Air Transport Corp., Mandarin Airlines (MDA; CAL's subsidiary), Trans Asia Airways (TNA) and UNI Airways—operated international services. In 2001, 44.1m. passengers and 1.3m. tonnes of freight were flown.

Taipei–Hong Kong and vice-versa was the most flown airline route in the world in 2001, with 5.43m. passengers flying between the two cities.

Shipping

Maritime transportation is vital to the trade-oriented economy of Taiwan. At the end of 2001 Taiwan's shipping fleet totalled 249 national-flagged ships (over 100 GRT), amounting to 4.7m. GRT and 7.4m. DWT. There are six international ports: Kaohsiung, Keelung, Hualien, Taichung, Anping and Suao. The first two are container centres, Kaohsiung handling 7.54m. 20-ft equivalent units in 2001, making it the world's fourth busiest container port in terms of number of containers handled. Suao port is an auxiliary port to Keelung. In Jan. 2001 the first legal direct shipping links between Taiwanese islands and the Chinese mainland in more than 50 years were inaugurated.

Telecommunications

In Sept. 2006 there were 36,491,200 telephone subscribers (1,597.8 per 1,000 inhabitants) and PCs numbered 13.1m. (575.2 per 1,000 inhabitants). Taiwan's biggest telecommunications firm, the state-owned Chunghwa Telecom, lost its fixed-line monopoly in Aug. 2001. In Sept. 2006 there were 22,978,100 mobile phone subscribers, equivalent to 1,006.1 per 1,000 persons. There were approximately 13.21m. Internet users in 2005.

SOCIAL INSTITUTIONS

Justice

The Judicial Yuan is the supreme judicial organ of state. Comprising 15 grand justices, since 2003 these have been nominated and, with the consent of the Legislative Yuan, appointed by the President of the Republic. The grand justices hold meetings to interpret the Constitution and unify the interpretation of laws and orders. There are three levels of judiciary: district courts and their branches deal with civil and criminal cases in the first instance; high courts and their branches deal with appeals against judgments of district courts; the Supreme Court reviews judgments by the lower courts. There is also the Supreme Administrative Court, high administrative courts and a Commission on the Disciplinary Sanctions of Public Functionaries. Criminal cases relating to rebellion, treason and offences against friendly relations with foreign states are handled by high courts as the courts of first instance.

The death penalty is still in force. There were three confirmed executions in 2005. The population in penal institutions on 30 Sept. 2002 was approximately 39,000 (135 per 100,000 of national population).

Education

Since 1968 there has been compulsory education for six to 15 year olds with free tuition. The illiteracy rate dropped to 4.21% in 2001 and is still falling. In 2001 there were 2,611 elementary schools with 103,501 teachers and 1,925,491 pupils; 1,181 secondary schools with 98,609 teachers and 1,684,499 students; 154 schools of higher education, including 57 universities, 78 colleges and 19 junior colleges, with 44,769 teachers and 1,189,225 students. Almost one-quarter of the total population attend an educational institution.

Health

In 2001 there was one physician serving every 733 persons, one doctor of Chinese medicine per 5,631 persons and one dentist

per 2,505 persons. Some 114,179 beds were provided by the 92 public and 501 private hospitals, averaging nearly 57 beds per 10,000 persons. In addition to the 492 public and 17,136 private clinics, there were 369 health stations and 503 health rooms serving residents in the sparsely populated areas. In 2001 acute infectious diseases were no longer the number one killer. Malignant neoplasms, cerebrovascular diseases, heart diseases and accidents and adverse effects were the first four leading causes of death.

Welfare

A universal health insurance scheme came into force in March 1995 as an extension to 13 social insurance plans which cover only 59% of Taiwan's population. Premium shares among the government, employer and insured are varied according to the insured statuses. By the end of 2001 about 21.65m. people or 96% of the population were covered by the National Health Insurance programme.

RELIGION

According to the registered statistics of Municipality, County and City Government there were 827,135 Taoists in 2001 (and 7,714 temples), 382,437 Protestants (and 2,387 churches), 216,495 Buddhists (and 1,966 temples) and 182,814 Catholics (and 728 churches). In Jan. 2007 there was one cardinal.

CULTURE

Broadcasting

At Oct. 2002 there were 174 radio stations, one public and four commercial TV services and 65 cable systems. June 1997 saw the inauguration of a fourth over-the-air television station—The Kaohsiung-based Formosa Television—which is affiliated with the Democratic Progressive Party and telecasts on VHF low-band. A Public Television Law was promulgated on 18 June 1997. In 2001 there were 9.9m. TV receivers (colour by NTSC).

Press

There were 267 domestic news agencies, 454 newspapers and 7,236 periodicals in 2001.

Tourism

In 2002, 2,617,137 tourists visited Taiwan and 7,189,334 Taiwanese made visits abroad.

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