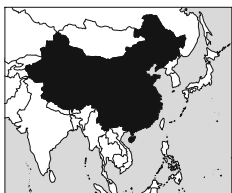


CHINA

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

Capital: Beijing (Peking)
Population projection, 2010: 1,364-88m.
GDP per capita, 2001: (PPP\$) 4,020
HDI/world rank: 0-721/104



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. About 1500 BC writing developed using recognizable Chinese characters. Around 1000 BC under the Zhou dynasty, a centralized administration developed. In about 500 BC a 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.

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. 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), then 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 rule brought new prosperity to China from 618–917. Eventually the Tang empire too collapsed as separatism grew.

In 1126 nomads from Manchuria invaded the north, defeating the Song dynasty (960–1127) north of the Chang Jiang. 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 which established the Ming dynasty.

The Ming empire collapsed in a peasants' revolt in 1644. 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. In 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. In 1860 British and French forces invaded Beijing and burnt the imperial palace. Defeat in the Sino-Japanese War (1894–95) resulted in the loss of 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.

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. In 1916 Sun founded a republic in southern China on Soviet lines. After Sun's death the nationalist movement was taken over by his ally Chiang Kai-shek (Jiang Jie Shi; 1887–1976). 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.

Against this backdrop of civil unrest, the Japanese invaded Manchuria in 1931, and by 1937 they had seized Beijing and most of coastal China. At the end of the World War II, the Soviet sponsored Communist Party marched into Manchuria beginning a civil war. 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 rival Chinese administration. It was not until 1978 that the USA recognized the People's Republic of China.

In 1950 China invaded Tibet. China 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. A Soviet-style five-year plan was put into action in 1953, but the two Communist powers fell out over their different interpretations of Marxist orthodoxy. Chinese research into atomic weapons culminated in the testing of the first Chinese atomic bomb in 1964.

Mao introduced the collectivization of farms in 1955. In 1956 he encouraged intellectual debate letting a 'hundred flowers bloom'. However, the new freedoms 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 labour were available for this huge task. As relations with the Soviet Union cooled, a rapprochement with the United States was achieved in the early 1970s.

By the mid-1960s, Mao became the centre of a personality cult. Mao's 'Thoughts' were published in the 'Little Red Book'. In 1964 Mao set the Cultural Revolution in motion. Anyone who lacked enthusiasm for Mao Zedong Thought was denounced. After Mao's death in 1976, the Gang of Four, led by Mao's widow Chang Ch'ing, attempted to seize power. After these hard-liners were denounced and arrested, China came under the control of Deng Xiaoping, who emphasized economic reform. The country was opened to Western investment. Special Economic Zones and 'open cities' were designated and private enterprise gradually returned.

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. In Beijing the demonstrators were evicted from Tiananmen Square 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 then a more liberal regime has focused 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.

For the background to the handover of Hong Kong in 1997, see p. 456.

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 Diaoyutasi 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.

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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.

The UN gives a projected population for 2010 of 1,364.88m.

China is set to lose its status as the world's most populous country to India by 2040, and according to UN projections its population will begin to decline between 2035 and 2040.

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.

<i>Government-controlled municipalities</i>	<i>Area (in 1,000 sq. km)</i>	<i>Population (2000 census, in 1,000)</i>	<i>Density per sq. km (in 2000)</i>	<i>Capital</i>
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	Harbin
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
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

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<i>Provinces</i>	<i>Area (in 1,000 sq. km)</i>	<i>Population (2000 census, in 1,000)</i>	<i>Density per sq. km (in 2000)</i>	<i>Capital</i>
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 1995: Shanghai, 12.91m. (1999 figure); Beijing (Peking), 10.82m. (1999 figure); Tianjin, 8.97m.; Shenyang, 4.74m.; Wuhan, 4.45m.; Chongqing, 4.07m.; Guangzhou (Canton), 3.91m.; Chengdu, 3.12m.; Xian, 2.99m.; Harbin, 2.96m.; Nanjing, 2.67m.; Changchun, 2.60m.; Zibo, 2.58m.; Dalian, 2.55m.; Jinan, 2.48m.; Taiyuan, 2.32m.; Qingdao, 2.21m.; Linyi, 2.08m.; Guiyang, 2.05m.; Jinxi, 1.93m.; Liupanshui, 1.93m.; Zaozhuang, 1.92m.; Zhengzhou, 1.90m.; Handan, 1.88m.; Lanzhou, 1.67m.; Kunming, 1.66m.; Luan, 1.64m.; Tianmen, 1.62m.; Hangzhou, 1.62m.; Tangshan, 1.57m.; Wanxian, 1.57m.; Changsha, 1.54m.; Xinghua, 1.53m.; Shijiazhuang, 1.48m.; Xiantao, 1.48m.; Nanchang, 1.47m.; Taian, 1.46m.; Anshan, 1.45m.; Yancheng, 1.45m.; Pingxiang, 1.44m.; Yulin, 1.44m.; Qiqihar, 1.42m.; Fushun, 1.40m.; Fuzhou, 1.40m.; Heze, 1.39m.; Jilin, 1.38m.; Neijiang, 1.34m.; Suining, 1.34m.; Luoyang, 1.32m.; Yantai, 1.32m.; Xintai, 1.31m.; Xuzhou, 1.30m.; Huainan, 1.29m.; Urumqi (Wulumuqi), 1.28m.; Baotou, 1.27m.; Changde, 1.27m.; Nanning, 1.23m.; Datong, 1.22m.; Weifang, 1.22m.; Zhanjiang, 1.20m.; Yiyang, 1.19m.; Huaian, 1.17m.; Hefei, 1.17m.; Ningbo, 1.16m.; Yueyang, 1.14m.; Suqian, 1.12m.; Xiaoshan, 1.12m.; Yuzhou, 1.12m.; Tianshui, 1.11m.; Leshan, 1.10m.; Yixing, 1.09m.; Jingmen, 1.08m.; Wuxi, 1.07m.; Huzhou, 1.05m.; Chifeng, 1.04m.; Zaoyang, 1.04m.; Daqing, 1.03m.; Shantou, 1.02m.; Suzhou, 1.02m.; Yongzhou, 1.02m.; Zigong, 1.02m. Yantai (1995 population of 1.32m.) is currently the fastest-growing city in the world, with a population increase of 253.4% projected for the period 1995–2015, by when it is expected to have 4.66m. inhabitants.

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 15,000 monks and nuns in 1987. 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 2000 plans were announced to build a railway of some 900 km to link Lhasa with the town of Golmud, which already has a link with the city of Xining. It would be the highest railway in the world. The Chinese government approved the plan on 8 Feb. 2001 with the aim of completing the link by 2008.

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.

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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, 2001, was 68.6 years for men and 72.9 years for women. Infant mortality, 2001, 31 per 1,000 live births. Fertility rate, 2001, 1.8 births per woman. Annual population growth rate, 1990–2000, 1.1%. 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

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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 2,989 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 Nieh Erh.

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 March 2004 the government comprised:

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

Deputy Prime Ministers: Huang Ju, Wu Yi (also *Minister of Health*), Zeng Peiyan, Hui Liangyu.

Minister of Agriculture: Du Qinglin. *Civil Administration:* Li Xueju. *Commerce:* Lu Fuyuan. *Construction:* Wang Guangtao. *Culture:* Sun Jiazheng. *Education:* Zhou Ji. *Finance:* Jin Renqing. *Foreign Affairs:* Li Zhaoxing. *Information Industry:* Wang Xudong. *Justice:* Zhang Fusen. *Labour and Social Security:* Zheng Silin. *National Land Resources:* Tian Fengshan. *National Defence:* Cao Gangchuan. *National Security:* Xu Yongyue. *Personnel:* Zhang Bolin. *Public Security:* Zhou Yongkang. *Railways:* Liu Zhijun. *Science and Technology:* Xu Guanhua. *Supervision:* Li Zhilun. *Transportation:* Zhang Chunxian. *Water Resources:* Wang Shucheng.

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

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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 2004 were Hu Jintao (*General Secretary*), Wen Jiabao, Luo Gan, Wu Bangguo, Zeng Qinghong, Huang Ju, Jia Qinglin, Li Changchun, Wu Guanzheng.

Government Website (Chinese only): <http://www.gov.cn>

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.

Conscription is compulsory but for organizational reasons 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 2002 totalled US\$48,380m. (US\$37 per capita) and represented 4.1% of GDP. Only the USA spent more on defence in 2002. In the period 1997–2001 China spent US\$7.1bn. on defence imports, making it the world's second largest buyer of arms, after Taiwan. In 2001 China's expenditure was the highest of any country, at US\$3,100m.

In Sept. 2003 it was announced that the strength of the People's Liberation Army was to be reduced by 200,000 by the end of 2004 as part of a move to modernize the military.

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 402 warheads in Jan. 2003 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 21 Integrated Group Armies comprising 44 infantry divisions, nine armoured divisions, 12 armoured brigades, one mechanized infantry, 22 motorized infantry brigades, six artillery divisions, 15 artillery brigades, one anti-tank brigade, eight surface-to-air missile brigades, 13 anti-aircraft artillery brigades and three army aviation regiments. Total strength in 2002 was 1.60m. including some 800,000 conscripts. Reserve forces are undergoing major reorganization on a provincial basis but are estimated to number some 500–600,000.

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, five nuclear-propelled fleet submarines, one diesel-powered cruise missile submarine and some 61 patrol submarines. Surface combatant forces include 21 missile-armed destroyers, 42 frigates and some 93 missile craft.

There is a land-based naval air force of about 472 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 2002 naval personnel were estimated at 250,000, including 26,000 in the naval air force and 40,000 conscripts.

Air Force. There are five air corps and 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 1,900 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

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100 of a locally-developed fighter designated J-8 (known in the West as 'Finback') are in service.

Total strength (2002) was 420,000 (160,000 conscripts), including 220,000 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 joined the WTO in Dec. 2001.

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

ECONOMY

In 2001 industry accounted for 51.1% of GDP, services 33.6% and agriculture 15.2%.

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

Overview. A tenth five-year plan covers 2001–05; there is also a 15-year strategic plan, the 'Long-Term Target for 2010'. The five-year plan has as its guiding principles economic restructuring, making technological progress the driving force for economic growth, improving living standards, and co-ordinating economic development and social development.

A Communist Party statement of Nov. 1993 declared that public ownership should remain the mainstay of the economy, but alongside a modern enterprise system suited to the demands of a market economy in which government control is separated from management. Private enterprise, which did not exist until the late 1970s, now accounts for over 30% of national output.

Ongoing reforms aim to complete the transition from a closed, agriculture-based command economy to an open, manufacturing- and service-based market economy. Growth has been led on the supply side by increased industrial output which until 1978 was dominated by state-owned enterprises. Since then, much of the increase in manufacturing has been produced by collective enterprises, e.g., by private entrepreneurs working with foreign investors. However, the state sector contains the most capital-intensive industries. Government revenue is strong thanks to high industrial profits and improvements in tax administrations. This has enabled the government to increase social security spending and to cope with public investment, interest costs and civil service wage bills. Monetary developments have been steady and WTO membership is expected to have a positive effect on investment.

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. Since then the People's Bank of China has 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. The yuan became convertible for current transactions from 1 Dec. 1996. Total money supply in June 2002 was 6,565.77bn. yuan and gold reserves were 16.08m. troy oz. Foreign exchange reserves were US\$242,763m. in June 2002 (US\$73,579m. in 1995). Only Japan, with US\$428,850m., had more. Inflation, which had been 24.1% in 1994, was 0.7% in 2001. There was then deflation in 2002, of 0.8%, and inflation in 2003, of 1.2%.

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

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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\$1,237bn. in 2002. GDP growth was officially put at 7.1% in 1999 (the slowest rate for a decade), but then 8.0% in 2000. In 2001 there was 7.3% growth, rising to 8.0% in 2002 and 9.1% in 2003. Western analysts believe these rates are overstated. In spite of high growth in recent years, China's GDP per capita at purchasing power parity was \$4,020 in 2001 compared to the high human development average of \$23,135.

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 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. The Shanghai B Index (for foreign investors) was the best performing stock exchange in the world in 2000, gaining 136% in the course of the year. A securities trading system linking six cities (Securities Automated Quotations System) was inaugurated in 1990 for trading in government bonds.

In 2002 China received a record US\$52.7bn. worth of foreign direct investment, the second highest total behind Luxembourg.

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 in 1999 accounted for 12.5% of the world total (the second highest after the USA), and according to the *World Bank Atlas* were equivalent to 2.3 tonnes per capita. An *Environmental Sustainability Index* compiled for the World Economic Forum meeting in Feb. 2002 ranked China 129th in the world out of 142 countries analysed, with 38.5%. 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 an estimated 973 kWh in 1999. 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. Crude oil production was 169m. tonnes in 2002. Proven reserves in 2002 were 18.3bn. bbls.

The largest natural gas reserves are located in the western and north-central regions. Production was 32.6bn. cu. metres in 2002, with proven reserves of 1,510bn. 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 54,076 tonnes in 1994.

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 (1997), 650; copper, 588; diamonds (1998), 1,130,000 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 15.2% of GDP in 2001, 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 2000 areas harvested for major crops were (in 1m. ha): rice, 30.50; wheat, 26.65; maize, 22.54; soybeans, 9.03; rapeseed, 7.80; sweet potatoes, 6.21. 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 2000 there were 124,136,000 ha of arable land and 11,421,000 ha of permanent cropland; 54.4m. ha were irrigated in 2000. There were 841,073 tractors in 2000.

Agricultural production of main crops (in 1m. tonnes), 2000: rice, 190.17; sweet potatoes, 121.02; maize, 105.23; wheat, 99.37; sugarcane, 70.20; potatoes, 62.04; watermelons, 38.38; cabbages, 20.21; tomatoes, 19.31; cucumbers and gherkins, 17.18; soybeans, 15.40; groundnuts, 15.07; seed cotton, 13.05; onions, 12.18; aubergines, 11.91; rapeseeds, 11.35; cottonseed, 8.70; pears, 8.62; chillies and green peppers, 8.14; sugarbeets, 7.70; tangerines and mandarins, 7.61; garlic, 6.47. Tea production in 2000 was just 721,000 tonnes. China is the world's leading producer of a number of agricultural crops, including rice, sweet potatoes, wheat, potatoes, watermelons, groundnuts and honey (256,000 tonnes). The gross value of agricultural output in 2001 was 2,617,960m. yuan. Agricultural production during the period 1990-97 grew on average by 4.4% every year. Only Vietnam among Asian countries achieved higher annual agricultural growth over the same period.

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Livestock, 2000: pigs, 437,551,000; goats, 148,401,000; sheep, 131,095,000; cattle, 104,582,000; buffaloes, 22,599,000; horses, 8,916,000; chickens, 3·62bn.; ducks, 612m. China has more sheep, goats, pigs, horses and chickens than any other country. China also has more than two-thirds of the world's ducks. Meat production in 2000 was 64·44m. tonnes; milk, 7·84m. tonnes; eggs, 19·24m. tonnes; honey, 256,000 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 1995 the area under forests was 133·32m. ha, or 14·3% of the total land area (133·76m. ha in 1990). Total roundwood production in 2001 was 284·91m. cu. metres, making China the world's third largest timber producer (8·6% of the world total in 2001). It is the world's leading importer of roundwood, accounting for 15·1% of world timber imports in 2001.

Fisheries. Total catch, 2001: 16,529,389 tonnes, of which 14,379,457 tonnes were from marine waters. China's annual catch is the largest in the world, and currently accounts for approximately 18% of the world total. In 1989 the annual catch had been just 5·3m. tonnes.

INDUSTRY

Industry accounted for 51·1% of GDP in 2001, up from 21% in 1949 when the People's Republic of China came into existence. Cottage industries persist into the 21st century. 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, 2002 (in tonnes): cement, 725m. (more than a third of the world total); rolled steel, 192·9m.; crude steel, 181·5m.; pig iron, 170·7m.; distillate fuel oil (1999), 61·7m.; chemical fertilizers, 37·9m.; petrol (1999), 37·4m.; paper and paperboard (1998), 31·6m.; sulphuric acid, 30·5m.; residual fuel oil (1999), 19·6m.; sugar, 9·26m.; cotton yarn, 8·50m.; cloth, 3,220m. metres; woollen fabrics (1996), 459·5m. metres; watches (1998), 295m. units; mobile telephones, 119·6m. units; clocks (1998), 81·8m. units; radios (1996), 56·50m. units; TV sets, 51·55m. units; cameras (1998), 46·87m. units; air conditioners, 31·55m. units; bicycles (2000), 29m. units; refrigerators, 15·99m. units; micro-computers, 14·64m. units; washing machines (2001), 13·42m. units; motorcycles and scooters (1999), 9·78m. units; motor vehicles, 3·25m. units; beer (1998), 16,269·3m. litres. China is the world's leading steel producer.

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. less than in 2001) and 247·8m. in urban areas (8·4m. more than in 2001). 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. 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 120,000 labour disputes in 1999, 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\$170,110m. in 2001.

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 US 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.

Pearson, M. M., *Joint Ventures in the People's Republic of China: the Control of Foreign Direct Investment under Socialism*. Princeton Univ. Press, 1991

Imports and Exports. Trade in US\$1m.:

	1997	1998	1999	2000	2001	2002
Imports f.o.b.	136,448	136,915	158,734	214,657	232,058	281,484
Exports f.o.b.	182,670	183,529	194,716	249,131	266,075	325,651

Major exports in 1999 (in US\$1bn.): 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. Imports: 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. Chinese exports have doubled in just over five years. China is now the world's largest importer of steel, having overtaken the USA in 2002.

Main export markets in 2000: USA, 33.2%; Hong Kong, 26.7%; Japan, 17.9%; Germany, 5.0%. Main import suppliers, 2000: Hong Kong, 21.8%; Japan, 18.6%; South Korea, 10.3%; USA, 9.6%. Customs duties with Taiwan were abolished in 1980.

COMMUNICATIONS

Roads. The total road length in 2001 was 1,698,000 km, including 19,000 km of expressways. 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 412,860 traffic accidents in 1999, with 83,529 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.

Civil Aviation. There are major international airports at Beijing, Shanghai (Hongqiao and Pu Dong airports) and Guangzhou (Baiyun). 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 1999 the busiest airport was Beijing, with 21,691,000 passengers (16,073,000 on domestic flights), followed by Guangzhou (Baiyun), with 12,791,000 passengers (11,527,000 on domestic flights) and Shanghai (Hongqiao), with 12,139,000 passengers (7,481,000 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, reaching 130 cities, and 134 were international air routes, reaching 62 cities in 33 countries.

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

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In 2001, 1,426m. tonnes of freight were handled in major coastal ports, including: Shanghai, 220·9m tonnes; Ningbo, 128·5m.; Guangzhou (Canton), 128·2m.; Tianjin, 113·7m.; Qinhuangdao, 113·0m.; Qingdao, 104·0m.; Dalian, 100·5m. In 1993, 125·08m. tonnes of freight were carried. 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 2002 there were 421,040,000 telephone subscribers (327·8 per 1,000 persons) and 35·5m. PCs were in use (27·6 per 1,000 inhabitants). In 2002 there were 206·6m. mobile phone subscribers, making China the biggest market for mobile phones in the world. There were 59·1m. Internet users in 2002. At the beginning of 1998 there had only been around 500,000 users. By 2007 Chinese is expected to have overtaken English as the most-used language on the Internet. There were 2m. fax machines in 1997.

Postal Services. There were 112,204 post offices in 1998. 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 1,060 reported executions in 2002—more than two-thirds of the recorded total worldwide. '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 2001 was 1,428,000 (113 per 100,000 of national population).

Religion. It is estimated that China has over 100m. believers of various faiths. 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, Honan, Shandong, Sichuan, Xinjiang and Shanxi. They totalled 18m. in 1997.

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. 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 76m. Christians in total in 2002.

In 1997 there were also estimated to be 247,000,000 Chinese folk-religionists, 147,000,000 atheists, 104,000,000 Buddhists, 1,000,000 advocates of traditional beliefs and 637,000,000 non-religious persons.

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

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. A national system of student loans was established in 1999. 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. 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 healthcare 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 1997 approximately 164m. people, then representing 13% of the population, were undernourished. In 1979, 22% of the population had been undernourished.

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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.

CULTURE

Beijing will host the Olympic Games in 2008.

World Heritage Sites. There are 29 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) and the Three Parallel Rivers of Yunnan Protected Areas (2003).

Broadcasting. In 1999 there were 450m. television receivers in China (the greatest number in any country in the world). In 1980 there had been just 9m., representing an increase of 441m. between 1980 and 1999, or more TV sets than were in use in the USA (the country with the second highest number of sets) in 1999. 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 1996 there were 240.1m. radio receivers (only the USA has more).

Cinema. There were 4,639 cinemas in 1995. 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. 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. 31,229,000 tourists visited in 2000. 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. More than 16.5m. Chinese travelled abroad in 2002, nearly double the 1998 figure. Income from tourists in 2000 was US\$16,231m.

CHINA

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 Rooster, 9 Feb. 2005; Year of the Dog, 29 Jan. 2006. 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 W1N 4JL)

Ambassador: Zha Peixin.

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

Ambassador: Sir Christopher Hum, KCMG.

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

Ambassador: Yang Jiechi.

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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- Website: <http://www.stats.gov.cn/>

HONG KONG

Xianggang

KEY HISTORICAL EVENTS

Hong Kong island and the southern tip of the Kowloon peninsula were 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

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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.

In 2001, 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 7.54m.

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, 2001: males, 78.4 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 turn-out 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 Nov. 2004 Legislative Council election 30 of the 60 seats will be 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 10 Sept. 2000 turn-out was just 43%, a drop of nearly 10% on the 1998 vote. 24 of the 60 seats were directly elected, the other 36 being returned by committees and professional associations. The Democratic Party gained 12 seats, the pro-Beijing Democratic Alliance for the Betterment of Hong Kong 11, Liberals 8, Progressives 4, Frontier 3, New Century 2 and others 20. The Democrats saw their share of the vote in the directly-elected seats fall, from 42.6% of votes cast in 1998 to 34.7% of votes cast in 2000, while the Democratic Alliance for the Betterment of Hong Kong saw their share rise, from 25.2% of votes cast in 1998 to 29.7% of votes cast in 2000.

Legislative Council elections are scheduled to take place on 12 Sept. 2004

CURRENT ADMINISTRATION

In March 2004 the government of the Hong Kong Special Administrative Region comprised:

Chief Executive: Tung Chee-hwa; b. 1937 (elected 11 Dec. 1996; re-elected unopposed for a second term 28 Feb. 2002).

Chief Secretary for Administration: Donald Tsang, OBE, JP. *Financial Secretary:* Henry Tang, JP. *Secretary for Justice:* Elsie Leung Oi-sie, JP.

Secretary for Commerce, Industry and Technology: John Tsang Chun-wah, JP. *Housing, Planning and Lands:* Michael Suen. *Education and Manpower:* Arthur Li. *Health, Welfare and Food:* Dr Yeoh Eng-kiong. *Civil Service:* Joseph Wong. *Home Affairs:* Dr Patrick Ho. *Security:* Ambrose Lee. *Economic Development and Labour:* Stephen Ip Shu-kwan. *Environment, Transport and Works:* Dr Sarah Liao. *Financial Services and the Treasury:* Frederick Ma Si-hang. *Constitutional Affairs:* Stephen Lam, JP.

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

ECONOMY

Services accounted for 84% of GDP in 1997 and industry 15%.

According to the anti-corruption organization *Transparency International*, Hong Kong ranked equal 14th in the world in a 2003 survey of the countries and regions with the least corruption in business and government. It received 8.0 out of 10 in the annual index.

Income tax is a flat 15% 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. The economy witnessed a prolonged economic downturn between 1997 and 2003. In this period the economy experienced three recessions and suffered three major shocks. Between 1997–98 it was hit by the Asian financial crisis, between 2001–02 the economy suffered from the US-led global economic downturn and in 2003 outbreaks of SARS dampened economic growth. The financial system has remained resilient in the face of external shocks. Hong Kong's banking system and financial markets are the third largest in the Asia-Pacific region and Hong Kong

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is the region's most open economy. Property prices have fallen since the bursting of the property price bubble and between 1999–2003 the economy experienced asset price deflation, weak import prices and consumer price deflation, a reflection of weak demand. The unemployment rate reached record levels in mid-2002. The fiscal balance was in surplus between 1985–97 but gradually deteriorated after 1998, leading to consolidated deficits of 5% of GDP in 2001.

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\$216,760m. in May 2002. In June 2002 gold reserves were 67,000 troy oz and in Feb. 1998 foreign exchange reserves US\$112,335m. (US\$55,398m. in 1995). Inflation was negative in 1999, at –5.4%.

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\$161,532m. in 2002. Following real GDP growth of 5.1% in 1997, the economy contracted in 1998 by 5.0%, representing Hong Kong's most severe recession since the 1970s. There was then growth of 3.4% in 1999 and 10.2% in 2000, including 14.1% in the first quarter of 2000. GDP growth was only 0.6% in 2001, but then 2.3% in 2002.

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). The summer of 1997 saw record highs on the Hang Seng index (16,365 in July 1997 compared with 10,681 in July 1996). In July 1997 the average daily turnover was HK\$19,500m.

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

ENERGY AND NATURAL RESOURCES

Environment. According to the *World Bank Atlas* Hong Kong's carbon dioxide emissions in 1999 were the equivalent of 6.2 tonnes per capita.

Electricity. Installed capacity was 11.6m. kW in 1999. Production in 1999 was 29.50bn. kWh. Consumption in 1999 was 38.56bn. kWh.

Water. Reservoirs are needed to store the summer rainfall in order to meet supply requirements. 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%

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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 farm 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 2001 the industry produced an estimated 173,972 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, excluding banking and finance, in May 2003 were: Hutchison Whampoa (US\$25.9bn.), a diversified industrial conglomerate; CP Holdings (US\$10.4bn.), an energy company; and Hong Kong Electric Holdings (US\$8.5bn.), also an energy company.

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 2001 the total value of imports (c.i.f.) was HK\$1,586.2bn. and total exports (f.o.b.) HK\$1,481.0bn. In 2001, 36.9% of total exports went to the mainland of China, 22.3% to the USA, 5.9% to Japan, 3.7% to the United Kingdom and 3.5% to Germany. The main suppliers of imports were the mainland of China (43.5%), Japan (11.3%), Taiwan (6.9%), USA (6.7%) and Singapore (4.6%).

In 2001 domestic exports included (in HK\$1m.): 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. The chief import items were consumer goods (537,967), raw materials and semi-manufactures (511,367), capital goods (428,147) and foodstuffs (60,353).

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.

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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 1998 there were 1,865 km of roads, more than 900 km of which were in the New Territories. There are eight major road tunnels, including two under Victoria Harbour. In 1999 there were 390,000 passenger cars, 116,000 trucks and vans, 19,000 buses and coaches, and 33,000 motorcycles and mopeds. There were 14,714 road accidents in 1999, 217 fatal. A total of 14.8m. tonnes of cargo were transported by road in 1996.

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 Chek Lap Kok airport, built on reclaimed land off Lantau Island to the west of Hong Kong, opened on 6 July 1998, replacing Hong Kong International Airport (Kai Tak), which was situated on the north shore of Kowloon Bay. More than 70 airlines now operate scheduled services to and from Hong Kong. Cathay Pacific Airways, one of the three Hong Kong-based airlines, operates more than 530 passenger and cargo services weekly to Europe (including 18 passenger and 10 cargo services per week to the UK), the Far and Middle East, South Africa, Australasia and North America. Cathay Pacific flew 197.6m. km in 1999 and carried 12,321,256 passengers in 2002. Hong Kong Dragon Airlines provides scheduled services to 19 cities in Mainland China and nine other destinations in Asia plus 14 cargo services per week to seven destinations (including six weekly services to the UK). AHK Air Hong Kong Ltd., an all-cargo operator, provides seven weekly scheduled services to and from Hong Kong with Incheon, Tokyo and Osaka as destinations. In 2002 (provisional figures), 206,640 aircraft arrived and departed and 33m. passengers and 2.48m. tonnes of freight were carried on aircraft. Hong Kong International Airport handled more international freight in 2001 than any other airport.

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 17.8m. 20-ft equivalent units in 2001, making it the world's busiest container port. The Kwai Chung Container Port has 18 berths with 5,754 metres of quay backed by 217 ha of cargo handling area. Merchant shipping in 2001 totalled 13,726,000 GRT, including oil tankers 1,593,000 GRT. In 2001, 37,350 ocean-going vessels, 116,190 river cargo vessels and 61,200 river passenger vessels called at Hong Kong. In 2001, 178m. tonnes of freight were handled. In 2001 vessels totalling 340,027,000 NRT entered ports and vessels totalling 340,163,000 NRT cleared.

Telecommunications. In Dec. 2001 there were 4,940,525 telephones (731 per 1,000 population), of which 1,764,623 were for business use and 2,161,151 were residential lines. There were also 411,099 fax lines.

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 2002 there were 6,395,700 mobile phone subscribers (94% of Hong Kong's population). In addition there were 29 radio paging operators in Nov. 2000 serving 333,990 users. The Internet market has also seen considerable growth. In April 2002 there were 4.35m. 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 2002 there were 2.86m. PCs in use (422.9 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.

71,962 crimes were reported in 1998, of which 14,682 were violent crimes. 40,422 people were arrested in 1998, of whom 9,207 were for violent crimes. The prison population was 11,637 in 1997 (190 per 100,000 of national population).

Religion. In 1997 there were 4,790,000 Buddhists and Taoists, 280,000 Protestants, 270,000 Roman Catholics and 1,150,000 people of other beliefs.

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 1998 there were 175,073 pupils in 744 kindergartens (all private), 476,802 full-time students in 832 ordinary primary day schools (some 10.7% in private schools) and 455,872 in 37 government, 352 aided and 82 private ordinary secondary day schools.

There were 15,204 full-time and 32,543 part-time students enrolled in the seven Technical Institutes in the academic year 1998-99, and 5,220 full-time and 9,454 part-time students enrolled in the two Technical Colleges. The Hong Kong Technical Institutes and the Hong Kong Technical Colleges were renamed the Hong Kong Institute of Vocational Education in 1999.

The University of Hong Kong (founded 1911) had 10,687 full-time and 2,985 part-time students in the academic year of 1998-99, the Chinese University of Hong Kong (founded 1963), 10,271 full-time and 2,224 part-time students, the Hong Kong University of Science and Technology (founded 1991), 6,446 full-time and 710 part-time students, the Hong Kong Polytechnic University (founded 1972 as the Hong Kong Polytechnic), 11,646 full-time and 6,778 part-time students, the City University of Hong Kong (founded 1984 as the City Polytechnic of Hong Kong),

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11,123 full-time and 5,241 part-time students, the Hong Kong Baptist University (founded 1956 as the Hong Kong Baptist College), 4,185 full-time and 517 part-time students, the Lingnan University (founded 1967 as the Lingnan College), 2,133 full-time and three part-time students, and the Hong Kong Institute of Education (founded 1997), 3,037 full-time and 5,954 part-time students.

Estimated total government expenditure on education in 1999–2000 was HK\$55.2bn. In 2000–01 total expenditure on education came to 4.0% of GNP and 22.9% of total government spending.

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. 2002 totalled 266,571. Victims of natural disasters, crimes of violence and traffic accidents are financially assisted. Estimated total government expenditure on social welfare for 2002–03 was HK\$32.1bn.

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 there were 3.39m. TV receivers and in 1997 there were 4.45m. radio receivers.

Cinema. In 2000 there were 63 cinemas (with 178 screens); some 151 local films and 299 foreign films were screened, generating box office receipts of HK\$383m. and HK\$532m. respectively. In 1995 gross box office receipts came to HK\$1,368m. 150 full-length films were made in 2000.

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

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paper and five other language papers. The newspapers with the highest circulation figures are all Chinese-language papers—*The Sun*, *Apple Daily* and *Oriental Daily*. In 1999 there were 722 periodicals of which 452 were Chinese, 152 English, 106 bilingual and 12 in other languages. Circulation of dailies in 1996 was 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 16,566,000 visitor arrivals in 2002. Tourism receipts totalled HK\$64,282.1m. in 2001.

Libraries. In 1995 there were two public libraries and in 1990 there were 17 higher education libraries. These libraries held 8,336,000 volumes for 2,119,383 registered users.

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

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 territory, which lies at the mouth of the Pearl River, comprises a peninsula (7.84 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 (5.79 sq. km), linked to Macao by a 2-km bridge, and Colôane (7.82 sq. km) linked to Taipa by a 2-km causeway. The total area of Macao is 21.45 sq. km. Land is being reclaimed from the sea. The population (1991 census) was 339,464 (174,858 females). Population on 31 Dec. 1999, 437,500 (206,600 females), a growth rate of 1.6%; density (1997), 19,387 people per sq. km. An estimated 98.8% of the

MACAO

population lived in urban areas in 1995. The official languages are Chinese and Portuguese, with the majority speaking the Cantonese dialect.

The UN gives a projected population for 2010 of 491,000.

In Dec. 1999, 24,290 foreigners were legally registered for residency in Macao. There were 4,984 legal immigrants from the People's Republic of China.

SOCIAL STATISTICS

2000: births, 3,849 (8.8 per 1,000 population); deaths, 1,338 (3.1); marriages, 1,222 (2.8); divorces, 335 (0.8). Infant mortality, 1999 (per 1,000 live births), 3.6%. Life expectancy at birth (1994–97) 76.79 years.

CLIMATE

Sub-tropical tending towards temperate. The number of rainy days is more than a third of the year. Average annual rainfall varies from 39–79" (1,000–2,000 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 23 Sept. 2001 pro-Beijing candidates and pro-business candidates each won four seats, with the pro-democracy New Democratic Macau Association winning two. Turn-out was 52%.

CURRENT ADMINISTRATION

Chief Executive: Hau-wah (Edmund) Ho; b. 1955 (appointed 20 Dec. 1999).

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

ECONOMY

Gambling is of major importance to the economy of Macao. Casino takings account for a quarter of total GDP and provide billions of dollars in taxes. 5% of the workforce is 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 8.6% in 1995 and an estimated 6.5% in 1996. Foreign exchange reserves were US\$3,670m. in June 2002. Total money supply was 6,468m. patacas in May 2002.

Budget. Provisional figures for 1999 were: revenue, 9,859.0m. patacas; expenditure, 9,552.6m. patacas.

Performance. Real GDP growth was an estimated –7.1% in 1998 and –5.2% in 1999. Total GDP in 2001 was US\$6.2bn.

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 Ling Seng*). Commercial business is handled (1999) by 22 banks, 11 of which are local and 11 foreign. Total deposits, 1999 (including non-resident deposits), 98,267.9m. patacas. There are no foreign-exchange controls within Macao.

ENERGY AND NATURAL RESOURCES

Environment. According to the *World Bank Atlas* Macao's carbon dioxide emissions in 1999 were the equivalent of 3.5 tonnes per capita.

Electricity. Installed capacity was 0.4m. kW in 1999; production, 1.43bn. kWh; net import, 194.4m. kWh.

Oil and Gas. 306,836,000 litres of fuel oil were imported in 1999.

Fisheries. The catch in 2001 was approximately 1,500 tonnes.

INDUSTRY

Although the economy is based on gambling and tourism there is a light industrial base of textiles and toy-making. In 1998 the number of manufacturing

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establishments was 1,381 (textiles and clothing, 575; metal products, 171; foods, 160; furniture, 109).

Labour. In 1999 a total of 202,480 people were in employment of which 56,433 (27·9%) were employed in public, social and private services; 52,961 (26·2%), wholesale and retail trade, hotels, restaurants and similar activities; 44,507 (22·0%), manufacturing; 16,300 (8·1%), construction; 15,697 (7·8%), financial activities, real estate, leasing and commercial services; 15,016 (7·4%), transport, storage and communications; and 366 (0·6%) in other employment. Employment in 1999 totalled 64·7% (65·3% in 1998); unemployment stood at 6·4% (4·6%).

INTERNATIONAL TRADE

Imports and Exports. In 1999 imports were valued at 16,300m 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 MOP1m.): 5,808·9, mainland China; 2,945·0, Hong Kong; 2,102·8, European Union.

1999 exports were valued at 17,580m. patacas, of which the main products were textiles and garments, machinery and apparatus, footwear, cement and toys. Main markets for exports (in MOP1m.): 8,249·1, USA; 5,303·7, European Union.

COMMUNICATIONS

Roads. In 1999 there were 321·2 km of roads. In 2000 there were 48,857 passenger cars in use (112 cars per 1,000 inhabitants), 1,573 buses and coaches, 4,026 trucks and vans, and 57,292 motorcycles and mopeds. In 2000 there were 16 fatalities in 8,278 traffic accidents.

Civil Aviation. An international airport opened in Dec. 1995. In 2000 Macau International Airport handled 1,793,824 passengers and 51,635 tonnes of freight. 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. Macao is served by Portuguese, British and Dutch steamship lines. Regular services connect Macao with Hong Kong, 65 km to the northeast. In 1998 merchant shipping totalled 2,000 GRT.

Telecommunications. In 2002 there were 452,200 telephone subscribers (1,033·2 per 1,000 inhabitants) and 92,000 PCs in use (210·2 for every 1,000 persons). In 2002 Macao had 276,100 mobile phone subscribers. Internet subscribers numbered 115,000 in 2002. There were 7,300 fax machines in 1997.

Postal Services. 14,278,000 letters and parcels were posted in 1999.

SOCIAL INSTITUTIONS

Justice. There is a judicial district court, a criminal court and an administrative court with 13 magistrates in all.

In 1999 (1998) there were 8,582 (8,058) crimes, of which 5,503 (5,769) were against property. There were 788 persons in prison in 1999 (711 in 1998).

Religion. The majority of the Chinese population is Buddhist. About 6% are Roman Catholic.

Education. There are three types of schools: public, church-run and private. In 1998–99 there were 221 schools and colleges with 107,419 students and 4,750 teachers. Numbers of schools and colleges by category (number of students at the end of the 1998–99 academic year): pre-primary, 62 (17,354); primary, 83 (48,269); secondary, 41 (28,543); technical/professional secondary, 9 (3,239); higher, 26 (10,014). In 1998–99 there were 112 adult education institutions with a total of 47,504 students enrolled.

In 2000–01 total expenditure on education came to 3·6% of GNP and 13·9% of total government spending.

Health. In 1998 there were 532 doctors, 312 dentists, 706 nurses and 48 pharmacists. In 1999 there were 488 inhabitants per doctor and 415 per hospital bed.

CULTURE

Broadcasting. One government and a private commercial radio station are in operation on medium-waves broadcasting in Portuguese and Chinese. Number of receivers (1996), 160,000. 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 1999 there were 11 daily newspapers (three in Portuguese and eight in Chinese) and seven weekly newspapers (two in Portuguese and five in Chinese), plus 16 periodicals (five in Portuguese and 11 in Chinese).

Tourism. Tourism is one of the mainstays of the economy. In 2000 there were 6.7m. visitors. In 1999, of 7.4m. visitors, 1.6m. were from mainland China, 4.2m. from Japan, and 1.65m. from Hong Kong. Receipts in 2000 totalled US\$3,083m.

Libraries. There are 14 public and seven university/college libraries.

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TAIWAN¹

‘Republic of China’

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 was surrendered to Gen. Chiang Kai-shek who made it the headquarters for his crumbling Nationalist Government. Until 1970 the US fully 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-bien 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.

TERRITORY AND POPULATION

Taiwan lies between the East and South China Seas about 100 miles 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 13,973 sq. miles

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

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(36,188 sq. km). 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*): Changhua (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.

At the provincial level, the provincial governments exercise administrative responsibility. Since the ROC government administers only Taiwan Province and two counties in Fukien Province, only two provincial governments are currently operational—the Taiwan Provincial Government and the Fukien Provincial Government. Taipei and Kaohsiung are special municipalities which are under the direct jurisdiction of the central government. At the local level, under the Taiwan Provincial Government are five city governments: Keelung, Hsinchu, Taichung, Chiayi and Tainan; and 16 county governments with the governments of their subordinate cities. The Fukien Provincial Government oversees the regional affairs of Kinmen County and Lienchiang County. From 5 May to 23 July 1997 the *Additional Articles of the Constitution of the Republic of China* underwent yet another amendment. The roles of the provincial government and the Control Yuan have taken on drastic changes. Under the newest revision:

- The provincial government is to be streamlined and the popular elections of the governor and members of the provincial council are suspended.
- 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 to be directly appointed by the president of the Republic. Hence the consent of the Legislative Yuan is no longer needed.
- Educational, scientific and cultural budgets, especially the compulsory education budget, will be given priority, but no longer restricted by Article 164 of the Constitution to remain at least 15% of the total national budget.

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 (Kuomintang). Turn-out was 80.3%. Lien Chan challenged the result in the High Court, but Chen Shui-bian was sworn in for a second term on 20 May 2004.

Elections to the Legislative Yuan were held on 1 Dec. 2001. The Democratic Progressive Party won 87 seats with 36.6% of votes cast; the Nationalist Party, 68 seats (31.3%); the People First Party, 46 seats (20.3%); the Taiwan Solidarity Union, 13 seats (8.5%); and non-partisans and others, 11 seats (3.4%).

CURRENT ADMINISTRATION

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

Vice President: Hsiu-lien Annette Lu.

In April 2004 the cabinet comprised:

Prime Minister and President of the Executive Yuan: Yu Shyi-kun; b. 1948 (Democratic Progressive Party; sworn in 1 Feb. 2002). 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 Chairman of the Council for Economic Planning and Development: Lin Hsin-i. *President, Control Yuan:* Frederick Chien. *President, Examination Yuan:* Yao Chia-wen. *President, Judicial Yuan:* Yueh-sheng Weng. *President, Legislative Yuan:* Jin-ping Wang. *Secretary General, Executive Yuan:* Liu Shyh-fang. *Minister of Foreign Affairs:* Chen Tang-shan. *Defence:* Tang Yian-min. *Interior:* Su Jia-chyuan. *Finance:* Lin Chuan. *Education:* Huang Jong-tsun. *Economic Affairs:* Lin Yi-fu. *Justice:* Chen Ding-nan. *Transport and Communications:* Lin Ling-san. *Ministers without Portfolio:* Tsay Ching-yen; Hu Sheng-cheng; Chen Chi-nan; Huang Hwei-chen; Lin Sheng-feng; Kuo Yao-chi (also *Chairwoman of the Public Construction Commission*); Yeh Jiunn-rong.

In addition to the Mongolian and Tibetan Affairs Commission and the Overseas Chinese 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 July 1995, the Council of Aboriginal Affairs in Dec. 1996, and the National Council on Physical Fitness and Sports in July 1997.

These commissions and councils are headed by:

Aboriginal Affairs Council: Chen Chien-nien. *Agricultural Council:* Lee Ching-lung. *Atomic Energy Council:* Ouyang Min-shen. *Council for Hakka Affairs:* Yeh Chu-lan. *Coast Guard Administration:* Wang Chun. *Cultural Affairs:* Chen Yu-chiou. *Environmental Protection Administration:* Hau Lung-bin. *Fair Trade Commission:* Hwang Tzong-leh. *Health Department:* Twu Shiing-er. *Labour Affairs Council:* Chen Chu. *Mainland Affairs Council:* Tsai Ing-wen. *Mongolian and Tibetan Affairs Commission:* Hsu Chih-hsiung. *National Council on Physical Fitness and Sports:* Lin Te-fu. *National Palace Museum:* Tu Cheng-sheng. *National Science Council:* Wei Che-ho. *National Youth Commission:* Lin Fang-mei. *Overseas Chinese Affairs Commission:* Chang Fu-mei. *Research, Development and Evaluation Commission:* Lin Chia-cheng. *Vocational Assistance for Retired Veterans Affairs Commission:* Yang Teh-chih.

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

DEFENCE

Conscription is for two years. Defence expenditure in 2002 totalled US\$7,479m. (US\$336 per capita), representing 2.7% of GDP. Between 1997 and 2001 Taiwan

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spent US\$11.4bn. on defence imports, making it the world's largest buyer of arms, although expenditure in 2000 and 2001 was greatly reduced.

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. The government launched a Global Logistics Development Plan in 2000 in order to strengthen the technology base of Taiwan's industries. This plan exploits Taiwan's advantage in high-tech manufacturing to develop e-commerce and a complete range of supply-chain services, with the goal of making Taiwan a major international procurement and logistics base. From 2002–07 the government will implement the new national development plan, *Challenge 2008*, which will pave the way for Taiwan's emergence as a Green Silicon Island in the 21st century.

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\$109,056m. in Oct. 2000.

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.

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

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and 36 foreign banks. Government banks are scheduled for privatization by 2006 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

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

According to the Financial Times Survey (FT500), the largest companies in Taiwan by market capitalization on 28 March 2002 were Taiwan Semicon. Mnfg (US\$46,445.2m.) and United Micro Electronics (US\$19,987.9m.).

Output (in tonnes) in 1999: cement, 18.2m.; steel bars, 1.4m.; pulp, 0.30m.; sugar, 0.28m.; cotton fabrics, 1,061m. sq. metres; portable computers, 9.95m. units; desktop computers, 3.01m. units. Taiwan is the 3rd 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 export markets were the USA (22.5%), Hong Kong (21.9%), Japan (10.4%) and Germany (3.6%). The main import suppliers were Japan (24.1%), the USA (17.0%), South Korea (6.3%) and Germany (4.0%).

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.

Principal imports, in US\$1bn.: machinery and electrical equipment, 47.55; minerals, 12.76; chemicals, 10.23; basic metals and articles, 7.78; precision

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instruments, clocks and watches, and musical instruments, 6·21; vehicles and transport equipment, 4·24; textile products, 2·36.

COMMUNICATIONS

Roads. In 2001 there were 36,698 km of roads. 17·5m. motor vehicles were registered including 4·8m. passenger cars, 24,053 buses, 830,673 trucks and 12m. motorcycles. 1,091m. passengers and 301m. tonnes of freight were transported (including urban buses). 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.

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 is the most flown airline route in the world, with 5·43m. passengers flying between the two cities in 2001.

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 2002 there were 37,004,800 telephone subscribers (1,647·8 per 1,000 inhabitants) and PCs numbered 8·89m. (395·7 per 1,000 inhabitants). Taiwan's biggest telecommunications firm, the state-owned Chunghwa Telecom, lost its fixed-line monopoly in Aug. 2001. In 2002 there were 23,905,400 mobile phone subscribers, equivalent to 1,061·5 per 1,000 persons—the highest rate anywhere in the world. There were approximately 8·59m. Internet users in 2002. In 1997 there were 2,496,090 radio pager subscribers.

SOCIAL INSTITUTIONS

Justice. The Judicial Yuan is the supreme judicial organ of state. Comprising 15 grand justices, from 2003 these are 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 4 executions in 2002 (as of 30 Sept.). The population in penal institutions on 30 Sept. 2002 was approximately 39,000 (135 per 100,000 of national population).

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 Sept. 2003 there was one cardinal.

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. 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.

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).

Cinema. In 2001 cinemas numbered 186; 17 full-length films were made.

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.

Libraries. There is a national library in Taipei (established in 1986).

FURTHER READING

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